

•Nepal Airlines Corporation Act, 2019 (1963)

Date of Authentication and Publication
2019/12/30 (Apr. 12, 1963)

Amendments:

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| 1. Nepal Airlines Corporation (Amendment) Act, 2020 | 2020/11/16 (Mar. 28, 1964) |
| 2. Nepal Airlines Corporation (Second Amendment) Act, 2026 | 2026/5/19 (Sept. 4, 1969) |
| 3. Nepal Airlines Corporation (Third Amendment) Act, 2034 | 2034/9/18 (Jan. 2, 1978) |
| 4. Administration of Justice Act, 2048 | 2048/2/16 (June 30, 1991) |
| 5. Republic Strengthening and Some Nepal Laws Amendment Act, 2066 [✍] | 2066/10/7 (Jan. 21, 2010) |

Act Number 54 of 2019 (1963)

An Act to amend and consolidate the Nepal airline Act

Preamble: Whereas it is expedient to amend and consolidate the Nepal Airlines Act, 2014 (1958) for the convenience of the people in general.

Now therefore, be it enacted by His Majesty King Mahendra Bir Bikram Shah Dev in accordance with the provision of Article 93 of the Constitution of Nepal, 2019 (1963).

Chapter - 1

Preliminary

- Short Title, Extent and Commencement:** (1) This Act may be called the "Nepal Airlines Corporation Act, 2019 (1963)"
 - (2) It shall extend all over the Nepal and shall also apply to the Corporation established under this Act and its branches, the functions to be discharged by such branches and the employees therein, wherever it may be.
 - (3) It shall come into force immediately.
- Definitions:** Unless the subject or context otherwise requires, in this Act,-
 - (a) "Aircraft" means any machine which can derive support in the atmosphere from reactions of the air, and this term also includes machine-operated balloons, whether fixed or free, airplanes, kites, gliders and similar other flying machines.

✍ The word "Royal" in long title, Section 1, 2 and 3 omitted by Republic Strengthening and Some Nepal Laws Amendment Act, 2066


- (b) "Air transport service" means a service for the transport by air of persons, mails or any other thing, animate or inanimate, for any kind of remuneration whatsoever, whether such service consists of a single flight or a series of flights.
- (c) "Associate in relation to the Corporation" means any person or any subsidiary of the Corporation with whom or with which the Corporation has made an agreement pursuant to Clause (h) of Sub-section (2) of Section 13.
- (d) "Corporation" means the Nepal Airlines Corporation established and constituted under this Act.
- ⊕ (d1) "Board" means Board of Directors of the Corporation.
- ⊕ (d2) "Chairperson" means chairperson of the Board.
- ⊕ (e) "Director" means the member of the Board.
- (f) "General Manager" means a General Manager appointed under this Act.
- ⊕ (g) "Scheduled flight services" means the flight services for the use of common people and regulated according to the time table published in between the scheduled stations of the Corporation.
- (h) ✂

Chapter - 2

Establishment, Capital and Management

3. **Establishment of Corporation** : (1) A Corporation shall be established in the name of Nepal Airlines Corporation.

(2) The Corporation shall be an autonomous corporate body having perpetual succession. This corporation shall have its own separate seal for all of its business. It may acquire, enjoy, possess and transfer movable and immovable properties subject to this Act. It shall have the right to sue on its behalf and may be sued against it as well.

 This Act came into force from 2065-2-15 (28 May 2008).

⊕ Inserted by Third Amendment.

⊕ Amended by Third Amendment.

✂ Omitted by Third Amendment.

(3) The Head Office of the Corporation shall be located at Kathmandu or at any other place specified by Government of Nepal and may establish its branch office inside or outside of Nepal.

④. **Tenure of the Board and Directors** : (1) Government of Nepal, to conduct the Corporation's business, shall constitute a Seven member Board of Directors including the General Manager in case he/she has already been appointed. Government of Nepal, if deems necessary, may also appoint the private individuals, well-known in the field of commerce, finance and accounting or experienced in civil aviation and tourism.

(2) The term of office of Directors other than General Manager shall be of Four years and a Director, after expiry of his/her term, shall be eligible for reappointment.

Provided that, private individuals may be reappointed for only one other term.

(3) Notwithstanding anything contained in Sub-section (2), Government of Nepal may remove any Director before expiry of this tenure.

(4) Government of Nepal may appoint Chairperson and Deputy-Chairperson of the Board from among the Directors. The term of their office in the capacity of Chairperson and Deputy Chairperson shall be as desired by Government of Nepal.

(5) Government of Nepal may appoint the Chairperson, Deputy-Chairperson of any member of the Board as an Executive-Chairperson, Executive Deputy-Chairperson or Executive Director with the functions and duties of General Manager pursuant to this Act. The remuneration and other conditions of service of the Executive Chairperson, Executive Deputy-Chairperson or Executive Director appointed in such manner, shall be as fixed by Government of Nepal.

(6) Secretary of the Board shall endorse the decisions of the Board.

③ Amended by Third Amendment.

(7) Concerned Ministry shall propose the name of the persons to be appointed as Directors of the Board to Government of Nepal, six months prior to the expiry of the term pursuant to Sub-section (2).

●5. **Authorized Capital of the Corporation**: The authorized capital of the Corporation shall be Fifty Million Rupees and it may be increased from time to time by Government of Nepal on the recommendation of the Board by a Notification published in the Nepal Gazette.

●6. **Appointment of General Manager** : (1) Government of Nepal shall appoint General Manager in case the Executive Chairperson, Executive Deputy-Chairperson or Executive Director of the corporation has not been appointed. His/her remuneration and other conditions of service shall be as fixed by Government of Nepal.

(2) Functions, duties and rights of the General Manager shall be as fixed by the Board.

(3) The term of office of the General Manager shall be Four years and Government of Nepal may extend upto Two years or may reappoint him/her for another tenure.

7. **Management** : (1) Government of Nepal may, with the advice of the Corporation, and keeping in view the national interest, issue such directives from time to time to the Corporation as it may deem necessary. It shall be the duty of the Corporation to carry out all such directives.

(2) The Board shall supervise and manage all the functions of the Corporation and give directives to it. The Board shall exercise all powers and functions vested in the Corporation in respect of all matters, except those matters for the performance of which the approval of Government of Nepal is required under this Act, or the Rules or Bye-laws framed under this Act.

② Amended by Second Amendment.
③ Amended by Third Amendment.

Provided that, the Board may delegate such powers and functions conferred to it under this Act or the Rules or Bye-laws framed under this Act, as it may think necessary or appropriate, with or without any condition, to the General Manager or Sub-committee or other officials of the Corporation who may exercise such powers and functions directly or through subordinate officials.

⊕ (3) The Corporation may regulate the functions, duties and powers of Directors through making Bye-laws under this Act.

⊕ (4) In case the functions, duties and powers of Directors are regulated pursuant to Sub-section (3), the Chairperson shall evaluate the works of Directors and send every year a report to Government of Nepal. Government of Nepal may shorten or extend the tenure of any Director on the ground of such evaluation reports.

●8. **Disqualification of General Manager and Director**: No person shall be General Manager or Director of the Corporation, if he/she is -

- (a) An employee or advisor of the Corporation other than the General Manager, or
- ⊕(b) The person engaged in contracts with the corporation, or
- (c) A person who is bankrupt, or
- (d) A person who is an insane or mentally unbalanced, or
- (e) A person who has been punished with imprisonment on a criminal offence involving moral turpitude.

9. **Conditions when General Manager or Director may be removed from office** : Government of Nepal may remove the General Manager or any Director from his/her office in the following circumstances:

- (a) In case he/she suffers from any of the disqualifications mentioned in Section 8, or

⊕ Inserted by Third Amendment,
⊙ Amended by Second Amendment.
⊚ Amended by Third Amendment.

- (b) In case he/she remains absent for three consecutive meeting of the Board without its approval, and the reasons given for such absence are not satisfactory in the opinion of Government of Nepal, or
- (c) In case he/she violates the provision of Section 21, or he/she has been punished for offence under Section 25, or
- ③(d) If a breach of Section 22 has been proved.

10. Resignation of General Manager or Director and Filling up of Occasional

Vacancies: (1) The General Manager or any Director may resign from his/her office by giving a written notice to Government of Nepal. He/she shall be deemed to have vacated his/her office after the acceptance of resignation.

(2) In case the office of General Manager or any Director falls vacant for any reason prior to the expiry of his/her term, the vacancy so occurring shall be filled up by nomination or fresh appointment.

Provided that, the person so appointed shall hold office only for the remaining term of his/her predecessor.

(3) No act or proceeding of the Board shall be deemed to be invalid by reason of vacancy of any Director in the Board, or any defect in the Constitution of the Board.

③11. Meeting of the Board : (1) The meeting of the Board shall be held at the place and time directed by the Chairperson.

(2) The presence of more than half of the existing total number of Directors shall be deemed necessary quorum for the meeting.

(3) The meeting shall be presided by the Chairperson. In the absence of the Chairperson, the Deputy Chairperson shall preside and in the absence of the Deputy Chairperson the Director selected by the Directors shall preside.

(4) The decision in the meeting shall be made by the majority vote. In the case of tie, the presiding person shall exercise a casting vote.

③ Amended by Third Amendment.

③ Amended by Third Amendment.

(5) Notwithstanding anything contained in Sub-section (1) the Chairperson shall at any time summon a meeting of the board on the request of at least three Directors.

12. **Temporary Appointment** : In case the General Manager or any Director is unable to perform the functions of the Corporation for some period by reason of sickness, leave or otherwise, Government of Nepal may make a temporary appointment [⊕] to any person for the discharge of his/her functions during his/her absence.

Chapter - 3

Functions, Duties and Powers of the Corporation

13. **Functions, Duties and Powers of the Corporation** : (1) Subject to the provisions of this Act and the Rules framed under this Act, it shall be the duty of the Corporation to operate the concerned air transport services within or outside of Nepal in a safe, efficient, well managed, economical and proper manner. The Corporation may exercise its powers for developing air transport services so as to ensure maximum gain and make available such services at cheap fares as far as possible.

(2) Without prejudice to the generality of the power conferred by Sub-section (1), the Corporation may exercise the following powers in particular:

- (a) To operate any air transport services or any flight by aircraft for a commercial or other purpose, and to carry out all forms of aerial works.
- (b) To provide for the instruction and training in matters connected with aircraft or flight by aircraft to persons desirous of being appointed in the Corporation, or to any other person.
- (c) To obtain the cooperation and services of any aviation agency of a foreign country, if necessary, with the prior approval of Government of Nepal to perform any function

[⊕] Inserted by Third Amendment

pertaining to flight by aircraft, which it is entitled to carry on under this Act.

- (d) To acquire, use, hold, sell or transfer movable or immovable property and to perform any other function pertaining to air transport.
- (e) To manufacture, repair or produce the aircraft, vehicles or other spare parts, belonging to itself to any other person.
- (f) To conclude and execute all such contracts as may be helpful in the exercise of its powers and the performance of its duties under this Act.
- (g) To act as an agent or contractor in matters pertaining to air transport services operated by any other person.
- (h) To enter into agreement with any person engaged in air transport services for enabling him/her to operate such services on behalf of or in co-operation with the Corporation.
- (i) To collect fares and other prescribed charges from passengers transported through air transport services operated by it, with the prior approval of Government of Nepal.
- (j) To determine freight rates for cargo transported through air transport services operated by it, with the prior approval of Government of Nepal.
- (k) To adopt such measures as are necessary for improving the various types of aircraft to be used in the development of feeder services and air transport services and for improving the air transport services operated by the Corporation within or outside of Nepal.

- ③(1) To undertake any work in the interest of the Corporation or to do necessary works to reform and to provide services and facilities such as food, rest-houses, hotels, godowns and the land or water transport services related with the airways services regulated by the corporation, and;
- (m) To perform all such functions as are necessary and convenient for the discharge of its duties and the exercise of its powers under this Act.

(3) Nothing contained in this Section shall be construed as -

- (a) Authorizing the Corporation to disregard the prevailing Nepal law.
- (b) Authorize any person to initiate any proceeding in respect of a duty or liability to which the Corporation or its employees would not otherwise be subject.

14. Functions which the Corporation may perform : (1) The Corporation may take all such actions as are necessary for the proper discharge of its functions.

(2) Without prejudice to the generality of the power conferred by Sub-section (1), the Corporation may take the following actions:-

- (a) To raise loans keeping its assets as mortgage,
- (b) To give on hire or sell any property belonging to the Corporation or make other arrangements with regard to such Property,
- (c) To conduct transactions on behalf of and according to the order of Government of Nepal funds deposited with the Corporation,
- ③(d) To make efforts for the recognition "to the Corporation from foreign countries" and to generate the confidence of people on it,

③ Amended by Third Amendment.

③ Amended by Third Amendment.

- (e) To take all other necessary actions in the course of the discharge of the various functions mentioned in this Act.

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15. Monopoly to operate Schedule Air Transport Services : (1) No person other than the Corporation or its associated shall be entitled to operate any scheduled air transport services from or to Nepal or from one part of Nepal to another part from such date as may be prescribed by Government of Nepal by a notification published in the Nepal Gazette.

Provided that nothing in this Section shall be deemed to have limited the following rights of any person:-

- (a) To operate air transport services by a person with the permission of Government of Nepal for such time until the Corporation itself is competent to operate such services from or to Nepal or within Nepal, or to operate air transport services by any foreign government pursuant to an agreement signed with Government of Nepal, or to operate air transport services pursuant to an agreement entered into with Government of Nepal prior to the commencement of this Act until the expiry of the terms of such agreement;
- (b) to operate aircraft with passengers mainly with the purpose of imparting instructions relating to the functions and duties of air pilots or enabling air controllers to test the aircraft; or
- (c) to transport passengers and goods for the purpose of providing relief if the event of natural disaster, or
- (d) to operate aircraft for the sole purpose of joy rides consisting of flights operated from and to the same airport or place without landing at any other airport or place, or for the purpose of aerial survey, fire fighting, crop-dusting, locust control, transport the passengers and goods for the purpose of similar other functions.

(2) In case any person operate scheduled air transport service in contravention of the provisions of this section, shall be liable in respect of each offence to a fine not exceeding One Thousand Rupees or to imprisonment for a period not exceeding one year or to both.

Explanation: The operation of each flight shall constitute a separate offence for the purpose of this Section.

(3) In case, it is required to extend the term of the agreement mentioned in Clause (a) of the provision of Sub-section (1) after its expiry, or in case, it is required to allow any person or company or government of the foreign country to operate new air transport services in any other manner after the commencement of this Act, Government of Nepal shall decide for granting such permission after consulting the Corporation.

(4) The Corporation shall obtain the prior approval of Government of Nepal to extend its services to areas beyond those permitted by Government of Nepal.

Chapter - 4

Fund, Accounts and Audit

16. Fund of the Corporation : (1) The Corporation shall have a separate fund of its own. All incomes of the Corporation shall be deposited in this fund and all expenditures shall be made from the same fund.

[⊙](2) The Corporation shall deposit its fund with the Nepal Rastra Bank and where a branch of the Nepal Rastra Bank is not established, with a Bank as prescribed by the Board. For the purpose of its business, if the Corporation has to maintain funds in foreign countries as well, it shall deposit its fund with a Bank recommended by the Nepal Rastra Bank after obtaining the approval of Government of Nepal.

Explanation: The term Bank also denotes the branch or sub-branch thereof.

⊕16A. Audit to be done after preparing the Balance Sheet within Four months:

The Corporation shall prepare its Balance Sheet and profit and loss account and have them audited within Four months after the end of the Corporation's fiscal year.

[⊙] Amended by Second Amendment.

[⊕] Inserted by Third Amendment.

17. **Audit** : Accounts of the Corporation shall be audited pursuant to the prevailing laws.
18. **Profit and Loss**: At the end of every fiscal year, the Corporation after providing, on its discretion for reserve fund, depreciation and similar other amounts from the profit earned during that year, shall deposit the balance with Government of Nepal. In case the Corporation incurs any loss, such loss shall be met by Government of Nepal.
19. **Liability of the Authorities of the Corporation for Loss or Damage**: If the General Manager or any Director or employee of the Corporation exercises the authority vested in him/her without ulterior motive or without committing any irregularity deliberately, he/she shall not be liable personally for any resultant damage or loss.
- Provided that, nothing contained in this Section shall be deemed to have prevented from punishing any person who acts in contravention of the Rules framed under this Act.

Chapter - 5

Miscellaneous

20. **Power of Government of Nepal to suspend Directors**: If deemed necessary, Government of Nepal may suspend for investigation any Director, facing charges under this Act and until the end of such investigation, may appoint another person as Director in his/her place.
21. **Restrictions**: (1) The General Manager or any Director or employee of the Corporation shall not be a party to any contract to be concluded with the Corporation and no person securing contract with the Corporation shall make him/her its partner.
- (2) In case any person is proved to have committed an act which has been prohibited under Sub-section (1), the contract in respect of which such act has been committed shall be void and no claims may be filed for expenses or compensation in respect of such contract by or on behalf of the contractor.

3 Amended by Third Amendment

Explanation : The General Manager, Director or employee of the Corporation shall be deemed to be a partner in the following circumstances.

- (a) In case his/her name is included as a partner in the Contract to be signed with the Corporation on behalf of any member of his/her family, or on behalf of the company of which he/she is a managing director or any agent, or
- (b) In case he/she is a shareholder of any firm or private limited company which is a partner in a contract to be signed with the Corporation.

22. **Oath of Secrecy and Loyalty** : Before assuming the office, every Director, General Manager [✕] official and other employee of the Corporation [⊙]shall take an oath in accordance with the schedule.

23. **Settlement of Disputes through Arbitrator**: (1) In case there arise any dispute regarding agreements in between among the [✕]... .. Board, General Manager or other officials or employees of the Corporation, it shall be decided upon solely by an arbitrator designated by Government of Nepal.

(2) The arbitrator shall have such powers as are enjoyed by a court of law in respect to examination of witnesses, collecting evidence, summoning parties to the dispute and procuring documents relating to the dispute referred to him/her for decision under Sub-section (1).

(3) The decision of the arbitrator shall be final and shall be binding on both parties.

24. **Dissolution** : The Corporation shall not be dissolved without an order from Government of Nepal. The dissolution of the Corporation shall be affected as according to the decision given by Government of Nepal in this regard.

25. **Penalties**: (1) In case, any person obstructs the auditor appointed under this Act or the accountant or other employee empowered by him/her in the performance of his duties, or does not furnish, or neglects to furnish,

[✕] Omitted by Third Amendment.

[⊙] Amended by Third Amendment.

documents or information demanded by such auditor, accountant or employee under the authority of this Act or the Rules framed under this Act, without reasonable grounds, he/she shall be liable to a fine not exceeding One Thousand Rupees.

(2) In case, any person deliberately inserts false particulars or deliberately causes false particulars to be inserted in any bill of lading, godown receipt or any other document kept or to be kept as deposit with the Corporation in consideration of the facilities provided by it under this Act, he/she shall be sentenced to imprisonment for a period not exceeding two years or to a fine not exceeding Two Thousand Rupees or to both.

(3) In case, any person utilizes the name of the Corporation in any statement or advertisement without the written permission of the Corporation, he/she shall be sentenced to imprisonment for a period not exceeding One year or to a fine not exceeding One Thousand Rupees, or to both.

(4) In case, any person, who being a General Manager, Director or employee of the Corporation participates in a contract or becomes a partner in it in contravention of Section 21, he/she shall be sentenced to imprisonment for a period not exceeding One year or to a fine not exceeding One Thousand Rupees, or to both.

(5) No court of law shall be empowered to hear any case involving offence which is punishable under this Act, except where a written complaint signed by the officer authorized by the Corporation for this purpose is filed.

Provided that, nothing contained in this Section shall be deemed to have prevented Government of Nepal to take any action or to demand any action to be taken.

(6) The [¶]Court of Appeal shall have the original jurisdiction over the cases filed under this Act.

- **26. Annual Report:** General Manager of the Corporation shall submit annual report to the Board within Two months after receiving the report of audit of

[¶] Amended by Administration of Justice Act, 2048 (1992).

account of the corporation pursuant to Section 17. The Board shall also submit its specific recommendation to Government of Nepal within One month from the date of the final report.

- ②7. **Power to frame Rules** : Government of Nepal may frame Rules to implement the objectives of this Act.
- ③27A. **Power to frame Bye-law**: The Corporation may within the limits of this Act and the Rules made under this Act, frame Bye-law to regulate all of its works and procedures.

But the Corporation shall get permission of Government of Nepal while framing such Bye-laws as to regulate:-

- (a) Functions, duties and powers of the director.
- (b) Remuneration, allowance, gratuity, pensions and welfare fund for the employees of the Corporation.

28. **Incise of Inconsistency** : Matters dealt with this Act or Rules framed thereunder shall be governed by the provisions of the Act and Rules, and the provisions of other prevailing Nepal laws shall apply to matter not dealt with by this Act or Rule made thereunder.

29. **Repeal and Validity(Save)** : ①(1)The Nepal Airlines Corporation Act, 2014 (1958) is hereby repealed.

①(2)All functions, performed and actions taken relating to the Corporation prior to the commencement of this Act shall be deemed to have been performed under this Act.

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- ② Amended by Third Amendment.
③ Amended by Third Amendment
① Amended by First Amendment.

Note:

Words translated/modified by different Amendment.

1. Report, Gazette, Office which were in English are being translated into Nepali Language by the First Amendment.
2. The Word Administrator (*Prasak*) in Nepali has been modified by "*Byabsthapak*" and English word "Corporation" has been modified by the Nepali word "*Nigam*". The English words "Royal Nepal Airlines Corporation" are translated in Nepali by Second Amendment."
3. The Word "*Byabsthapak*" has been substituted by "*Prabhandak*" (both of which generally means "Manager") and the word Assembly has been substituted by meetings.
4. The words "His Majesty's Government of Nepal" has been substituted by "Government of Nepal" by Some Nepal Laws Amendment Act, 2063.

Schedule

(Relating to Section- 22)

Pledge of Honesty and Secrecy

I, hereby, pledge that I shall honestly and faithfully discharge my duties to the best of my ability and capacity as a Director or General Manager or employee or auditor of the Corporation, in all matters pertaining to my office.

I pledge again that I shall not divulge or cause to be divulged any information pertaining to the Corporation to any unauthorized person nor shall let such person to inspect or take any book or document in the possession of or relating to the Corporation.

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