

APPENDIX—II.

CONTRACTS AND AGREEMENTS INVOLVING LIABILITIES ON THE PART OF THE STATE.

The following rules are laid down to regulate the powers of the Government of India and of the local Government and Administrations to enter into or sanction contracts and agreements involving liabilities on the part of the State. They are in force by virtue of section 130 of the Government of India Act, 1919.

Statutory rules.

The following provisions and restrictions are prescribed by the Secretary of State in Council in exercise of the powers reserved to him by Statutes 22 and 23 vict. Chap. 41 Section 1, and shall apply to all concessions, grants, leases and contracts (except such as may be made under any special legislative sanction) made or entered into the Government of India, or by a local Government or Administration or other authority in India, to or with any person, firm, company, syndicate, Municipality, or other Public body who or which has applied for the same for mining, milling or any other industrial or manufacturing purposes or for the purposes of any railway, tramway, water-works or other undertaking of a like nature, not being for ordinary agricultural or settlement purposes or for the purposes of securing the exploitation of forest produce from state forests:—

I. No concession, grant, or lease of land, of mineral or forest rights, or right of water power or of right of way or other easement or of any privilege in respect of land or mineral or forest rights, or right to water power, of an easement and no contract involving the execution or maintenance by Government of works, shall be made or entered into by the Government of India to with or in favour of any person, firm, syndicate, company, municipality or other public body for any of the purposes above mentioned without the express sanction of the Secretary of State in Council.—

If such concession, grant, lease or contract;

(a) is intended to endure for a period exceeding ten years and is not accompanied by an unconditional power of revocation or cancelment by the Government of India at any time during such period on the expiry of six months notice to that effect, and imposes on the revenue of India an annual liability in excess of fifty thousand rupees, or

(b) imposes on such revenues a charge or expenditure or liability to damage in excess of twelve lakhs of rupees; or

(c) involves the cession of property or rights of which the estimated value exceeds twelve lakhs of rupees.

II. No concession grant, or lease of land, or mineral or forest rights, or right to water power, or of right of way or other easement or of any privilege in respect of land of mineral or forest rights, or right to water power, or of an easement, and no contract involving the execution or maintenance by Government of works, shall be made or entered into by any local Government or Administration or other authority in India to, with or in favour of any person, firm, company, syndicate, municipality or other authority in India to with or in favour of any person firm, company, syndicate, municipality or other public body for any of the purposes abovementioned without the express sanction of the Government of India and of the Secretary of State in Council.

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If such concession, grant, lease or contract;

(a) is intended to endure for a period exceeding ten years and is not accompanied by an unconditional power of revocation or cancelment by Government of India at any time during such period on the expiry of six months notice to that effect and imposes on the revenues of India an annual liability in excess of fifty thousand rupees; or

(b) imposes on such revenues a charge or expenditure or liability, to damages in excess of twelve lakhs of rupees; or

(c) involves the cession of property or rights of which the estimated value exceed twelve lakhs of rupees.

III. No such concession, grant, lease or contract shall be made by any State Government or Administration or other authority in India to with or in favour of any person, firm, company, municipality or other public body for any of the purposes above mentioned without the express sanction of the Government of India.

If such concession, grant, lease, or contract;

(a) is intended to endure for a period exceeding five years, and is not accompanied by an unconditional power of revocation by the Government at any time during such period on the expiry of six months notice to that effect and imposes on the revenue of India and annual liability in excess of five thousand rupees; or

(b) imposes on such revenues a charge or expenditure for liability to damages in excess of one lakh of rupees; or

(c) involves the cession of property or rights of which the estimated value exceeds one lakh of rupees.

IV. No transfer of any such concession, grant, lease or contract or of any part thereof, of any interest therein or any underletting, shall be recognized as valid except it be made with the express assent of—

(a) The Secretary of State in Council in cases falling within Rule I or II.

(b) The Government of India in cases falling within Rule I or II.

(c) The State Government or Administration in any other cases. And the Secretary of State in Council and the Government of India, as the case may be, may in his or their absolute discretion refuse such assent.

V. In every writing intended to express any concession, grant, lease or contract which fall within these rules, it shall be expressly declared that such concession, grant lease or contract is granted or made subject to them.

VI. When the assent of the Secretary of State in Council is rendered by these rules necessary, to the validity of any concession, grant, lease or contract, or to the transfer thereof, it shall be signified, under the hand of an Under Secretary of State; and when the assent of the Government of India is required, it shall be signified under the hand of Secretary of the Government.

VII. The foregoing rules 1 to VI inclusive, shall not apply, to any concession grant, lease or contract for any of the purposes mentioned in Rule I, if made under any special rule, issued or approved, by the Secretary of State in Council.

Supplementary rules..

Rule A.—In cases where it is considered expedient to grant concessions or to make agreements such as those contemplated in the statutory rules, the deed of concession or the agreements, if the rights under it are transferrable, must be so framed that it will be beyond the power of the Grantees or contractors to transfer their rights, or any part of them except with the sanction of the Government of India or State Government and Administration in cases coming within their cognizance.

B.—All such concessions and agreements will further be subject to any special provisions made by Government to meet particular cases or particular classes of cases.

C.—Before any concession or agreement of the class referred to, is submitted for the approval of the Government of India, its terms should be considered in the Law Department of the State Government and by the Highest legal adviser to that Government.

D.—The foregoing rules shall not apply to any concession grant, lease or contract for any of the purposes mentioned in the statutory rules, if made under any special rules issued or approved by the Secretary of State in Council.