

18 DEC 2006

**Bill No. 100 of 2006**

**THE CENTRAL ROAD FUND (AMENDMENT) BILL, 2006**

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BILL

*further to amend the Central Road Fund Act, 2000.*

BE it enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:—

1. (1) This Act may be called the Central Road Fund (Amendment) Act, 2006.

Short title  
and  
commencement.

5 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

54 of 2000.

2. In the Central Road Fund Act, 2000 (hereinafter referred to as the principal Act), in section 9, sub-section (1), after clause (b), the following clause shall be inserted, namely:—

Amendment  
of section 9.

“(ba) take such measures as may be necessary to raise funds for the development of rural roads;”

10 3. In section 11, of the principal Act, after sub-section (1), the following proviso shall be inserted, namely:—

Amendment  
of section 11.

“Provided that the Central Government may use the share of the Fund under sub-clause (a) of clause (viii) of section 10 for the repayment of any loan taken for the purpose of development of rural roads in any State or Union territory.

## STATEMENT OF OBJECTS AND REASONS

The Central Road Fund Act, 2000 provides for levy and collection by way of cess, excise and customs duty on petrol and high-speed diesel oil for development and maintenance of National Highways, rural roads, State roads and improvement of safety at railway crossings. Under section 9, the Central Government has the power to administer the fund and allocate and disburse such sums as are considered necessary to the concerned departments responsible for the development and maintenance of rural roads. Under section 10, the Central Government is responsible for allocation of fifty percent. of the cess on high-speed diesel oil for the development and maintenance of National Highways, rural roads, State roads and construction of roads over or under railways. The allocation under section 10 is utilised for provision of all-weather connectivity to rural habitations through centrally sponsored scheme "Pradhan Mantri Gram Sadak Yojana". Under this, a target has been set to provide road connectivity to all rural habitations having a population of 1000 and above (500 and above in hilly and tribal areas) by 2009. This will require an investment of about Rs. 48,000 crores. To bridge the funding gap it has been decided to borrow Rs. 16,500 crores over a period of four years.

2. Since the Central Road Fund Act, 2000 does not have any provision for borrowing for rural roads and utilisation of the proceeds of future cess for repayment of loans, the Central Road Fund (Amendment) Bill, 2006 seeks to amend the Act to enable the Central Government to take such measures as may be necessary to raise funds for the development of rural roads, and it may use the share of the fund for the repayment of any loan taken for the purpose of development of rural roads in any State or Union territory.

The Bill seeks to achieve the above objects.

T.R. BAALU.

NEW DELHI;  
*The 12th December, 2006.*

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## PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter No. NH-11011/3/2006-P&M, dated the 14th December, 2006 from Shri T.R. Baalu, Minister of Shipping, Road Transport and Highways to the Secretary-General, Lok Sabha]

The President, having been informed of the subject matter of the proposed Central Road Fund (Amendment) Bill, 2006, recommends the introduction under article 117(1) of the Constitution of India in Lok Sabha.

## FINANCIAL MEMORANDUM

An amount of Rs. 48,000 crores will be required to provide road connectivity to all rural habitations having a population of 1000 and above (500 and above in hilly and tribal areas) by 2009, for which Rs. 16,000 crores will be available from the cess on high-speed diesel and Rs. 9,000 crores will be in the form of loan from World Bank and Asian Development Bank, and for the rest of Rs. 23,000 crores, it has been decided to borrow Rs. 16,500 crores over a period of four years by creating a separate window under the National Bank for Agriculture and Rural Development. The Central Road Fund (Amendment) Bill, 2006 seeks to amend the Act to provide enabling provisions to the Central Government for such borrowing and repayment of loans taken for the purpose of development of rural roads in any State or Union territory.

ANNEXURE

EXTRACTS FROM THE CENTRAL ROAD FUND ACT, 2000

(54 OF 2000)

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CHAPTER III

MANAGEMENT OF CENTRAL ROAD FUND

Powers of  
Central  
Government  
to administer  
the Fund.

9. (1) The Central Government shall have the Power to administer the Fund and shall—

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Administration  
of States'  
share of the  
Fund.

11. (1) The share of the fund to be spent on development and maintenance of roads, other than national highways, as specified under sub-clause (b) of clause (viii) of section 10, after deducting the reserve kept by the Central Government for State road schemes of inter-State and economic importance, shall be allocated to various States and Union territories in such manner as may be decided by the Central Government.

(2) The portion of the fund allocated for expenditure in the various States and Union territories shall be retained by the Central Government until it is actually required for expenditure.

(3) If in the opinion of the Central Government, the Government of any State or the administration of any Union territory has at any time—

(a) failed to take such steps as the Central Government may recommend for the regulation and control of motor vehicles within the State or the Union territory; or

(b) delayed without reasonable cause the application of any portion of the fund allocated or re-allocated, as the case may be, for expenditure within the State or Union territory,

the Central Government may resume the whole or part of any sums which it may have at that time held for expenditure in that State or the Union territory.

(4) All sums resumed by the Central Government from the account of any State Government or Union territory administration as aforesaid shall be re-allocated between the credit accounts of the defaulting and other State Governments and Union territory administrations in the ratio of the main allocation for the financial year preceding the year in which the re-allocation is made.

(5) The balance to the credit of the Fund in respect of any allocation shall not lapse at the end of the financial year.

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LOK SABHA

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**BILL**

**further to amend the Central Road Fund Act, 2000.**

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*(Shri T.R. Baalu, Minister of Shipping, Road Transport and Highways)*

MGIPMRND—4354LS(S5)—14-12-2006.

