

**M/s S.R.S. Travels by its Proprietor K.T. Rajashekhar
v.
The Karnataka State Road Transport Corporation
Workers & Ors.**

(Civil Appeal No(s). 2181-2182 of 2025)

06 February 2025

[Vikram Nath* and Prasanna B. Varale, JJ.]

Issue for Consideration

Issue arose as regards the constitutional validity of the Karnataka Motor Vehicles Taxation and Certain Other Law (Amendment) Act, 2003 repealing the Karnataka Contract Carriages (Acquisition) Act, 1976 particularly given that the 1976 Act had earlier been upheld by this Court; and whether u/s.68(5) of the Motor Vehicles Act read with r. 56 of the Karnataka Motor Vehicle Rules, 1989, the state and regional transport authorities can lawfully delegate the power to grant contract carriage permits to the Secretary or whether such power must remain with the multi-member authorities due to its quasi-judicial character.

Headnotes[†]

Karnataka Motor Vehicles Taxation and Certain Other Law (Amendment) Act, 2003 – s.3 – Karnataka Contract Carriages (Acquisition) Act, 1976 – Validity of repealing Act – Power of the legislature to repeal an Act – Presidential assent for repeal statute, if required – KCCA Act designed to bring privately operated contract carriages under State control in order to serve the public interest and to implement the Directive Principles of State Policy – However, over the ensuing decades, urbanization intensified, public transport demand grew, and it became increasingly evident that the restrictive regime established by the KCCA Act was contributing to an artificial scarcity of public transport services, particularly in rural and semi-urban areas – In response, the Legislature exercised its plenary power by enacting the 2003 Act which repealed the KCCA Act – Constitutional validity of repealing Act:

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Held: s.3 of the 2003 Act which repeals the KCCA Act, is constitutional, and State Legislature rightly exercised its power to repeal the Act – Power to repeal a law is coextensive with the power to enact it – Repeal was not an arbitrary act of legislative whim but was backed by a clear statement of objects and reasons that identified the deficiencies in the existing regulatory framework and the necessity to liberalize the transport sector – This Court's decisions affirming the constitutional validity of an Act, do not bind the Legislature from modifying or repealing a statute when subsequent developments warrant a change in policy – It cannot be said that repeal should have required fresh presidential assent – Repeal statute does not recreate the legal framework anew but rather extinguishes the earlier Act's operative provisions – Repeal statute is not subject to the same procedural requirements as an original enactment when it comes to the need for fresh assent, provided that the repeal falls within the legislative competence of the State – 2003 Repeal Act is rooted in the practical realities of modern transport policy – Repeal of the KCCA Act was thus a deliberate policy decision aimed at fostering a more dynamic and responsive transport framework – Legislature may, subject to constitutional limitations, repeal any law it has enacted – Repeal does not alter or contradict the judicial interpretation of the 1976 Act; rather, it reflects a conscious legislative choice to adapt to new economic and social conditions – Rationale underlying the 2003 Repeal Act is sound and consistent with the principles of legislative power.
[Paras 10, 11, 13-18]

Motor Vehicles Act 1988 – ss.68(3)(b), 96 – Karnataka Motor Vehicle Rules, 1989 – rr.55, 56 – Delegation of power to grant permit – Under s.68(5) of the MV Act, rw r.56 of the 1989 Rules, State Transport Authority-STA and Regional Transport Authorities-RTA, if can lawfully delegate the power to grant contract carriage permits to the Secretary or such power to remain with the multi-member authorities due to its quasi-judicial character:

Held: State Transport Authority possesses the power to delegate its functions u/s.68(5) of the MV Act read with r.56(1)(d) of the KMV Rules – Secretary of the STA is empowered to grant non-

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stage carriage permits (including contract carriage, special, tourist, and temporary permits) in accordance with s.68(5) and r. 56(1) (d), subject to the limitations and conditions prescribed therein – 1988 Act unambiguously confers upon the transport authorities, the power to delegate its functions provided that rules are framed u/s.96 – Even if it is accepted that the grant of permits has a quasi-judicial element, it is an established principle of administrative law that quasi-judicial functions may be delegated if the enabling statute expressly provides for such delegation – s.68(5) read with r. 56(1) (d) makes it clear that the Legislature intended for the transport authority to delegate certain routine permit functions – Exclusion of stage carriage permits from this delegation does not imply that all permit functions are inherently non-delegable – STA is entrusted with a wide range of responsibilities under the Motor Vehicles Act, and its workload necessitates delegation to ensure timely service delivery – Secretary, being a high-ranking officer with substantial expertise in transport administration, is well equipped to handle routine permit applications – Practical impact of not allowing delegation would be to overload the transport authority with routine functions, potentially causing undue delays and inefficiencies – Power of the State Transport Authority to delegate the issuance of contract carriage, special, tourist, and temporary permits to its Secretary is fully supported by the statutory provisions of s.68(5) and r.56(1)(d) – Delegation is a rational and necessary administrative measure that facilitates prompt and efficient processing of permit applications without undermining the oversight function of the STA – Power to delegate, as provided by law, remains intact, and any decision to the contrary is unsustainable in light of both legislative intent and practical necessity – High Court's reasoning on the non-delegability of permit-granting power is flawed – Impugned orders of the High Court that denied the delegation power set aside. [Paras 20-30]

Case Law Cited

State of Karnataka v. Ranganatha Reddy [1978] 1 SCR 641 : AIR 1978 SC 215; *Vijayakumar Sharma v. State of Karnataka* AIR 1990 SC 2072; *Vijay Kumar Sharma v. State of Karnataka* [1990] 1 SCR 614 : (1990) 2 SCC 562; *Newtech Promoters & Developers Private Limited v. State of Uttar Pradesh & Others* [2021] 9 SCR

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**909 : (2021) 18 SCC 1; Ramakrishna v. Janpad Sabha [1962]
Supp. 3 SCR 70 : AIR 1962 SC 1073 – referred to.**

List of Acts

Karnataka Motor Vehicles Taxation and Certain Other Law (Amendment) Act, 2003; Karnataka Contract Carriages (Acquisition) Act, 1976; Motor Vehicles Act, 1988; Karnataka Motor Vehicle Rules, 1989; Road Transport Corporations Act, 1950; Constitution of India; General Clauses Act, 1897.

List of Keywords

Contract carriages; Contract carriage permits; Stage Carriage; Stage carriage permits; State Transport Authority; Regional Transport Authority; State Transport Corporation; Artificial scarcity of public transport; Liberalize public transport; Private bus operators; Presidential assent; Permit-granting power; Repeal statute; Entry 42 of List III; “Secretary alone” approach; Private operators in the contract carriage; Fresh Presidential assent; Quasi-judicial functions; Secretary; State Transport Officer; Delegated power; Repealing the Karnataka Contract Carriages (Acquisition) Act, 1976; Delegate power to grant contract carriage permits to Secretary; Validity of repealing Act; Power of the legislature to repeal an Act; Presidential assent for repeal statute, if required; Privately operated contract carriages under State control; Public interest; Directive Principles of State Policy; Public transport; Rural and semi-urban areas; Plenary power; Subsequent developments; Repeal statute; Legislative competence of State; Practical realities of modern transport policy; Policy decision; Grant of non-stage carriage permits; Contract carriage, special, tourist, and temporary permits; Principle of administrative law.

Case Arising From

CIVIL APPELLATE JURISDICTION: Civil Appeal Nos. 2181-2182 of 2025

From the Judgment and Order dated 28.03.2011 of the High Court of Karnataka at Bengaluru in WA No. 5466 of 2004 and WA No. 60 of 2005

With

Civil Appeal Nos. 1985-2153 and 2154-2180 of 2025

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Ms. Kiran Suri, Col Balasubramaniyam, Devadatt Kamat, Sr. Advs., Amith S.J., Ms. Vidushi Garg, Dr. (Mrs.) Vipin Gupta, Mrs. T S Shanthi, Ms. Sneha Irine Kachhap, Sanjeev Kumar, Narendra Kumar, D. L. Chidananda, Hruday Pavan, Revanta Solanki, Advs. for the Appellant.

Devadatt Kamat, Col Balasubramaniam, Ms. Kiran Suri, Shanthakumar V. Mahale, Sr. Advs., Ms. Abha R. Sharma, V. N. Raghupathy, Harsh Pandey, Hruday Bajentri, Ms. Anuradha Mutatkar, Mrs. T S Shanthi, Narendra Kumar, Ms. Sneha Irine Kachhap, Sanjeev Kumar, Anil Kumar, Amith S.J., Ms. Vidushi Garg, Dr. (Mrs.) Vipin Gupta, Ms. Mrinal Pande, Ms. S. Anuradha Bhat, Harisha S.R., Ranvir Singh, Rishi Kumar Singh Gautam, Advs. for the Respondent.

Judgment / Order of the Supreme Court**Judgment****Vikram Nath, J.**

1. Delay, if any, is condoned.
2. Leave granted.
3. These appeals arise out of the common judgment and order dated 28.03.2011 of the High Court of Karnataka in W.A. No. 5466 of 2004 and connected matters. In view of the multiple appeals that have been filed, there is a need to clarify the array of parties in the respective SLPs:
 - I. SLP (C) Nos. 27833-27834 of 2011: Filed by private bus operators.
 - II. SLP (C) Nos. 32499-525 of 2011: Filed by the Karnataka State Road Transport Authority (STA).
 - III. SLP (C) Nos. 25787-956 of 2012: Filed by the Karnataka State Road Transport Corporation (KSRTC), a corporation constituted under the Road Transport Corporations Act, 1950.¹

¹ The 1950 Act

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For clarity of reference in this judgment:

- The Private Bus Operators and the Karnataka State Road Transport Authority will be referred to collectively as “**the Appellants**.”
 - The Karnataka State Road Transport Corporation will be referred to as “**the Respondent Corporation**” or “**KSRTC**.”
4. The facts leading to the present appeals are as follows:
- 4.1. **Enactment of the 1976 Act (Karnataka Contract Carriages (Acquisition) Act, 1976)²** – The 1976 Act was enacted with the objective of acquiring privately operated contract carriages to curb their alleged detrimental operation in the State and to bring them under public control. Under the 1976 Act, once these contract carriages were acquired, all corresponding permits as well as certificates of registration stood vested in the State Government. Subsequently, the State Government transferred these vehicles and permits to State-owned Road Transport Corporations, notably including the KSRTC.
- 4.2. The Act was challenged but upheld by this Court in **State of Karnataka v. Ranganatha Reddy**³ and later reaffirmed in **Vijayakumar Sharma v. State of Karnataka**.⁴ In these decisions, the Supreme Court recognized that the 1976 Act’s purpose was to further the Directive Principles of State Policy under Article 39(b) and (c) of the Constitution and did not infringe any fundamental rights or constitutional principles.
- 4.3. **MV Act Enactment:** In 1988, the Motor Vehicles Act, 1988⁵ was enacted by the Parliament. This Act contains several provisions relevant to the present matter: Section 2(7) defines “Contract carriage” and Section 2(40) defines “Stage Carriage.” Moreover, Section 68 deals with transport authorities; in particular, Section 68(2) provides for the composition of the State Transport Authority⁶ and the Regional Transport Authority,⁷ mandating

2 The KCCA Act

3 AIR 1978 SC 215

4 AIR 1990 SC 2072

5 MV Act

6 STA

7 RTA

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that each include a Chairman with judicial experience along with other members—up to four for the STA and up to two for the RTA. Section 68(3)(b) empowers the STA to perform the duties of the RTA, and Section 68(5) enables both authorities, under rules made pursuant to Section 96, to delegate their powers and functions to any other authority or person subject to prescribed restrictions.

- 4.4. On 1 July 1989, the Karnataka Motor Vehicle Rules, 1989⁸ were enacted. Under Rules 55 and 56 of these Rules, the RTA and STA were empowered to delegate their powers to their secretaries, including the authority to grant contract carriage permits. Furthermore, on 27 February 1990, the constitutionality of the KCCA Act was challenged on the ground of repugnancy. In **Vijay Kumar Sharma v. State of Karnataka**,⁹ this Hon'ble Court upheld the constitutionality of the KCCA Act, holding that there is no inconsistency or repugnancy between the KCCA Act and the MV Act.
- 4.5. In the subsequent decades, transport policy in Karnataka underwent shifts due to rising demand for public transport services, rapid urbanization, and the perceived inability of government-run corporations alone to meet commuter needs. Over time, committees such as the Tax Reforms Commission observed that strict limitations on private contract carriages had contributed to an artificial scarcity of public transport options. It was noted that in many rural and semi-urban areas, a shortage of KSRTC-run buses compelled travellers to rely on private goods vehicles, tractors, or other sub-optimal modes of travel, raising concerns of safety and inconvenience.
- 4.6. **Enactment of the 2003 Repeal Act (Karnataka Act No. 9 of 2003)** – Responding to these developments, the State Legislature passed the Karnataka Motor Vehicles Taxation and Certain Other Law (Amendment) Act, 2003.¹⁰ Among other amendments (notably to taxation laws), Section 3 of the 2003 Repeal Act repealed the 1976 KCCA Act. According to

8 KMV Rules

9 (1990) 2 SCC 562

10 The 2003 Repeal Act or Karnataka Act No.9 of 2003

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the Statement of Objects and Reasons appended to the 2003 Act, the legislative intent was to liberalize public transport, encourage private operators, and address “woeful shortages” in passenger services. The Legislature believed that removing the KCCA Act’s prohibitions would enable better competition, expanded services, and ultimately greater passenger comfort.

- 4.7. **Challenge Before the High Court of Karnataka** – After 2003, private bus operators began applying for contract carriage permits under the more liberal regime. In some instances, Secretaries of the STA or RTAs granted these permits, relying on purported delegations under Rule 56. Meanwhile, KSRTC and its employees’ federation filed various writ petitions challenging (a) the validity of the 2003 Repeal Act and (b) the power of the Secretaries to grant permits. They argued that the 1976 Act, having been upheld by the Supreme Court, could not be repealed without fresh Presidential assent, and contended that awarding permit-granting power which was quasi judicial to a single officer ought to remain vested only in multi-member bodies.
- 4.8. In a judgment and order dated 17 November 2004 in W.P. No. 40339/2004 and related matters, the Single Judge of the High Court held that Rules 55 and 56 of the KMV Rules are null and void as ultra vires the MV Act, and that the delegation of the power to issue contract carriage and stage carriage permits, as well as to perform the functions of the STA/RTA, to the Secretary is not permissible. On 16 December 2004, the Learned Single Judge of the High Court ruled that the repeal of the KCCA Act by Act No. 9/2003 is unconstitutional. Citing the decisions in *Ranganatha Reddy* (Supra) and *Vijayakumar Sharma* (Supra), the Judge observed that the State Government lacks the authority to repeal an Act that has received the President’s assent. Since the KCCA Act falls under Entry 42 of the Concurrent List in the Seventh Schedule of the Constitution, Act No. 9/2003 was required to be sent for the President’s assent. It further noted that, by repealing the KCCA, the objective of the State Transport Undertaking could not be achieved, and that the issue could have been resolved by granting additional permits to the State Transport Corporation.

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- 4.9. **Reference to Division Bench** – Ultimately, appeals (W.A. Nos. 5466/2004, 60/2005, and connected matters) were placed before a Division Bench. The Division Bench consolidated multiple challenges to the 2003 Repeal Act, as well as the dispute about whether the Secretary, STA could lawfully grant permits.
- 4.10. Vide order dated 28.03.2011, the Division Bench of the High Court gave the following findings with respect to the main issues in these matters:
- **Constitutional Validity of the 2003 Repeal Act** – The Division Bench upheld the constitutionality of repealing the 1976 Act. It reasoned that the Legislature had plenary power to repeal a statute if it fell within its legislative domain. The bench also noted that since the 1976 Act had been validly enacted under Entry 42 of List III (Concurrent List), the State Government was equally competent to repeal it, without requiring a fresh reference to the President for assent. The Court disagreed with the contention that repealing an Act previously upheld by the Supreme Court amounted to “overruling” the Supreme Court. Once the 1976 Act had been constitutionally affirmed, the Legislature’s power to modify or repeal it remained unimpaired, subject only to not violating fundamental or constitutional rights.
 - **Delegation of Permit-Granting Power to the Secretary** – The Division Bench, however, rejected the argument that the STA (or RTA) could delegate contract carriage permit issuance to the Secretary. It held that permit-granting under Chapter V is a quasi-judicial function requiring collective adjudication or at least decision-making by the statutory authority itself. The High Court thus invalidated the relevant portion of the KMV Rules (Rule 56) or, more precisely, the manner in which the STA had invoked it. The Division Bench concluded that the “Secretary alone” approach improperly bypassed the multi-member scheme envisaged by the MV Act.
- 4.11. Aggrieved by the Division Bench’s order dated 28.03.2011, the private bus operators and the Karnataka STA; and the KSRTC, filed Special Leave Petitions before this Court, leading to the present appeals with the following main contentions:

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- **SLP (C) Nos. 27833-27834 of 2011:** Filed by private bus operators, challenging the High Court's ruling that prohibits delegation of permit-granting powers to the Secretary, STA/RTA. These appellants accept the High Court's decision upholding the validity of the 2003 Repeal Act.
 - **SLP (C) Nos. 32499-525 of 2011:** Filed by the Karnataka State Road Transport Authority (STA), similarly challenging the portion of the judgment that disallows delegation to the Secretary. STA supports the validity of the 2003 Repeal Act.
 - **SLP (C) Nos. 25787-956 of 2012:** Filed by the Karnataka State Road Transport Corporation (KSRTC), primarily disputing the High Court's conclusion that repealing the 1976 Act is unconstitutional. It wants the 2003 Repeal Act declared invalid but concurs with the High Court that the Secretary, STA/RTA, cannot grant or renew permits under delegated power.
5. Before we delve into the specific controversies arising in these appeals, it would be instructive to first set out the relevant legal provisions that govern the issues at hand. A clear understanding of these enactments is vital to appreciate the two principal questions that fall for our consideration.

I. Karnataka Contract Carriages (Acquisition) Act, 1976

Purpose and Scope- Enacted with the objective of acquiring privately operated contract carriages that were perceived to be functioning contrary to public interest. Once acquired, the vehicles, permits, and certificates of registration vested in the State Government, which, in turn, transferred them to state-owned road transport corporations such as KSRTC.

Judicial Endorsement – The 1976 Act was upheld by this Court in *State of Karnataka v. Ranganatha Reddy*¹¹ and later reaffirmed in *Vijayakumar Sharma v. State of Karnataka*.¹² These decisions recognized that the statutory objective,

11 AIR 1978 SC 215

12 (AIR) 1990 SC 2072

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furthering the Directive Principles under Article 39(b) and (c) of the Constitution, did not violate any fundamental or constitutional rights.

Subsequent Development- By virtue of Section 3 of the Karnataka Motor Vehicles Taxation and Certain Other Law (Amendment) Act, 2003 (Karnataka Act No. 9 of 2003), the 1976 Act stood repealed, which is one of the core issues challenged in these proceedings.

II. **Karnataka Motor Vehicles Taxation and (Amendment) Act, 2003**

Statement of Objects and Reasons – The Legislature observed a shortage of passenger transport services, especially in rural and semi-urban areas, and took the view that permitting private operators in the contract carriage sector would help meet rising demand. Section 3 of this enactment repealed the 1976 Act, thereby removing existing curbs on private contract carriage operation and paving the way for a more liberalized regulatory regime.

Legislative Competence – Enacted under the same legislative field (Entry 42, List III of the Seventh Schedule to the Constitution) that empowered the original 1976 Act. The Division Bench of the High Court held that there was no requirement of fresh Presidential assent for the repeal, and it affirmed that the State Legislature was competent to affect such a repeal.

III. **Motor Vehicles Act, 1988**

Chapter V: Control of Transport Vehicles

Section 66: No owner can use or permit the use of a transport vehicle without a valid permit.

Section 68(3): Enumerates the powers and functions of the STA and RTA, including the grant of various permits.

Section 68(5): Permits the STA or RTA, “if authorised by the Rules made under Section 96,” to delegate any of its powers or functions to any other authority or person, subject to prescribed conditions.

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Chapter VI: Special Provisions Relating to State Transport Undertakings (for completeness) – While primarily not at issue in these appeals, Chapter VI establishes procedures for formulating schemes granting exclusive rights to State Transport Undertakings. This chapter was relevant in the earlier era when *nationalization* of routes was prevalent; however, the main focus here is on whether the 1976 Act's approach (acquiring contract carriages) could be rescinded by the 2003 repeal.

IV. Karnataka Motor Vehicles Rules, 1989

Rule 54: Governs the manner in which the STA and the RTA conduct their business, including guidelines for meetings, quorums, and decision-making.

Rule 56: Delegation of Powers by the STA- Rule 56(1)(d): Allows the STA to delegate its power to grant “a permit other than a stage carriage permit” to the Chairman, the Secretary, or an officer not below the rank of Regional Transport Officer. The High Court construed this provision to mean that, while the Rules contemplated delegation, the question remained whether such delegation extended to *quasi-judicial* functions (like granting contract carriage permits) or was confined to purely administrative powers.

6. In light of the foregoing factual matrix and the contentions urged before us, the following principal issues arise for determination:
 - I. **Validity of the 2003 Repeal Act:** Whether the 2003 Repeal Act repealing the KCCA Act is constitutionally valid, particularly given that the 1976 Act had earlier been upheld by this Court.
 - II. **Delegation of Power to Grant Permits:** Whether, under Section 68(5) of the MV Act, read with Rule 56 of the KMV Rules, the STA and RTAs can lawfully delegate the power to grant contract carriage permits (and related permits) to the Secretary, or whether such power must remain with the multi-member authorities due to its *quasi-judicial* character.
7. The learned Senior Counsel for the Appellants, Mr. Devadatt Kamat and Ms. Kiran Suri advanced the following main submissions:
 - 7.1. **Express Provision in the MV Act and KMV Rules:** The Appellants rely on Section 68(5) of the MV Act, which provides

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that the STA and any RTA, if authorised under rules made pursuant to Section 96 of the MV Act, may delegate their powers and functions subject to prescribed restrictions. They further highlight Rule 56(1)(d) of the KMV Rules, which expressly permits the STA to delegate its power to grant a permit other than a stage carriage permit to the Chairman, Secretary, or any officer not below the rank of a Regional Transport Officer. This statutory scheme clearly distinguishes between stage carriage permits (non-delegable) and other permits (delegable).

- 7.2. **Consistency with Legislative Intent:** The Appellants contend that the MV Act was designed to confer broad administrative discretion on the STA and RTAs. They argued that the power to delegate, as provided in Section 68(5) of the MV Act, was meant to ensure administrative efficiency in routine matters like the issuance of contract carriage permits. They maintained that the legislative intent was not to require that every decision be taken by a full, multi-member board but rather to facilitate expeditious processing of permit applications in cases that do not involve the complex considerations inherent in stage carriage permits.
- 7.3. **Practical Necessity and Administrative Efficiency:** The Appellants argued that in practice, the STA is inundated with diverse functions and that delegating routine permit issuance to the Secretary, a high-ranking officer with substantial expertise in transport matters, ensures timely and efficient service. They further contended that such delegation is a common administrative practice not only in Karnataka but also in several other States, where similar delegation mechanisms have been effectively implemented.
- 7.4. **Reconciliation of Divergent Judicial Approaches:** The Appellants noted that the High Court, in its earlier judgments, appeared to split the issue. In one instance, the learned Single Judge held that the grant of permits is quasi-judicial and cannot be delegated, while in another, it **recognized** that delegation is permissible if rules are framed under Section 96 of the MV Act. The Appellants argued that the latter view reflects the true statutory scheme. They submitted that by incorporating amendments to the KMV Rules (notably, the inclusion of

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Section 96), the State has unambiguously affirmed its intention to delegate routine functions, such as the issuance of contract carriage permits, to the Secretary.

- 7.5. **Delegation Does Not Subvert Judicial Oversight:** It is submitted that even if the power to grant permits were quasi-judicial, such functions can be delegated provided the enabling statute expressly permits it. The Appellants have relied on the recent decision in *Newtech Promoters & Developers Private Limited v. State of Uttar Pradesh & Others*,¹³ to support the view that quasi-judicial functions may be delegated when done so in accordance with statutory provisions. The Appellants stress that the delegation in this instance is limited to contract carriage, special, tourist, and temporary permits, matters that are routine and do not necessitate the full weight of collective adjudication. This is entirely consistent with the legislative scheme of the MV Act and the KMV Rules.
- 7.6. **Operational Practicalities and the Necessity of Delegation:** The Appellants submit that requiring the entire STA or RTA to sit on routine permit applications would be impractical and could lead to delays in service delivery. They argue that the Secretary, being a competent and experienced officer, is fully capable of exercising the delegated power without compromising the statutory framework. Such delegation is vital for the smooth functioning of the transport regulatory system.
8. The learned Senior Counsel for the Respondent Corporation, Col. Balasubramanian, has advanced the following arguments on behalf of the KSRTC:
- 8.1. **On the Invalidity of Section 3 of the 2003 Act (Repeal of the 1976 Act):** KSRTC contends that the KCCA Act was in force for 27 years during which no contract carriage permits were issued by the STA or RTA, and that alternative transport services adequately served the public interest. They argue that the 1976 Act, enacted under Entry 42 and with Presidential assent, created exclusive rights for KSRTC, and its repeal was a deliberate statutory measure that should not be overturned.

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- 8.2. **Incompatibility of the 2003 Act with Constitutional Requirements:** The learned Senior Counsel contends that the 2003 Act repeals the 1976 Act by invoking Entry 57 of List II (taxation on vehicles), which deals with a matter entirely distinct from acquisition. Since the parent 1976 Act was enacted under Entry 42 and with Presidential assent, its repeal or amendment should likewise be affected under the same constitutional basis. The State Legislature's attempt to repeal it indirectly via a taxation measure violates the constitutional scheme and is thereby ultra vires.
- 8.3. **Undermining of Judicial Precedents and Public Policy:** The Respondent Corporation argues that the Division Bench erred by ignoring the constitutional provisions under which the 1976 Act was enacted. Repealing the 1976 Act not only nullifies the binding decisions of this Court in *State of Karnataka v. Ranganatha Reddy* (Supra) and *Vijayakumar Sharma v. State of Karnataka* but also frustrates the statutory purpose of curbing the misuse of contract carriage permits. Moreover, the repeal undermines the public interest by removing a crucial mechanism that ensured that private operators did not convert contract carriage permits into an avenue for operating stage carriages, thus protecting both the KSRTC's statutory monopoly and the traveling public.
- 8.4. **Financial and Operational Impact on KSRTC:** It is further submitted that, pursuant to the 1976 Act, KSRTC had acquired approximately 200 contract carriage buses, compensated the private owners, and absorbed their employees—thereby creating a statutory right and a long-established operational framework. The abrupt repeal imposed an undue financial and operational burden on KSRTC, jeopardizing its economic viability and contravening the very objectives for which the 1976 Act was enacted.
- 8.5. **On the Non-Delegability of the Power to Issue Permits:** The Respondent Corporation concurs with the High Court's holding that the power to grant Contract Carriage Permits is a quasi-judicial function, expressly vested in the STA or the RTA as composite bodies. The relevant provisions of the MV Act, particularly Sections 68, 69, and 74, together with Rule 56 of

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the KMV Rules clearly indicate that the power to issue such permits is intended to be exercised by a multi-member body and not by a single officer.

- 8.6. **Inadmissibility of Delegation to a Single Officer:** It is submitted that delegation of the permit-granting power to the Secretary (or any prescribed officer) is contrary to the statutory scheme. Such a delegation would effectively replace the collective decision-making process with the unilateral **discretion** of a single official, thereby defeating the purpose of the quasi-judicial function entrusted to the STA/RTA. The learned Senior Counsel emphasizes that the legislative mandate, as enshrined in Section 68(2) of the MV Act, requires that the STA be comprised of a Chairman (with judicial or appellate experience) and not more than three other members. No provision in the enabling Act permits the vesting of such critical power in a sole officer.
- 8.7. **Excessive Delegation and Its Consequences:** It is further asserted that the amended Rules, particularly the amendments made on 18.07.2005 under the rule-making power invoked under Section 96 of the MV Act, have excessively delegated the power to the Secretary, amounting to a de facto rewriting of Sections 68 and 96 of the MV Act. Such excessive delegation is not only inconsistent with the statutory structure but also impermissible under the General Clauses Act, 1897, which mandates that the exercise of rule-making power must be strictly confined to the framework provided by the parent Act.
- 8.8. **Legislative Intent and Judicial Oversight:** The Respondent Corporation further contends that the **legislative** intent was unambiguously to vest the power of granting Contract Carriage Permits in a body of high-ranking officials, whose collective judgment is essential to ensure transparency and prevent arbitrary decisions. The delegation of this power to the Secretary, an officer whose duties and responsibilities are otherwise circumscribed, is therefore contrary to both the letter and the spirit of the MV Act and the KMV Rules.
- 8.9. **Post-Judgment Developments (Ancillary Submissions):** Subsequent to the repeal of the 1976 Act, there has been a resurgence of misuse wherein private operators, under the guise of Contract **Carriage** Permits, have operated their vehicles as

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stage carriages. This misuse has led to seizures, penalties, and significant financial losses to the State and KSRTC.

8.10. State Policy Shifts and Recent Developments: It is further submitted that recent policy measures, such as the nationalization of routes (as per the Gazette Notification dated 07.03.2019) and the introduction of schemes like the “Shakthi Scheme” providing free bus services to women, further underscore the necessity for a robust, state-controlled transport framework. These **developments** accentuate the adverse impact of repealing the 1976 Act and the detrimental effect of delegating quasi-judicial powers to a single officer on the efficiency and accountability of the state transport system.

9. We shall now be dealing with each of the issues that arise before us.

ISSUE I- VALIDITY OF THE 2003 REPEAL ACT

10. It is a well-settled principle that the power to repeal a law is coextensive with the power to enact it. In this context, the KCCA Act was enacted under Entry 42 of the Seventh Schedule of the Constitution, and it received the assent of the President of India. The KCCA Act was designed to bring privately operated contract carriages under state control in order to serve the public interest and to implement the Directive Principles of State Policy, notably under Article 39(b) and (c). However, over the ensuing decades, the transport landscape in Karnataka underwent significant changes—urbanization intensified, public transport demand grew, and it became increasingly evident that the restrictive regime established by the KCCA Act was contributing to an artificial scarcity of public transport services, particularly in rural and semi-urban areas.
11. In response to these evolving circumstances, the Legislature exercised its plenary power by enacting the Karnataka Motor Vehicles Taxation and Certain Other Law (Amendment) Act, 2003 (hereinafter, the 2003 Repeal Act), which repealed the KCCA Act. The repeal was not an arbitrary act of legislative whim but was backed by a clear statement of objects and reasons that identified the deficiencies in the existing regulatory framework and the necessity to liberalize the transport sector. The intention was to dismantle the statutory monopoly that the KCCA Act had created for the KSRTC and to open the door for private operators to address the burgeoning public transport needs.

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12. The Preamble to 2003 Repeal Act reads as follows:

“An Act further to amend the Karnataka Motor Vehicles Taxation Act, 1957 and to repeal the Karnataka Contract Carriages (Acquisition) Act, 1976.

Whereas it is expedient further to amend the Karnataka Motor Vehicles Taxation Act, 1957 (Karnataka Act 35 of 1957) and to repeal the Karnataka Contract Carriages (Acquisition) Act, 1976 (Karnataka Act 21 of 1976) for the purposes hereinafter appearing;”

Moreover, the Statement of Objects and Reasons of this act reads as follows:

“STATEMENT OF OBJECTS AND REASONS

(As appended to at the time of Introduction)

It is considered necessary to amend the Karnataka Motor Vehicles Taxation Act, 1957 (Karnataka Act 35 of 1957) and to repeal the Karnataka Contract Carriages (Acquisition) Act, 1976 (Karnataka Act 21 of 1976) to give effect to the proposals made in the Budget Speech and matters connected therewith.”

13. The contention advanced by the Respondent Corporation (KSRTC) that repealing the KCCA Act is unconstitutional because it effectively overrules the decisions of the Supreme Court in **Ranganatha Reddy** (Supra) and **Vijayakumar Sharma** (Supra) fails to recognize the dynamic nature of legislative policy. Those Supreme Court decisions merely affirmed the constitutional validity of the KCCA Act at the time of its enactment; they do not bind the Legislature from modifying or repealing a statute when subsequent developments warrant a change in policy. Moreover, the argument that the repeal should have required fresh presidential assent is misplaced. A repeal statute does not recreate the legal framework anew but rather extinguishes the earlier Act's operative provisions; it is not subject to the same procedural requirements as an original enactment when it comes to the need for fresh assent, provided that the repeal falls within the legislative competence of the State.
14. Furthermore, the 2003 Repeal Act is rooted in the practical realities of modern transport policy. Contemporary challenges, such as increasing

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demand for public transport services, congestion in urban areas, and the need for efficient service delivery, necessitated a more flexible regulatory regime. The legislative history and the Statement of Objects and Reasons attached to the 2003 Repeal Act make it clear that the Legislature intended to remedy the inefficiencies of the past by introducing competition into the transport sector. The repeal of the KCCA Act was thus a deliberate policy decision aimed at fostering a more dynamic and responsive transport framework rather than an attempt to nullify well-established judicial pronouncements.

15. Additionally, it has been held on various instances by this Court that a Legislature may, subject to constitutional limitations, repeal any law it has enacted. In **Ramakrishna v. Janpad Sabha**,¹⁴ it has been emphatically held that if the Legislature has the power to enact a law on a particular subject, it equally possesses the power to repeal that law. The relevant paras of this judgement have been reproduced hereunder:

"13. It must however be observed that merely because the legislature is empowered under this entry to constitute local authorities and vest them with powers and jurisdiction it would not follow that these local bodies could be vested with authority to levy any and every tax for the purpose of raising revenue for the purposes of local administration. They could be validly authorised to raise only those taxes which the province could raise under and by virtue of the relevant entries in the Provincial Legislative List. This is on the principle that the province could not authorise local bodies created by it to impose taxes which it itself could not directly levy for the purposes of the Provincial Government. Now comes the question whether the Provincial Legislature was competent, by legislation, to discontinue the levy of the tax by effecting a repeal of the taxing provision contained in the Local Self Government Act of 1920. There is no doubt that the general principle is that the power of a legislative body to repeal a law is co extensive with its power to enact such law, as would be seen from the following passage in the judgment by Lord

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*Watson in Attorney-General for Ontario v. Attorney-General
for the Dominion [(1896) AC 348 at p. 366] :*

“Neither the Parliament of Canada nor the Provincial Legislatures have authority to repeal statutes which they could not directly enact.”

But obviously its application in particular instances would be controlled by express constitutional provision modifying the same. We have such a provision in the case on hand in Section 143(2) of the Government of India Act, 1935. In the context the relevant words of the sub-section could only mean “may continue to be levied if so desired by the Provincial Legislature” which is indicated by or is implicit in the use of the expression “may” in the clause “may be continued until provision to the contrary is made by the Federal Legislature”. This would therefore posit a limited legislative power in the province to indicate or express a desire to continue or not to continue the levy. If in the exercise of this limited power the province desires to discontinue the tax and effects a repeal of the relevant statute the repeal would be effective. Of course in the absence of legislation indicating a desire to discontinue the tax, the effect of the provision of the Constitution would be to enable the continuance of the power to levy the tax but this does not alter the fact that the provision by its implication confers a limited legislative power to desire or not to desire the continuance of the levy subject to the overriding power of the Central Legislature to put an end to its continuance and it is on the basis of the existence of this limited legislative power that the right of the Provincial Legislature to repeal the taxation provision under the Act of 1920 could be rested. Suppose for instance, a Provincial Legislature desires the continuance of the tax but considers the rate too high and wishes it to be reduced and passes an enactment for that purpose, it cannot be that the legislation is incompetent and that the State Government must permit the local authority to levy tax at the same rate as prevailed on 1-4-1937, if the latter desired the continuance of the tax. If such a legislation were enacted to achieve a reduction of the rate of the duty,

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"its legislative competence must obviously be traceable to the power contained in the words" may continue to be levied in Section 143(2) of the Government of India Act. If we are right so far it would follow that in the exercise of this limited legislative power the Provincial Legislature would also have a right to legislate for the continuance of the tax provided, if of course, the other conditions of Section 143(2) are satisfied viz. (1) that the tax was one which was lawfully levied by a local authority for the purposes of a local area at the commencement of Part III of the Government of India Act, (2) that the identity of the body that collects the tax, the area for whose benefit the tax is to be utilised and the purposes for which the utilisation is to take place continue to be the same, and (3) the rate of the tax is not enhanced nor its incidence in any manner altered, so that it continues to be same tax. If as we have held earlier there is a limited legislative power in the province to enact a law with reference to the tax levy so as to continue it, the validity of the Act of 1949 which manifested the legislative intent to continue the tax without any break the legal continuity being established by the retrospective operation of the provision, has to be upheld."

16. The KCCA Act was enacted under Entry 42 (Acquisition and requisition of property), and its repeal by the 2003 Repeal Act was effected under Entry 57 of List II, which deals with taxation—a subject area where the State has independent legislative competence. The repeal does not alter or contradict the judicial interpretation of the KCCA Act; rather, it reflects a conscious legislative choice to adapt to new economic and social conditions.
17. In view of these considerations, the rationale underlying the 2003 Repeal Act is sound and consistent with the principles of legislative power. The arguments advanced by the Respondent Corporation, that the repeal would amount to an impermissible overruling of prior Supreme Court decisions, that it violates the requirement of presidential assent, or that it is otherwise beyond the legislative competence of the State, are untenable. The legislative intent, as clearly articulated in the 2003 Repeal Act, was to improve public transport services and to rectify the shortcomings of the earlier

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regulatory regime. Accordingly, we hold that Section 3 of the Karnataka Motor Vehicles Taxation and Certain Other Law (Amendment) Act, 2003, which repeals the KCCA Act, is constitutional. The KSRTC challenging the repeal on these grounds have failed to establish any defect in the exercise of the Legislature's power.

18. In view of the foregoing analysis, we concur with the view taken by the Division Bench of the High Court on this issue. We hold that Section 3 of the Karnataka Motor Vehicles Taxation and Certain Other Law (Amendment) Act, 2003, which repeals the KCCA Act, is constitutional, and the State Legislature has rightly exercised its power to repeal the Act.

ISSUE II- DELEGATION OF POWER TO GRANT PERMITS

19. The next issue before us is whether the STA has the power to delegate its functions, specifically, the issuance of contract carriage, special, tourist, and temporary permits, to its Secretary. In this regard, the statutory framework provides clear guidance.

20. Section 68(5) of the Motor Vehicles Act, 1988 states:

"The State Transport Authority and any Regional Transport Authority, if authorised in this behalf by rules made under Section 96, may delegate such of its powers and functions to such authority or person subject to such restrictions, limitations and conditions as may be prescribed by the said rules."

This provision unambiguously confers upon the STA and RTA the power to delegate its functions provided that rules are framed under Section 96 of the Act. In the present context, the delegation in question concerns the grant of permits that are not stage carriage permits. This is further clarified in Rule 56(1)(d) of the KMV Rules, which reads as follows:

"56. DELEGATION OF POWERS BY STATE TRANSPORT AUTHORITY:

1. The State Transport Authority may, by a general or special resolution recorded in its proceedings, delegates:-

(d) its power to grant a permit other than a stage carriage permit on an application made to the Chairman or Secretary

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or any officer of the Motor Vehicles Department not below the rank of a Regional Transport Officer with reference to the notification issued under sub-section (2) of Section 69.”

21. The language of Rule 56(1)(d) explicitly differentiates between the grant of stage carriage permits, which involve complex and inherently quasi-judicial considerations, and other types of permits that are essentially administrative in nature. The fact that only the grant of stage carriage permits is excluded from delegation underscores the Legislature's intention: routine and time-sensitive permits such as contract carriage, special, tourist, and temporary permits can be efficiently processed through delegation to a competent officer like the Secretary, thereby ensuring that administrative functions are not unduly delayed by the need for a full board's involvement.
22. The Respondents argue that permit-granting is a quasi-judicial function that must be exercised solely by the composite body of the STA or RTA, as such functions require deliberation by multiple high-ranking officials, ensuring that decisions are made with due consideration and dissenting opinions. They contend that delegating this power to a single officer would undermine the judicial character of the decision-making process. However, this argument does not withstand if we have a closer analysis of the statutory provisions.
23. Firstly, even if one accepts that the grant of permits has a quasi-judicial element, it is an established principle of administrative law that quasi-judicial functions may be delegated if the enabling statute expressly provides for such delegation. Here, Section 68(5) of the MV Act, coupled with the specific language of Rule 56(1)(d) of the KMV Rules makes it clear that the Legislature intended for the STA to delegate certain routine permit functions. The exclusion of stage carriage permits from this delegation does not imply that all permit functions are inherently non-delegable; rather, it reflects a calibrated approach that distinguishes between complex adjudicatory functions and routine administrative tasks.
24. Secondly, from a practical standpoint, the STA is entrusted with a wide range of responsibilities under the Motor Vehicles Act, and its workload necessitates delegation to ensure timely service delivery. The Secretary, being a high-ranking officer with substantial expertise in transport administration, is well equipped to handle routine permit applications. The delegation mechanism is not a blank check for

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arbitrary decision-making; it operates within the boundaries and conditions prescribed by the enabling rules framed under Section 96 of the MV Act. This ensures that, while administrative efficiency is achieved, there remains adequate oversight and accountability through the broader STA framework.

25. Moreover, the High Court's reasoning in this regard appears to have conflated the inherent quasi-judicial nature of certain decisions with the broader statutory power of delegation. The High Court held that because permit-granting is quasi-judicial, it cannot be delegated to a single officer. However, this view fails to recognize that delegation does not remove judicial oversight from the process. Instead, it merely streamlines routine functions that do not require the full deliberative process of the STA. In **Newtech Promoters & Developers (P) Ltd. v. State of U.P.**,¹⁵ this Court has affirmed that even quasi-judicial functions may be delegated if the statute provides for it and if appropriate safeguards are in place. The relevant paras of this judgement are reproduced hereunder:

"114. It is a well-established principle of interpretation of law that the court should read the section in literal sense and cannot rewrite it to suit its convenience; nor does any canon of construction permit the court to read the section in such a manner as to render it to some extent otiose. Section 81 of the Act positively empowers the Authority to delegate such of its powers and functions to any member by a general or a special order with an exception to make regulations under Section 85 of the Act. As a consequence, except the power to make regulations under Section 85 of the Act, other powers and functions of the Authority, by a general or special order, if delegated to a Single Member of the Authority is indeed within the fold of Section 81 of the Act.

115. The further submission made by the learned counsel for the promoters that Section 81 of the Act empowers even delegation to any officer of the Authority or any other person, it is true that the Authority, by general or special order, can delegate any of its powers and functions to be

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exercised by any member or officer of the Authority or any other person but we are not examining the delegation of power to any third party. To be more specific, this Court is examining the limited question as to whether the power under Section 81 of the Act can be delegated by the Authority to any of its member to decide the complaint under Section 31 of the Act. What has been urged by the learned counsel for the promoters is hypothetical which does not arise in the facts of the case. If the delegation is made at any point of time which is in contravention to the scheme of the Act or is not going to serve the purpose and object with which power to delegate has been mandated under Section 81 of the Act, it is always open for judicial review.

116. The further submission made by the learned counsel for the appellants that Section 81 of the Act permits the Authority to delegate such powers and functions to any member of the Authority which are mainly administrative or clerical, and cannot possibly encompass any of the core functions which are to be discharged by the Authority, the judicial functions are non-delegable, as these are the core functions of the Authority. The submission may not hold good for the reason that the power to be exercised by the Authority in deciding complaints under Section 31 of the Act is quasi-judicial in nature which is delegable provided there is a provision in the statute. As already observed, Section 81 of the Act empowers the Authority to delegate its power and functions to any of its members, by general or special order.”

26. Lastly, the practical impact of not allowing delegation would be to overload the STA with routine functions, potentially causing undue delays and inefficiencies in the permit-issuance process. Such delays could disrupt the balance of public transport service delivery, which the Legislature clearly sought to improve by liberalizing the regime for non-stage carriage permits. In this light, the delegation of routine permit-granting powers is not only legally permissible but is also necessary to meet the practical demands of an evolving transport sector.

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27. In view of the above analysis, we conclude that the power of the STA to delegate the issuance of contract carriage, special, tourist, and temporary permits to its Secretary is fully supported by the statutory provisions of Section 68(5) of the MV Act, and Rule 56(1)(d) of the KMV Rules, 1989. The delegation is a rational and necessary administrative measure that facilitates prompt and efficient processing of permit applications without undermining the oversight function of the STA. Consequently, we reject the Respondents' arguments and hold that the High Court's reasoning on the non-delegability of permit-granting power is flawed. The power to delegate, as provided by law, remains intact, and any decision to the contrary is unsustainable in light of both legislative intent and practical necessity.
28. In view of the discussions and analysis above, we hold that:
 - (a) Section 3 of the Karnataka Motor Vehicles Taxation and Certain Other Law (Amendment) Act, 2003, which repeals the Karnataka Contract Carriages (Acquisition) Act, 1976, is constitutional.
 - (b) The State Transport Authority (STA) possesses the power to delegate its functions under Section 68(5) of the MV Act, as expressly provided by the statute and further clarified by Rule 56(1)(d) of the KMV Rules.
29. Consequently, we direct that the appeals of the respondent corporation (KSRTC) are dismissed, while the appeals filed by the private bus operators and the Karnataka State Road Transport Authority are allowed.
30. The impugned orders of the High Court that denied the delegation power of the STA are set aside, and it is confirmed that the Secretary of the STA is empowered to grant non-stage carriage permits (including contract carriage, special, tourist, and temporary permits) in accordance with Section 68(5) of the MV Act and Rule 56(1)(d) of the KMV Rules, subject to the limitations and conditions prescribed therein.
31. The appropriate authorities are directed to take all necessary measures to implement the above findings and ensure that the delegation of

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permit-granting power is exercised in a manner consistent with the statutory provisions and the objectives of efficient public transport administration.

32. All pending applications are disposed of.

Result of the case: Appeals disposed of.

[†]*Headnotes prepared by:* Nidhi Jain