

3. The managers may, as provided by the President, represent the JNR and shall assist the President and the Vice-President, and in the event the President and the Vice-President are absent, shall act as their deputy, and perform the duties of the President and Vice-President when their posts are vacant.

(The Appointment of Officers and their terms of Office)

Article 20. The President shall be appointed by the Cabinet from among the persons recommended by the Board.

2. The recommendations as prescribed by the preceding paragraph shall be based upon the majority decision by not less than four members notwithstanding the provisions in Article 16.

3. The Vice-President shall be appointed by the President with the consent of the Board of Directors.

4. The managers shall be appointed by the President.

5. The terms of office of the President and the Vice-President shall be respectively four years.

6. The President and Vice-President may be eligible for reappointment.

(Qualification of Officers)

Article 21. Any person who falls under the provision of any items of Article 12, paragraph 3 shall be disqualified for Officer.

(The Removal of President and Vice-President)

Article 22. When the Cabinet considers that the President cannot perform his duties owing to physical or mental disabilities, or when it considers that he has been against his duties or engaged in conduct deemed unfitting to the Presidency, it may discharge him from office with the consent of the Board.

2. The provisions of Article 20, paragraph 2, shall apply mutatis mutandis to the consent prescribed in the preceding paragraph.

3. When the President considers that the Vice-President cannot perform his duties owing to physical or mental disabilities, or when he considers that the Vice-President has acted against his duties or engaged in conduct deemed unfitting to the Vice-Presidency, he may discharge him from office with the consent of the Board.

(Ban on Holding other Post concurrently)

Article 23. The officers shall not be the officers of any other associations incorporated for the purpose of money-making or engage themselves in any other enterprising business.

(Restriction on the Right of Representation)

Article 24. In any case where the interest of the President, Vice-President or any manager conflicts with that of the JNR, such officer shall not represent the JNR. In such case the members of the Board shall designate a representative from among the officers of the JNR not similarly disqualified.

(The Appointment of Attorney)

Article 25. The President, Vice-President or managers may appoint an attorney authorized to do all judicial

or non-judicial acts regarding any part of the business of the JNR from among the personnel of the JNR.

(Status and Qualifications of Employees)

Article 26. Employees of JNR shall be as defined in paragraph 2, Article 2 of the Public Corporation Labor Relation Law (Law No. 257 of 1948).

2. Any person who falls under the provision of any item from 1 to 4 inclusive of paragraph 3, Article 12, shall be disqualified for the personnel.

(Standards for Appointment and Dismissal)

Article 27. Appointment or dismissal of employees shall be made on the basis of the results of their examination, and the merit of their performance on duty, or other demonstrated abilities.

(Pay)

Article 28. The salary and wages of employees shall be paid in proportion to the nature of their duties and their responsibilities.

2. The salary and wages of employees shall be fixed in consideration of their living cost, payment for national public servants, and workers in private enterprises and other factors.

(Demotion and Dismissal)

Article 29. Except in cases where any employee falls under the provisions of any of the following items, he may not be demoted or dismissed against his will:

- 1) In cases of poor showing in the performance of his duties;
- 2) In cases where physical or mental troubles hamper execution of duties, or deprive him of the qualifications necessary therefor;
- 3) Any other case where necessary qualifications are wanting for his duties;
- 4) In cases of reduction of business volume or other unavoidable circumstances in the JNR.

(Temporary Retirement)

Article 30. Except in cases where any employee falls under the provision of any of the following items, he may not temporarily be retired from office against his will:

- 1) In cases where any mental or physical trouble of the employee claims his rest for a long term;
- 2) In the cases of indictment on any criminal charge.

2. The term of temporary retirement as provided for in item 1 of the preceding paragraph shall be full one year. In case the said trouble ceases to exist during the term of temporary retirement the employee in question shall be reinstated without delay; and in case the term of temporary retirement expires during his retirement he shall be dismissed.

3. The term of temporary retirement as prescribed in paragraph 1, item 2, shall correspond to the period during which the said case is handled by the court concerned.

4. Any employee who has temporarily retired shall not be engaged in business, though he shall hold the status of an employee. Any employee who has temporarily retired shall receive one-third of his salary during the term of his temporary retirement.

(Disciplinary Action)

Article 31. In cases where any employee falls under the provisions of any of the following items, the President may, as disciplinary action, dismiss, suspend from office, reduce the pay of, or reprimand the said employee:

- 1) When the said employee has acted in violation of any provision of this Law or any operational regulation laid down by the JNR.
- 2) When the said employee has acted contrary to the duties of his position or has neglected his duties.

2. The term of suspension from office shall range from one month or more to not exceeding one year.

3. Any suspended employee shall not be engaged in his duties, though he shall hold the status of an employee. Any suspended employee shall receive one-third of his pay during the term of suspension.

4. In case of reduction in pay, less than one tenth of his pay shall be deducted for the term ranging from one month or more to not exceeding one year.

(Basic Standard for Performance of Duty)

Article 32. Any employee shall, in the execution of his duties, conform to laws and regulations, and operational regulations laid down by the JNR.

2. Any employee shall exert his utmost in the execution of his duties, except those who exclusively engaged in the business of the employees' union in accordance with the provision of Article 7 of the Public Corporation Labor Relation Law.

(Extension of Duty Hours, Overtime and Holiday Workings)

Article 33. In cases where circumstances fall under any of the following items, the JNR shall, regardless of the provisions of Articles 32, 35 or 40 of the Labor Standard Law (Laws No. 49 of 1947), be authorized to extend the duty hours of employees, or put employees on duties in off-duty hours or on holidays:

- 1) When any accident resulting from calamities and other causes has occurred.
- 2) When a precautionary measures is required for expected calamities.
- 3) When a train (including motor-cars and ships) is overdue.

(Status of Officers and Employees)

Article 34. Officers and employees of the JNR shall be regarded as personnel engaged in public service in accordance with laws and ordinances.

2. The National Public Service Law shall not apply to officers and employees of the JNR.

(Application of Public Corporation Labor Relations Law)

Article 35. The labor relation of the employees of the JNR shall be provided for by the Public Corporation Labor Relation Law.

Chapter IV. Accounts

(Accounting Principles, Rates and Fares)

Article 36. The JNR shall, until such time as new legislation governing the establishment of rates and fares and the accounting of public corporations in the interest of higher business efficiency of such enterprises may be enforced, be deemed an administrative agency of the State, and the provisions of the Finance Law (Law No. 34 of 1947), the Special Accounts Law for Japanese Government Railways Undertakings (Law No. 40 of 1947), the Accounts Law (Law No. 35 of 1947), the National Property Law (Law No. 73 of 1948) and other provisions of laws and ordinances heretofore applied to the accounting of the Government Railways Undertakings shall govern the JNR on accounting and financial matters other than those provided for by this Law and Cabinet Orders or Ministerial Ordinance enacted in accordance with this Law.

2. In the case where the JNR is deemed an administrative agency by virtue of the provisions of the preceding paragraph the President of the JNR shall be deemed the Chief of a Ministry or a Agency and the JNR shall be deemed a Ministry or an Agency, except when the JNR is deemed a department in the Ministry of Transportation by virtue of Cabinet Order.

(Business Year)

Article 37. The business year of the JNR shall be each year from April through March of the next year.

2. The JNR shall complete its settlement of accounts for each business year by July 31 of the following business year.

(Budget)

Article 38. The JNR shall prepare a budget for each business year and submit it to the Minister of Finance through the Minister of Transportation.

2. The Minister of Finance shall, upon receipt of submittal of the budget pursuant to the provisions of the preceding paragraph, examine it, make the necessary adjustments and obtain the decision of the Cabinet thereon.

3. The Cabinet shall, upon deciding the budget pursuant to the provision of the preceding paragraph, submit it to the Diet together with the State budget.

4. The form, contents and appended documents of the budget shall be provided for by Cabinet Order. The procedure for preparation and submittal of the budget, shall be determined by the Minister of Finance after consultation with the Minister of Transportation.

(Supplementary Budget)

Article 39. Only when necessary and unavoidable due to circumstances arising after preparation of the budget, the JNR may prepare a supplementary budget according to the same procedure as for the preparation of the budget and submit it to the Minister of Finance through the Minister of Transportation.

2. The provisions of paragraph 2 to 4 inclusive of the preceding Article shall be applied mutatis mutandis to the supplementary budget pursuant to the provision of the preceding paragraph.

(Settlement of Account)

Article 40. The JNR shall prepare an inventory statement, a balance sheet and a profit and loss statement each business year and submit them to the Minister of Transportation for approval within one month after the completion of the settlement of accounts:

2. When the approval of the Minister of Transportation has been received pursuant to the provision of the preceding paragraph, the JNR shall make public notification of the inventory statement, balance sheet, and profit and loss statement.

Article 41. The JNR shall prepare the settlement of accounts for each business year in a form similar to that of the budget and submit it to the Minister of Finance through the Minister of Transportation.

2. The Minister of Finance shall, upon receipt of submittal of the settlement of accounts pursuant to the provision of the preceding paragraph, transmit it to the Cabinet.

Article 42. The Cabinet shall, upon receipt of the transmittal of the settlement of accounts of the JNR pursuant to the provision of paragraph 2 of the preceding Article, transmit it to the Board of Audit.

2. The Cabinet shall submit the settlements of accounts of the JNR after audit of the Board of Audit to the Diet together with settlement of accounts of the national annual revenues and expenditures.

(Disposition of Profit and Loss)

Article 43. In case the JNR has shown a loss and it is deemed specially necessary, the Government may give a grant-in-aid within the amount of the said loss.

2. Whenever a profit shall accrue from the operations of the JNR, it shall be transferred to the General Account of the Government, unless otherwise provided for in the budget account.

(Borrowings)

Article 44. The JNR may make long-term borrowings and temporary borrowing from the Government with the approval of the Minister of Transportation, but not from private banks or other private sources.

2. The maximum limit of long-term and temporary borrowings referred to in the provisions of the preceding paragraph shall be prescribed in the budget.

3. The temporary borrowings referred to in the provisions of paragraph 1 shall be redeemed within the business year concerned; provided, in case redemption is impossible due to the shortage in funds, that the JNR may, with approval of the Minister of Transportation, re-finance the said borrowings up to the amount which is not possible of redemption.

4. The temporary borrowings refinanced pursuant to the provisions of the proviso to the preceding paragraph shall be redeemed within one (1) year.

(Loan by Government)

Article 45. The Government may loan funds to the JNR.

(Plan for Redemption)

Article 46. The JNR shall, in each business year, prepare a plan for redemptions of long term borrowings referred to in paragraph 1 of Article 44 and obtain the approval of the Minister of Finance therefor.

(Disposition of Money arising out of Business)

Article 47. The regulations governing the disposition of money of the National Treasury shall be conformed to by the JNR in connection with money arising out of its business operation as provided for by Law or Cabinet Order.

2. Accounting personnel of the JNR may appropriate cash money under his custody to disbursements to be made by the JNR as provided for by Law or Cabinet Order.

(Account Books)

Article 48. The JNR shall keep the necessary books in order to show adequately the nature and contents of the business and state of work operations and accounting.

(Restriction on Disposal of Property)

Article 49. The JNR shall not transfer, exchange or pledge any working line or other substantially important property belonging to it without the approval of the Minister of Transportation.

2. The scope and nature of important property referred to in the preceding paragraph shall be prescribed by the Minister of Transportation after consultation with the Minister of Finance.

(Supervision of the Minister of Finance)

Article 50. The Minister of Transportation shall get the concurrence of the Minister of Finance when he gives his approval to the inventory statement, balance sheet and profit and loss statement prescribed in paragraph 1 of Article 40, and to borrowings prescribed in paragraph 1 or 3 of Article 44.

(Audit of Accounts)

Article 51. The accounts of the JNR shall be audited by the Board of Audit.

Chapter V. Supervision

(Supervisor)

Article 52. The JNR shall be placed under the supervision of the Minister of Transportation.

(Details of Supervision)

Article 53. The following items shall require the permission or authorization of the Minister of Transportation:

- (1) Construction of a new railway line and taking over of other transportation enterprises.

- (2) Commencement of ferry service or motor traffic undertaking related to the JNR.
- (3) Suspension or cessation of any working line.

(Supervisory Order and Report)

Article 54. The Minister of Transportation may issue supervisory orders to the JNR, when he deems it specially necessary to do so for the promotion of public welfare.

2. The Minister of Transportation may call on the JNR to submit a report, if such action is deemed necessary for supervision.

Chapter VI. Penal Provisions

(Penal Provisions)

Article 55. The President, Vice-President, Director or any manager carrying out the duties of the President or acting for him shall be punished by a fine of not more than 100,000 yen for the following violations of this Law in proportion to the responsibility for his business:

1. In case the approval or permission of the competent Minister is not requested when necessary under this Law.
2. In case a business other than provided for in Article 3 is performed.
3. In case the registration is neglected or a deliberately false registration is made in violation of the Cabinet Order issued in accordance with the provisions of Article 7, paragraph 1.
4. In case the order as provided for in paragraph 1 of the preceding Article is violated.
5. In case the report as provided for in paragraph 2 of the preceding Article is neglected, or a false report is made.

Chapter VII. Miscellaneous Regulations

(Pension)

Article 56. In case a person who is currently a national public servant as prescribed in Article 19 of the Pensions Law (Law No. 48 of 1923) at the time of enforcement of this Law and becomes without intermission an officer or employee of the JNR, he shall be regarded as a civilian official prescribed in Article 20 of the same Law in continuous service, drawing salary from the national treasury, and the provisions of the Pensions Law shall be applicable to him mutatis mutandis for the time being.

2. In case the Pensions Law is applied mutatis mutandis in accordance with the provisions of the preceding paragraph, the JNR shall be regarded as an administrative agency for matter pertaining to pensions and other benefits.

3. As regards funds for payment of pensions to be granted to persons described in paragraph 1 or their surviving family, and pensions whose payment had become due prior to the enforcement of this Law, and of which the pensioners had been drawing their salaries or wages from the former Government Railways Enterprise Special Account (inclusive of the old Imperial Japanese Railways Account), the JNR shall be regarded as continuing in existence as the Government Railways Enterprise

Special Account, and the provisions of the Law concerning Transfer to General Account of Share of Pension Instalment to be borne by Special Accounts (Law No. 80 of 1931) shall be applicable mutatis mutandis.

4. In case the Pensions Law is applied mutatis mutandis in accordance with the provision of paragraph 1 the payment to be made by officers or employees of the JNR in accordance with the provision of Article 59, paragraph 1 of the Pensions Law as applied mutatis mutandis by virtue of the provisions of the same paragraph, shall be made to the JNR notwithstanding the provision of the same paragraph.

(Mutual Aid Association)

Article 57. Officers and employees of the JNR shall be deemed to be employees who are in the employ of the Government and paid allowances by the National Treasury, for purposes of the application mutatis mutandis of the National Public Servants Mutual Aid Association Law (Law No. 69, 1948); in this case, "Ministries or Agencies" as referred to in the Law shall read "the JNR", "Chiefs of Ministries or Agencies" as "the President of the JNR", and "the National Treasury" as referred to in Article 69 (excepting cases where Par. 1, Item 3 of the same Article is to be applied to mutatis mutandis) and in Article 92 shall read as "the JNR" and "the representative of the Government" as referred to in Article 73, paragraph 2 and Article 75, paragraph 2 shall read as "the representative of the JNR".

2. The mutual aid association existing by virtue of the provisions of Article 2, paragraph 2, Item 8 of the National Public Servants Mutual Aid Association Law shall become, in accordance with the provisions of Article 2, paragraph 1 of the same Law as applied mutatis mutandis to by virtue of the provisions of the preceding paragraph, the Mutual Aid Association to be set up in the JNR and shall continue to exist without changing identity.

Article 58. The National Treasury shall share such cost of the JNR Mutual Aid Association as is prescribed in Article 69, paragraph 1, Item 3 of the National Public Servants Mutual Aid Association Law for the mutual aid association established in JNR.

Article 59. Officials and employees of the JNR shall be deemed to be employed by the Government for purposes of the applications of Article 12, paragraph 1 of the Health Insurance Law (Law No. 70, 1922), Article 16-(2) of the Welfare Annuity Insurance Law (Law No. 60, 1941) and Article 15 of the Seamen's Insurance Law (Law No. 73, 1939).

(Damage Indemnification)

Article 60. Officers and employees of the JNR shall be deemed to be employees who are in the employ of the Government and paid allowances by the National Treasury for purposes of the application mutatis mutandis of the National Public Servants Accident Compensation Law, in this case "the Government" as referred to in the Law shall (with the exception of "The Government" mentioned in "The Government and mayors of cities, headmen of towns, or villages" of Art. 42) read "The JNR" and "the account" and "The Account" as referred to in the Law shall read "The JNR".

2. The enterprise of the JNR shall be deemed the enterprise directly undertaken by the Government for purposes of the application of Article 3, paragraph 3 of the Workers Accident Compensation Insurance Law (Law No. 50, 1947).

3. The cost of indemnification arising out of the provisions of paragraph 1 shall be borne by the JNR.

(Unemployment Insurance)

Article 61. Officers and employees of the JNR shall be deemed to be employed by the Government for purposes of the application of the provisions of Article 7 of the Unemployment Insurance Law (Law No. 146, 1947).

Article 62. The National Treasury shall, in case the JNR is to pay insurance money in excess of the requirement set forth in the Unemployment Insurance Law to officers or employees of the JNR, share a part of the amount equal to that of the requirement in the provisions of the Unemployment Insurance Law at the ratio of share as prescribed under Article 28, paragraph 1, of the same Law.

(Application of Other Laws and Regulations)

Article 63. As regards the application of the Road Transportation Law (Law No. 191 of 1947), Electricity Enterprise Law (Law No. 61 of 1931), Land Expropriation Law (Law No. 29 of 1900), and other Laws and Regulations (except the Law concerning the Authority, etc. of Attorney-General in respect to the Law suit relative to the interest of the State (Law No. 194 of 1947), the JNR shall be deemed a State and the President a competent Minister unless otherwise provided for by this Law or other separate Law.

Supplementary Provisions:

(Date of Enforcement)

1. This Law shall come into force as from April 1, 1949.

(Transfer of Assets)

2. The assets of the Special Account of the former Japanese Government Railways Undertakings shall be turned over to the JNR, on the effective date of this Law.

(Procedures of the Establishment of the JNR, etc.)

3. Administrative procedures for the establishment of the JNR, procedures for transfer of properties and personnel from the Government to the JNR, and other matters necessary for the enforcement of this Law shall be provided for separately by Law or Cabinet Order.

Minister of Finance pro tem.
Minister of State
OYA Shinzo

Minister of Transportation
OZAWA Saeki

Prime Minister
YOSHIDA Shigeru