

# The Reserve Bank of India Act, 1934

To be Linked

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# **The Reserve Bank of India Act, 1934**

## **Introduction**

To regulate the issue of Bank notes and for the keeping of reserves with a view to securing monetary stability in British India (now India) and generally to operate the currency and credit system of the country to its advantage it was found expedient to constitute a Reserve Bank of India. Accordingly The Reserve Bank of India Bill was introduced in the Legislature.

## **Act 2 of 1934**

The Reserve Bank of India Bill was passed by the Legislature and it received its assent on 6th March, 1934. It came on the Statute Book as THE RESERVE BANK OF INDIA ACT, 1934 (2 OF 1934).

## **List of Amending Acts, Ordinances, Regulations and Adaptation Orders**

1. The India and Burma (Burma Monetary Arrangements) Order, 1937.
2. The Repealing and Amending Act, 1937 (20 of 1937).
3. The Reserve Bank of India (Amendment) Act, 1940 (9 of 1940).
4. The Reserve Bank of India (Second Amendment) Act, 1940 (13 of 1940).
5. The Currency Ordinance, 1940 (Ordinance 4 of 1940).
6. The Reserve Bank of India (Third Amendment) Act, 1940 (38 of 1940).
7. The Reserve Bank of India (Amendment) Ordinance, 1941 (Ordinance 3 of 1941).
8. The International Monetary Fund and Bank Ordinance, 1945 (Ordinance 47 of 1945).
9. The Reserve Bank of India (Amendment) Act, 1946 (23 of 1946).
10. The Reserve Bank of India (Amendment) Act, 1947 (11 of 1947).
11. The Reserve Bank of India (Second Amendment) Act, 1947 (23 of 1947).
12. The Repealing and Amending Act, 1947 (2 of 1948).
13. The Indian Independence (Adaptation of Central Acts and Ordinances) Order, 1948.
14. The Reserve Bank (Transfer to Public Ownership) Act, 1948 (62 of 1948).
15. The Banking Regulation Act, 1949 (10 of 1949).
16. The Repealing and Amending Act, 1949 (40 of 1949).
17. The Reserve Bank of India (Amendment) Act, 1949 (44 of 1949).
18. The Adaptation of Laws Order, 1950.
19. The Reserve Bank of India (Amendment) Act, 1951 (32 of 1951).
20. The Reserve Bank of India (Amendment and Miscellaneous Provisions) Act, 1953 (54 of 1953).
21. The Andhra (Adaptation of Laws of Union Subjects) Order, 1954.
22. The State Bank of India Act, 1955 (23 of 1955).
23. The Reserve Bank of India (Amendment) Act, 1955 (24 of 1955).
24. The Agricultural Produce (Development and Warehousing) Corporations Act, 1956 (28 of 1956).
25. The States Reorganisation Act, 1956 (37 of 1956).
26. The Reserve Bank of India (Amendment) Act, 1956 (38 of 1956).

27. The Jammu and Kashmir (Extension of Laws) Act, 1956 (62 of 1956).
28. The State Bank of Hyderabad Act, 1956 (79 of 1956).
29. The Adaptation of Laws (No. 3) Order, 1956.
30. The Reserve Bank of India (Amendment) Act, 1957 (19 of 1957).
31. The Reserve Bank of India (Second Amendment) Act, 1957 (48 of 1957).
32. The Reserve Bank of India (Amendment) Act, 1959 (14 of 1959).
33. The Banking Companies (Amendment) Act, 1959 (33 of 1959).
34. The State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959).
35. The Reserve Bank of India (Amendment) Act, 1960 (14 of 1960).
36. The Repealing and Amending Act, 1960 (58 of 1960).
37. The Bombay Reorganisation (Adaptation of Laws on Union Subjects) Order, 1961.
38. The Deposit Insurance Corporation Act, 1961 (47 of 1961).
39. The Goa, Daman and Diu (Currency and Coinage) Regulation, 1962 (Regulation 6 of 1962).
40. The Reserve Bank of India (Amendment) Act, 1962 (35 of 1962).
41. The Agricultural Refinance Corporation Act, 1963 (10 of 1963).
42. The Unit Trust of India Act, 1963 (52 of 1963).
43. The Banking Laws (Miscellaneous Provisions) Act, 1963 (55 of 1963).
44. The Pondicherry (Laws) Regulation, 1963 (Regulation 7 of 1963).
45. The Industrial Development Bank of India Act, 1964 (18 of 1964).
46. The Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965).
47. The State of Nagaland (Adaptation of Laws on Union Subjects) Order, 1965.
48. The Unit Trust of India (Amendment) Act, 1966 (17 of 1966).
49. The Banking Laws (Amendment) Act, 1968 (58 of 1968).
50. The Punjab Reorganisation and Delhi High Court (Adaptation of Laws on Union Subjects) Order, 1968.
51. The Assam Reorganisation (Meghalaya) Act, 1969 (55 of 1969).
52. The Madras State (Alteration of Name) (Adaptation of Laws on Union Subjects) Order, 1970.
53. The Agricultural Refinance Corporation (Amendment) Act, 1971 (39 of 1971).
54. The North-Eastern Areas (Reorganisation) Act, 1971 (81 of 1971).
55. The State of Himachal Pradesh (Adaptation of Laws on Union Subjects) Order, 1973.
56. The Reserve Bank of India (Amendment) Act, 1973 (44 of 1973).
57. The North-Eastern Areas (Reorganisation) (Adaptation of Laws on Union Subjects) Order, 1974.
58. The Mysore State (Alteration of Name) (Adaptation of Laws on Union Subjects) Order, 1974.
59. The Laccadive, Minicoy and Amindivi Islands (Alteration of Name) Adaptation of Laws Order, 1974.
60. The Reserve Bank of India (Amendment) Act, 1974 (51 of 1974).
61. The Public Financial Institutions Laws (Amendment) Act, 1975 (52 of 1975).
62. The Regional Rural Banks Act, 1976 (21 of 1976).
63. The Reserve Bank of India (Amendment) Act, 1978 (24 of 1978).
64. The Export - Import Bank of India Act, 1981 (28 of 1981).
65. The National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981).
66. The Banking Laws (Amendment) Act, 1983 (1 of 1984).
67. The Industrial Reconstruction Bank of India Act, 1984 (62 of 1984).

68. The Banking Laws (Amendment) Act, 1985 (81 of 1985).
69. The National Housing Bank Act, 1987 (53 of 1987).
70. The Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment) Act, 1988 (66 of 1988).
71. The Small Industries Development Bank of India Act, 1989 (39 of 1989).
72. The Reserve Bank of India (Amendment) Act, 1991 (8 of 1991).
73. The Reserve Bank of India (Amendment) Act, 1997 (23 of 1997).

## **The Reserve Bank of India Act, 1934** (2 of 1934)

*6th March, 1934*

### ***An Act to Constitute a Reserve Bank of India***

Whereas it is expedient to constitute a Reserve Bank for India to regulate the issue of Bank notes and the keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage; And whereas in the present disorganisation of the monetary systems of the world it is not possible to determine what will be suitable as a permanent basis for the Indian monetary system;

But whereas it is expedient to make temporary provision on the basis of the existing monetary system, and to leave the question of the monetary standard best suited to India to be considered when the international monetary position has become sufficiently clear and stable to make it possible to frame permanent measures;

It is hereby enacted as follows: —

### **Chapter I - Preliminary**

#### **1. Short title, extent and commencement —**

- (1) This Act may be called the Reserve Bank of India Act, 1934.
- (2) It extends to the whole of India.
- (3) This section shall come into force at once, and the remaining provisions of this Act shall come into force on such date or dates<sup>5</sup> as the Central Government may, by notification in the Gazette of India, appoint.

#### **2. Definitions —**

In this Act, unless there is anything repugnant in the subject or context,—

- (a) "the Bank" means the Reserve Bank of India constituted by this Act;



(aiii) "**Bank for International Settlements**" means by body corporate established with the said name under the law of Switzerland in pursuance of an agreement dated the 20th January, 1930, signed at the Hague;

(b) "**the Central Board**" means the Central Board of Directors of the Bank;

(bvi) "**Deposit Insurance Corporation**" means the Deposit Insurance Corporation established under section 3 of the Deposit Insurance Corporation Act, 1961 (47 of 1961);

(bvii) "**Development Bank**" means the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (18 of 1964);

(bviii) "**Exim Bank**" means the Export - Import Bank of India established under the Export - Import Bank of India Act, 1981;

(bix) "**foreign currency**" and "**foreign exchange**" have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973(46 of 1973);

(c) "**Industrial Finance Corporation**" means the Industrial Finance Corporation of India established under the Industrial Finance Corporation Act, 1948 (15 of 1948);

(ca) "**International Development Association**" means the "**Association**" referred to in the International Development Association (Status, Immunities and Privileges) Act, 1960 (32 of 1960);

(cb) "**International Finance Corporation**" means the "**Corporation**" referred to in the International Finance Corporation (Status, Immunities and Privileges) Act, 1958 (42 of 1958);

(cc) "**International Monetary Fund**" and "International Bank for Reconstruction and Development" means respectively the "**International Fund**" and the "International Bank", referred to in the International Monetary Fund and Bank Act, 1945;

(ccc) "**National Bank**" means the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981);

(cccc) "**National Housing Bank**" means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;

(cv) "**Reconstruction Bank**" means the Industrial Reconstruction Bank of India established under section 3 of the Industrial Reconstruction Bank of India Act, 1984;

(d) "**rupee coin**" means rupees which are legal tender in India under the provisions of the Indian Coinage Act, 1906 (3 of 1906);

- (e) "**scheduled bank**" means a bank included in the Second Schedule;
- (ei) "**Small Industries Bank**" means the Small Industries Development Bank of India established under section 3 of the Small Industries Development Bank of India Act, 1989;
- (ea) "**Sponsor Bank**" means a Sponsor Bank as defined in the Regional Rural Banks Act, 1976;
- (eb) "**State Bank**" means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955);
- (fi) "**State Financial Corporation**" means any State Financial Corporation established under the State Financial Corporations Act, 1951 (63 of 1951);
- (g) "**Unit Trust**" means the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963 (52 of 1963);
- (h) "**agricultural operations**", "**central co-operative bank**", "**co-operative society**", "**crops**", "**marketing of crops**", "**pisciculture**", "**regional rural bank**" and "**State co-operative bank**" shall have the meanings respectively assigned to them in the National Bank for Agriculture and Rural Development Act, 1981;
- (i) "**co-operative bank**", "**co-operative credit society**", "**director**", "**primary agricultural credit society**", "**primary co-operative bank**" and "**primary credit society**" shall have the meanings respectively assigned to them in Part V of the Banking Regulation Act, 1949.

## **Chapter II - Incorporation, capital, Management and business**

### **3. Establishment and incorporation of Reserve Bank —**

- (1) A bank to be called the Reserve Bank of India shall be constituted for the purposes of taking over the management of the currency from the Central Government and of carrying on the business of banking in accordance with the provisions of this Act.
- (2) The Bank shall be a body corporate by the name of the Reserve Bank of India, having perpetual succession and a common seal, and shall by the said name sue and be sued.

### **4. Capital of the Bank —**

The capital of the Bank shall be five crores of rupees.

## **5. Increase and reduction of share capital —**

*Rep. by Act 62 of 1948, sec. 7 and Sch. (w.e.f.1-1-1949).*

## **6. Offices, branches and agencies —**

The Bank shall as soon as may be, establish offices in Bombay, Calcutta, Delhi and Madras and may establish branches or agencies in any other place in India or, with the previous sanction of the Central Government elsewhere,

## **7. Management —**

(1) The Central Government may from time to time give such directions to the Bank as it may, after consultation with the Governor of the Bank, consider necessary in the public interest.

(2) Subject to any such directions, the general superintendence and direction of the affairs and business of the Bank shall be entrusted to a Central Board of Directors which may exercise all powers and do all acts and things which may be exercised or done by the Bank.

(3) Save as otherwise provided in regulations made by the Central Board, the Governor and in his absence the Deputy Governor nominated by him in his behalf, shall also have powers of general superintendence and direction of the affairs and the business of the Bank, and may exercise all powers and do all acts and things which may be exercised or done by the Bank.

## **8. Composition of the Central Board, and term of office of Directors —**

(1) The Central Board shall consist of the following Directors, namely:—

(a) a Governor and not more than four Deputy Governors to be appointed by the Central Government;

(b) four Directors to be nominated by the Central Government, one from each of the four Local Boards as constituted by section 9;

(c) ten Directors to be nominated by the Central Government; and

(d) one Government official to be nominated by the Central Government.

(2) The Governor and Deputy Governors shall devote their whole time to the affairs of the Bank, and shall receive such salaries and allowances as may be determined by the Central Board, with the approval of the Central Government:

Provided that the Central Board may, if in its opinion it is necessary in the public interest so to do, permit the Governor or a Deputy Governor to undertake, at the request of the Central Government or any State Government, such part-time honorary work, whether related to the purposes of this Act or not, as is not likely to interfere with his duties as Governor or Deputy Governor, as the case may be:

Provided further that the Central Government may, in consultation with the Bank, appoint a Deputy Governor as the Chairman of the National Bank, on such terms and conditions as that Government may specify.

(3) A Deputy Governor and the Director nominated under clause (d) of sub-section (1) may attend any meeting of the Central Board and take part in its deliberations but shall not be entitled to vote:

Provided that when the Governor is, for any reason, unable to attend any such meeting, a Deputy Governor authorised by him in this behalf in writing may vote for him at that meeting.

(4) The Governor and a Deputy Governor shall hold office for such term not exceeding five years as the Central Government may fix when appointing them, and shall be eligible for re-appointment.

A Director nominated under clause (c) of sub-section (1) shall hold office for a period of four years and thereafter until his successor shall have been nominated.

A Director nominated under clause (d) of sub-section (1) shall hold office during the pleasure of the Central Government.

(5) No act or proceeding of the Board shall be questioned on the ground merely of the existence of any vacancy in, or any defect in the constitution of, the Board.

(7) A retiring Director shall be eligible for re-nomination.

## **9. Local Boards, their constitution and functions —**

(1) A Local Board shall be constituted for each of the four areas specified in the First Schedule and shall consist of five members to be appointed by the Central Government to represent, as far as possible, territorial and economic interests and the interests of co-operative and indigenous banks.

(2) The members of the Local Board shall elect from amongst themselves one person to be the chairman of the Board.

(3) Every member of a Local Board shall hold office for a term of four years and thereafter until his successor shall have been appointed and shall be eligible for re-appointment.

(4) A Local Board shall advise the Central Board on such matters as may be generally or specifically referred to it and shall perform such duties as the Central Board may delegate to it.

## **10. Disqualifications of Directors and members of Local Boards —**

(1) No person may be a Director or a member of a Local Board who—

(a) is a salaried Government official , or

(b) is, or at any time has been, adjudicated an insolvent, or has suspended payment or has compounded with his creditors, or

(c) is fund lunatic or becomes of unsound mind, or

(d) is an officer or employee of any bank, or

(e) is a Director of banking company within the meaning of clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949), or of a co-operative bank.

(2) No two persons who are partners of the same mercantile firm, or are Directors of the same private company, or one of whom is the general agent of or holds a power of procreation from the other, or from a mercantile firm of which the other is a partner, may be Directors or members of the same Local Board at the same time.

(3) Nothing in clause (a), clause (d) or clause (e) of sub-section (1) shall apply to the Governor, or to a Deputy Governor or to the Director nominated under clause (d) of sub-section (1) of section 8.

## **11. Removal from and vacation of office —**

(1) The Central Government may remove from office the Governor, or a Deputy Governor or any other Director or any member of Local Board:

(2) A Director nominated under clause (b) or clause (c) of sub-section(1) of section 8 shall cease to hold office if without leave from the Central Board he absents himself from three consecutive meetings of the Board convened under sub-section (1) of section 13.

(3) The Central Government shall remove from office any Director, and the Central Board shall remove from office any member of a Local Board, if such Director or member becomes subject to any of the disqualifications specified in sub-section (1) or sub-section (2) of section 10.

(4) A Director or member of a Local Board removed or ceasing to hold office under the foregoing sub-sections shall not be eligible for re-appointment either as Director or as member of a Local Board until the expiry of the term for which his appointment was made.

(5) The nomination as Director or member of a Local Board of any person who is a member of Parliament or the Legislature of any State shall be void, unless within two months of the date of his nomination he ceases to be such member, and if any Director or member of a Local Board is

elected or nominated as a member of Parliament of any such Legislature, he shall cease to be a Director or member of the Local Board as from the date of such election or nomination, as the case may be.

(6) A Director may resign his office to the Central Government, and a member of a Local Board may resign his office to the Central Board, and on the acceptance of the resignation the office shall become vacant.

## **12. Casual vacancies and absences —**

(1) If the Governor or a Deputy Governor by infirmity or otherwise is rendered incapable of executing his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Central Government may, after consideration of the recommendations made by the Central Board in this behalf, appoint another person to officiate for him, and such person may, notwithstanding anything contained in clause(d) or sub-section(1) of section 10, be an officer of the Bank.

(3) Where any casual vacancy in the office of any member of a Local Board occurs, the Central Board may nominate thereto any person recommended by the other members of the Local Board.

(4) Where any casual vacancy occurs in the office of a Director other than the vacancies provided for in sub-section(1), the vacancy shall be filled by the Central Government.

(5) A person nominated under this section to fill a casual vacancy shall hold office for the unexpired portion of the term of his predecessor.

## **13. Meetings of the Central Board —**

(1) Meetings of the Central Board shall be convened by the Governor at least six times in each year and at least once in each quarter.

(2) Any four Directors may require the Governor to convene a meeting of the Central Board at any time and the Governor shall forthwith convene a meeting accordingly.

(3) The Governor, or if for any reason, he is unable to attend, the Deputy Governor authorised by the Governor under the proviso to sub-section (3) of section 8 to vote for him shall preside at meetings of the Central Board, and, in the event of an equality of votes, shall have a second or casting vote.

## **17. Business which the Bank may transact —**

The Bank shall be authorised to carry on and transact the several kinds of business hereinafter specified, namely:—

(1) the accepting of money on deposit without interest from, and the collection of money for, the Central Government, the State Government and local authorities, banks and any other persons:

(2) (a) the purchase, sale and rediscount of bills of exchange and promissory notes, drawn on and payable in India and arising out of *bona fide* commercial or trade transaction bearing two or more good signatures, one of which shall be that of a scheduled bank or a State co-operative bank or any financial institution, which is predominantly engaged in the acceptance or discounting of bills of exchange and promissory notes and which is approved by the Bank in the behalf and maturing,—

(i) in the case of bills of exchange and promissory notes arising out of any such transaction relating to the export of goods from India, within one hundred and eighty days, and

(ii) in any other case, within ninety days, from the date of such purchase or rediscount exclusive of days of grace;

(b) the purchase, sale and rediscount of bills of exchange and promissory notes, drawn and payable in India and bearing two or more good signatures, one of which shall be that of a scheduled bank or a State co-operative bank or any financial institution, which is predominantly engaged in the acceptance or discounting of bills of exchange and promissory notes and which is approved by the Bank in this behalf and drawn or issued for the purpose of financing agricultural operations or the marketing of crops, and maturing within fifteen months from the date of such purchase or rediscount, exclusive of days of grace;

(bb) the purchase, sale and rediscount of bills of exchange and promissory notes drawn and payable in India and bearing two or more good signatures, one of which shall be that of a State co-operative bank or a State financial corporation or any financial institution, which is predominantly engaged in the acceptance or discounting of bills of exchange and promissory notes and which is approved by the Bank in this behalf, and drawn or issued for the purpose of financing the production or marketing activities of cottage and small scale industries approved by the Bank and maturing within twelve months from the date of such purchase or rediscount, exclusive of days of grace, provided that the payment of the principal and interest of such bills of exchange or promissory notes is fully guaranteed by the State Government;

(c) the purchase, sale and rediscount of bills of exchange and promissory notes drawn and payable in India and bearing the signature of a scheduled bank, and issued or drawn for the purpose of holding or trading in securities of the Central Government or a State Government and maturing within ninety days from the date of such purchase or rediscount, exclusive of days of grace;

(3) (a) the purchase from and sale to scheduled banks of foreign exchange ;

(b) the purchase sale and rediscount of bills of exchange (including treasury bills) drawn in or on any place in any country outside India which is a member of the International Monetary Fund and maturing,—

(i) in the case of bills of exchange arising out of any *bona fide* transaction relating to the export of goods from India, within one hundred and eighty days, and

(ii) in any other case, within ninety days, from the date of such purchase or rediscount:

Provided that no such purchase, sale or rediscount shall be made in India except with a scheduled bank or a State co-operative bank;

(3A) the making to any scheduled bank or State co-operative bank, or loans and advances, against promissory notes or such bank, repayable on demand or on the expiry of fixed periods not exceeding one hundred and eighty days:

Provided that the borrowing bank furnishes a declaration in writing, to the effect that—

(i) it holds bills of exchange arising out of any transaction relating to the export of goods from India of a value not less than the amount of such loans or advances,—

(a) drawn in India and no any place in any country outside India which is a member of the International Monetary Fund or in any other country notified in this behalf by the Bank in the Gazette of India, and

(b) maturing not later than one hundred and eighty days from the date of the loan or advance, and it will, so long as any part of such loans and advances remains unpaid, continue to hold such bills of exchange of a value not less than the amount of such loans or advances outstanding for the time being; or

(ii) it has granted a pre-shipment loan or advance to an exporter or any other person in India in order to enable him to export goods from India, the amount of the loan or advance drawn and outstanding at any time being not less than the outstanding amount of the loan or advance obtained by the borrowing bank from the Bank.

(3B) the making to any scheduled bank or State co-operative bank or loans and advances repayable on demand or on the expiry of fixed periods not exceeding one hundred and eighty days against promissory notes of such bank:

Provided that the borrowing bank furnished a declaration in writing to the effect that it has made loans and advances for *bona fide* commercial or trade transactions or for financing agricultural operations or the marketing of crops or for other agricultural purposes as set out in the declaration and the said declaration includes such other particulars as may be required by the Bank;

(4) the making to local authorities, scheduled banks, State co-operative banks and State Financial Corporations or loans and advances, repayable on demand or on the expiry of fixed periods not exceeding ninety days, against the security of—



(a) stocks, funds and securities (other than immovable property) in which a trustee is authorized to invest trust money by any Act of Parliament of the United Kingdom or by any law for time being in force in India ;

(b) gold or silver or documents of title to the same;

(c) such bills of exchange and promissory notes as are eligible for purchase or rediscount by the Bank or as are fully guaranteed as to the repayment of the principal and payment of interest by a State Government;

(d) promissory notes of any scheduled bank or State co-operative bank, supported by documents of title to goods (such documents having been transferred, assigned, or pledged to any such bank as security for a loan or advance made for *bona fide* commercial or trade transactions, or for the purpose of financing agricultural operations or the marketing of crops:

Provided that loans and advances made against the security of bills of exchange and promissory notes arising out of any transaction relating to the export of goods from India shall be repayable on demand or on the expiry of fixed periods not exceeding one hundred and eighty days;

(4A) the making to any State Financial Corporation of loans and advances repayable on the expiry of fixed periods not exceeding eighteen months from the date of such loan or advance, against securities of the Central Government or of any State Government, of any maturity, or against bonds and debentures issued by that Corporation and guaranteed by the State Government concerned and maturing within a period not exceeding eighteen months from the date of such loan or advance:

Provided that the previous approval of the State Government shall be obtained for the borrowing by the State Financial Corporation and the amount of loans and advances granted to that Corporation under this clause shall not, at any time, exceed in the aggregate twice the paid-up share capital thereof.

(4AA) the making of annual contributions to the National Rural Credit (Long Term Operations) Fund and the National Rural Credit (Stabilisation) Fund established under sections 42 and 43, respectively, of the National Bank for Agriculture and Rural Development Act, 1981.

(4B) the making to the Industrial Finance Corporation of India of loans and advances,—

(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date of such loan or advance, against securities of the Central Government or of any State Government; or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date of such loan or advance, against securities of the Central Government of any maturity or against bonds and debentures issued by the Corporation and guaranteed by the Central

Government and maturity within a period not exceeding eighteen months from the date of such loan or advance:

(4BB) the making to any financial institution notified by the Central Government in this behalf, of loans and advances,—

(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date of such loan or advance, against the securities of the Central Government or of any State Government, or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date of such loan or advance, against securities of the Central Government or of any State Government, of any maturity, or against bonds and debentures issued by that financial institution and guaranteed by the Central Government or any State Government, and maturing within a period not exceeding eighteen months from the date of such loan or advance:

Provided that the amount of loans and advances granted to a financial institution under sub-clause (b) shall not, at any time, exceed in the aggregate sixty per cent of the paid-up share capital thereof;

(4BBB) the making to the Unit Trust of loans and advances—

(i) repayable on demand or on the expiry of a fixed period not exceeding ninety days from the date of such loan or advance against the security of stocks, funds and securities (other than immovable property) in which a trustee is authorised to invest trust money by any law for the time being in force in India;

(ii) repayable on demand or within a period of eighteen months from the date of such loan or advance against the security of the bonds of the Unit Trust issued with the approval of and guaranteed by the Central Government;

(iii) for the purpose of any scheme other than the first unit scheme under the Unit Trust of India Act, 1963 (52 of 1963) on such terms and conditions and against the security of such other property of the Unit Trust as may be specified in this behalf by the Bank;

(4C) the making to a Warehousing Corporation established under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956 (28 of 1956) of loans and advances,—

(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days, from the date of such loan or advance, against securities of the Central Government or of any State Government, or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date of such loan or advance, against securities of the Central Government or of any State Government, of any maturity, or against bonds and debentures issued by the corporation

to which the loan or advance is made, and guaranteed by the Central or a State Government, and maturing within a period not exceeding eighteen months from the date of such loan or advance:

Provided that the amount of loans and advances granted under clause (b) shall not at any time exceed, in the aggregate, three crores of rupees in the case of the Central Warehousing Corporation and fifty lakhs of rupees in the case of a State Warehousing Corporation;

(4D) the making to the Deposit Insurance Corporation of loans and advances; and generally assisting the Corporation in such manner and on such terms as may be determined by the Central Board;

(4DD) the making to the National Housing Bank of loans and advances and generally assisting the National Housing Bank in such manner and on such terms as may be determined by the Central Board;

(4E) the making to the National Bank of loans and advances repayable on demand or on the expiry of fixed period not exceeding eighteen months from the date of making of the loan or advance, either—

(i) against the security of stocks, funds and securities (other than immovable property) in which a trustee is authorised to invest trust money by any law for the time being in force in India; or

(ii) on such other terms and conditions as the Bank may specify;

(4F) contributing to the initial Capital of the Unit Trust;

(4G) the making of loans and advances to, and the purchasing of bonds and debentures of, the Development Bank or the Exim Bank or the Reconstruction Bank or the Small Industries Bank out of the National Industrial Credit (Long Term Operations) Fund established under section 46C;

(4GG) the making of loans and advances to, and the purchasing of bonds and debentures of, the National Housing Bank out of the National Housing Credit (Long Term Operations) Fund established under section 46D;

(4H) the making the Development Bank or the Small Industries Bank of loans and advances—

(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date of such loan or advance against the security of stocks, funds and securities (other than immovable property) in which a trustee is authorised to invest trust money by any law for the time being in force in India; or

(b) against the security of bills of exchange or promissory notes, arising out of *bona fide* commercial or trade transactions bearing two or more good signatures and maturing within five years from the date of such loan or advance;

(4I) the making to scheduled banks, the Development Bank, the Exim Bank the Reconstruction Bank or the Small Industries Bank the Industrial Finance Corporation and any other financial institution as may, on the recommendation of the Bank, be approved in this behalf by the Central Government of loans and advances repayable on demand or otherwise and against such security and on such other terms and conditions as may be approved in this behalf by the Central Board for the purpose of enabling such banks, or financial institution, as the case may be, to purchase foreign exchange from the Bank for the purpose of financing the import of capital goods or for such other purposes as may be approved by the Central Government;

(4J) the making to the Exim Bank of loans and advances—

(a) repayable on demand or on the expiry of a fixed period not exceeding ninety days, from the date of such loan or advance against the security of stocks, funds and securities (other than immovable property) in which a trustee is authorised to invest trust money by any law for the time being in force in India; or

(b) against the security of bills of exchange or promissory notes, arising out of *bona fide* commercial or trade transactions bearing two or more good signatures and maturing within five years from the date of such loan or advance;

(4K) the making to the Reconstruction Bank of loans and advances—

(a) repayable on demand or on the expiry of a fixed period not exceeding ninety days, from the date of such loan or advance against the security of stocks, funds and securities (other than immovable property) in which a trustee is authorised to invest trust money by any law for the time being in force in India; or

(b) against the security of bills of exchange or promissory notes, arising out of *bona fide* commercial or trade transactions bearing two or more goods signatures and maturing within five years from the date of such loan or advance;

(5) the making to the Central Government and State Governments of advances repayable in each case not later than three months from the date of the making of the advance;

(6) the issue of demand drafts, telegraphic transfers and other kinds of remittances made payable at its own offices or agencies, the purchase of telegraphic transfers, and the making, issue and circulation of bank post bills;

(8) the purchase and sale of securities of the Central Government or a State Government of any maturity or of such securities of a local authority as may be specified in this behalf by the Central Government on the recommendation of the Central Board:

Provided that securities fully guaranteed as to principal and interest by any such Government 1 or authority shall be deemed for the purposes of this clause to be securities of such Government 1 or authority;

(8A) the purchase and sale of shares in, or the capital of the National Bank Deposit Insurance Corporation, the Development Bank, the State Bank or any other bank or financial institution notified by the Central Government in this behalf;

(8AA) the promoting, establishing, supporting or aiding in the promotion, establishment and support of any financial institution, whether as its subsidiary or otherwise;

(8B) the keeping of deposits with the State Bank for such specific purposes as may be approved by the Central Government in this behalf;

(9) the custody of monies, securities and other articles of value, and the collection of the proceeds, whether principal, interest or dividends, of any such securities;

(10) the sale realisation of all property, whether movable or immovable, which may in any way come into the possession of the Bank in satisfaction, or part satisfaction, of any of its claims;

(11) the acting as agent for 1 the 1Central Government 1 or any 1State Government 1 or any local authority 1 1 or the Industrial Finance Corporation of India 1 1 or any other body corporate which is established or constituted by or under any other law 20 or the Government of any such country outside India or 2 any such person or authority is may be approved in this behalf by the Central Government in the transaction of any of the following kinds of business, namely:—

(a) the purchase and sale of gold or silver 2 or foreign exchange;

(b) the purchase, sale, transfer and custody of bills of exchange, securities or shares in any company;

(c) the collection of the proceeds, whether principal, interest or dividends, of any securities or shares;

(d) the remittance of such proceeds, at the risk of the principal, by bills of exchange payable either in India or elsewhere;

(e) the management of public debt;

(f) the issue and management of bonds and debentures;

(11A) the acting as agent for the Central Government,—

(a) in guaranteeing the due performance by any small-scale industrial concern, approved by the Central Government, of its obligations to any bank or other financial institution in respect of loans and advances made, or other credit facilities provided,

to it by such bank or other financial institution and the making as such agent of payments in connection with such guarantee, and

(b) in administering any scheme for subsidising the rate of interest or other charges in relation to any loans or advances made, or other credit facilities provided, by banks or other financial institutions for the purpose of financing or facilitating any export from India and the making as such agent of payments on behalf of the Central Government;

(12) the purchase and sale of gold or silver coins and gold and silver bullion and foreign exchange and the opening of a gold account with the principal currency authority of any foreign country or the Bank for International Settlements or any international or regional bank or financial institution formed by such principal currency authority or authorities or by the Government of any foreign country;

(12A) the purchase and sale of securities issued by the Government of any country outside India or by any institution or body corporate established outside India and expressed to be payable in a foreign currency or any international or composite currency unit, being in the case of purchase by the Bank securities maturing within a period of ten years from the date of purchase:

Provided that in the case of securities of an institution or body corporate, the repayment of principal and payment of interest in respect of such securities shall be guaranteed by the Government of the country concerned;

(12B) the making of loans and advances in foreign currencies to scheduled banks, the Development Bank, the Exim Bank, or the Reconstruction Bank or the Small Industries Bank the Industrial Finance Corporation, any State Financial Corporation and any other financial institution as may, on the recommendation of the Bank, be approved by the Central Government and on such terms and conditions as may be specified by the Central Board in this behalf, against promissory notes of such bank or financial institution, as the case may be:

Provided that the borrowing bank or financial institution, as the case may be, furnishes a declaration in writing to the effect that—

(a) it has made loans and advances in foreign currencies for financing international trade or for the import of capital goods or for such other purposes as may be approved by the Central Government; and

(b) that the amount of loans or advances so made and outstanding at any time will not be less than the outstanding amount of the loans or advances obtained by it from the Bank;

(13) the opening of an account with an office outside India of any bank, including a bank incorporated in India or the making of an agency agreement with, and the acting as an agent or correspondent of, any bank incorporated outside India, or the principal currency authority of any country under the law for the time being in force in that country or any international or regional bank or financial institution formed by such principal currency authorities or foreign governments, and the investing of the funds of the Bank in the shares and securities of any such

international or regional bank or financial institution or of any other foreign institution as may be approved by the Central Board in this behalf;

(13A) participation in any arrangement for the clearing and settlement of any amounts due from, or to, any person or authority on account of the external trade of India with any other country or group of countries or of any remittances to, or from, that country or group of countries, including the advancing, or receiving, of any amount in any currency in connection therewith, and, for that purpose, becoming, with the approval of the Central Government, a member of any international or regional clearing union of central banks monetary or other authorities, or being associated with any such clearing arrangements, or becoming a member of any body or association formed by central banks, monetary or other similar authorities, or being associated with the same in any manner;

(14) the borrowing of money for a period not exceeding one month for the purposes of the business of the Bank, and the giving of security for money so borrowed:

Provided that no money shall be borrowed under this clause from any person in India other than a scheduled bank or from any person outside India other than a bank which is the principal currency authority of any country under the law for the time being in force in that country:

Provided further that the total amount of such borrowings from persons in India shall not at any time exceed the amount of the capital of the Bank;

(15) the making and issue of bank notes subject to the provisions of this Act ;

(15A) the exercise of powers and functions and the performance of duties entrusted to the Bank under this Act or under any other law for the time being in force;

(15B) the providing of facilities for training in banking and for the promotion of research, where, in the opinion of the Bank, such provision may facilitate the exercise by the Bank of its powers and functions, or the discharge of its duties;

(16) generally, the doing of all such matters and things as may be incidental to or consequential upon the exercise of its powers or the discharge of its duties under this Act

## **18. Power of direct discount —**

When, in the opinion of the Bank 1 a special occasion has arisen making it necessary or expedient that action should be taken 1 under this section for the purposes of regulating credit in the interests of Indian 13 trade, commerce, industry and agricultural, the Bank may, notwithstanding any limitation contained in 1 section 17,—

(1) purchase, sell or discount any bill of exchange or promissory note though such bill or promissory note is not eligible for purchase or discount by the Bank under that section; or

(3) make loans or advances to—

(a) a State co-operative bank, or

(b) on the recommendation of a State co-operative bank, to a co-operative society registered within the area in which the State co-operative bank operates, or

(c) any other person, repayable on demand or on the expiry of the fixed periods, not exceeding ninety days, on such terms and conditions as the Bank may consider to be sufficient.

#### **18A. Validity of loan or advance not to be questioned —**

Notwithstanding anything to the contrary contained in any other law for the time being in force,—

(a) the validity of any loan or advance granted by the Bank in pursuance of the provisions of this Act shall not be called in question merely on the ground of non-compliance with the requirements of such other law as aforesaid or of any resolution, contract, memorandum, articles of association or other instrument:

Provided that nothing in this clause shall render valid any loan or advance obtained by any company or co-operative society where such company or co-operative society is not empowered by its memorandum to obtain loans or advances;

(b) where a loan or advance has been granted under clause (3A) or under clause (3B) or section 17 or a loan or advance granted under clause (3) of section 18 by the Bank to any person has been applied by such person, wholly or in part, in making a loan or advance to any borrower, any sum received—

(i) by the borrowing bank on account of bills of exchange in respect of which the declaration under clause (i) of the proviso to clause (3A) of section 17 has been furnished or in repayment or realisation of the outstanding loans and advances referred to in clause (ii) of the said proviso or in the proviso to clause (3B) of the said section or

(ii) by the borrowing bank or any other person in repayment or realisation of loans and advances granted to a borrower out of funds obtained by it or by him from the Bank under section 18, shall be utilised only for the repayment by the borrowing bank or other person, as the case may be, of the amounts due to be repaid by it or by him to the Bank, and shall be held by it or by him in trust for the Bank, until such time as the amounts are so repaid.



### **19. Business which the Bank may not transact —**

Save as otherwise provided in sections 17, 18, 42 and 45, the Bank may not—

- (1) engage in trade or otherwise have a direct interest in any commercial, industrial or other undertaking except such interest as it may in any way acquire in the course of the satisfaction of any of its claims: provided that all such interests shall be disposed of at the earliest possible moment;
- (2) purchase the shares of any banking company or of any other company, or grant loans upon the security of any such shares;
- (3) advance money on mortgage of, or otherwise on the security of, immovable property or documents of title relating thereto, or become the owner of immovable property, except so far as is necessary for its own business premises and residences for its officers and servants;
- (4) make loans or advances;
- (5) draw or accept bills payable otherwise than on demand;
- (6) allow interest on deposits or current accounts.

## **Chapter III - Central Banking functions**

### **20. Obligation of the Bank to transact Government business —**

The Bank shall undertake to accept monies for account of the Central Government and to make payments up to the amount standing to the credit of its account, and to carry out its exchange, remittance and other banking operations, including the management of the public debt of the Union.

### **21. Bank to have the right to transact Government business in India —**

(1) The Central Government shall entrust the Bank, on such conditions as may be agreed upon, with all its money, remittance, exchange and banking transaction in India, and, in particular, shall deposit free of interest all its cash balances with the Bank:

Provided that nothing in this sub-section shall prevent the Central Government from carrying on money transactions at places where the Bank has no branches or agencies, and the Central Government may hold at such places such balances as it may require.

(2) The Central Government shall entrust the Bank, on such conditions as may be agreed upon, with the management of the public debt and with the issue of any new loans.

(3) In the event of any failure to reach agreement on the conditions referred to in this section the Central Government shall decide what the conditions shall be.

(4) Any agreement made under this section shall be laid, as soon as may be after it is made, before Parliament.

**21A. Bank to transact Government business of States on agreement —**

(1) The Bank may by agreement with the Government of any State undertake—

(a) all its money, remittance, exchange and banking transactions in India, including in particular, the deposit, free of interest, of all its cash balances with the Bank; and

(b) the management of the public debt of, and the issue of any new loans by, that State.

(2) Any Agreement made under this section shall be laid, as soon as may be after it is made, before Parliament.

**21B. Effect of agreements made between the Bank and certain States before the 1st November, 1956 —**

(1) Any agreement made under section 21 or section 21A between the Bank and the Government of a State specified in the *Explanation* below and in force immediately before the 1st day of November, 1956, shall, as from that day have effect as if it were an agreement made on that day under section 21A between the Bank and the Government of the corresponding State subject to such modifications, if any, being of a character not affecting the general operation of the agreement, as may be agreed upon between the Bank and the Government of the corresponding State, or in default of such agreement, as may be made therein by order of the Central Government.

**Explanation —** In this sub-section "**corresponding State**" means,—

(a) in relation to the agreement between the Bank and the State of Andhra, the State of Andhra Pradesh;

(b) in relation to the agreement between the Bank and any other Part A State as it existed before the 1st day of November, 1956, the State with the same name; and

(c) in relation to the agreement between the Bank and the Part B State of Mysore or Travancore-Cochin as it existed before the 1st day of November, 1956, the State of Mysore or Kerala respectively.

(2) Any agreement made under section 21A between the Bank and the Government of the Part B State of Hyderabad, Madhya Bharat or Saurashtra shall be deemed to have terminated on the 31st day of October, 1956.

## **22. Right to issue bank notes —**

(1) The Bank shall have the sole right to issue bank notes in India, and may, for a period which shall be fixed by the Central Government on the recommendation of the Central Board, issue currency notes of the Government of India supplied to it by the Central Government, and the provisions of this Act applicable to bank notes shall, unless a contrary intention appears, apply to all currency notes of the Government of India issued either by the Central Government or by the Bank in like manner as if such currency notes were bank notes, and references in this Act to bank notes shall be construed accordingly.

(2) On and from the date on which this Chapter comes into force the Central Government shall not issue any currency notes.

## **23. Issue Department —**

(1) The issue of bank notes shall be conducted by the Bank in an Issue Department which shall be separated and kept wholly distinct from the Banking Department, and the assets of the Issue Department shall not be subject to any liability other than the liabilities of the Issue Department as hereinafter defined in section 34.

(2) The Issue Department shall not issue bank notes to the Banking Department or to any other person except in exchange for other bank notes or for such coin, bullion or securities as are permitted by this Act to form part of the Reserve.

## **24. Denominations of notes —**

(1) Subject to the provisions of sub-section (2) bank notes shall be of the denominational value to two rupees, five rupees, ten rupees, twenty rupees, fifty rupees, one hundred rupees, five hundred rupees, one thousand rupees, five thousand rupees and ten thousand rupees or of such other denominational values, not exceeding ten thousand rupees, as the Central Government may, on the recommendation of the Central Board, specify in this behalf.

(2) The Central Government may, on the recommendation of the Central Board, direct the non-issue or the discontinuance of issue of bank notes of such denominational values as it may specify in this behalf.

## **25. Form of bank notes —**

The design, form the material of bank notes shall be such as may be approved by the Central Government after consideration of the recommendations made by the Central Board.

## **26. Legal tender character of notes —**

(1) Subject to the provisions of sub-section (2), every bank note shall be legal tender at any place in India in payment, or on account for the amount expressed therein, and shall be guaranteed by the Central Government.

(2) On recommendation of the Central Board the Central Government may, by notification in the Gazette of India, declare that, with effect from such date as may be specified in the notification, any series of bank notes of any denomination shall cease to be legal tender save at such office or agency of the Bank and to such extent as may be specified in the notification.

## **26A. Certain bank notes to cease to be legal tender —**

Notwithstanding anything contained in section 26, no bank note of the denominational value of five hundred rupees, one thousand rupees or ten thousand rupees issued before the 13th day of January, 1946, shall be legal tender in payment or on account for the amount expressed therein.

## **27. Re-issue notes —**

The Bank shall not re-issue bank notes which are torn, defaced or excessively spoiled.

## **28. Recovery of notes lost, stolen, mutilated or imperfect —**

Notwithstanding anything contained in any enactment or rule of law to the contrary, no person shall of right be entitled to recover from the Central Government or the Bank, the value of any lost, stolen, mutilated or imperfect currency note of the Government of India or bank note:

Provided that the Bank may, with the previous sanction of the Central Government, prescribe the circumstances in and the conditions and limitations subject to which the value of such currency notes or bank notes may be refunded as of grace and the rules made under this proviso shall be laid on the table of Parliament.

## **28A. Issue of special bank notes and special one rupee notes in certain cases —**

(1) For the purpose of controlling the circulation of bank notes without India, the Bank may, notwithstanding anything contained in any other provision of this Act, issue bank notes of such design, form and material as may be approved under sub-section (3) (hereinafter in this section referred to as special bank notes) of the denominational values of five rupees, ten rupees and one hundred rupees.

(2) For the purpose of controlling the circulation of Government of India one rupee notes without India, the Central Government may, notwithstanding anything contained in any other provision of this Act or in the Currency Ordinance, 1940, (Ord. 4 of 1940) issue Government of India notes of the denominational value of one rupee of such design, form and material as may be adopted under sub-section (3) (hereinafter in this section referred to as special one rupee notes).

(3) The design, form and material of the special bank notes shall be such as may be approved by the Central Government after consideration of the recommendations made by the Governor and of the special one rupee notes shall be such as the Central Government may think fit to adopt.

(4) Neither the special bank notes nor the special one rupee notes shall be legal tender in India.

(5) The special one rupee note shall be deemed to be included in the expression "**rupee coin**" for all the purposes of this Act except section 39, but shall be deemed not to be a currency note for any of the purposes of this Act.

(6) Where a special bank note is on its face expressed to be payable at a specified office or branch of the Bank, the obligation imposed by section 39 shall be only on the specified office or branch and, further, shall be subject to such regulations as may be made under this section.

(7) The Bank may, with the previous sanction of the Central Government, make regulations to provide for all matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this section, and, in particular, the manner in which, and the conditions or limitations subject to which—

(i) bank notes and one rupee notes in circulation in any country outside India may be replaced by special notes issued under this section;

(ii) any such special notes may be exchanged for any other bank notes or one rupee notes.

### **29. Bank exempt from stamp duty on bank notes —**

The Bank shall not be liable to the payment of any stamp duty under the Indian Stamp Act, 1899 (2 of 1899) in respect of bank notes issued by it.

### **30. Powers of Central Government to supersede Central Board —**

(1) If in the opinion of the Central Government the Bank fails to carry out any of the obligations imposed on it by or under this Act the Central Government may, by notification in the Gazette of India, declare the Central Board to be superseded, and thereafter the general superintendence and direction of the affairs of the Bank shall be entrusted to such agency as the Central Government may determine, and such agency may exercise the powers and do all acts and things which may be exercised or done by the Central Board under this Act.

(2) When action is taken under this section the Central Government shall cause a full report of the circumstances leading to such action and of the action taken to be laid before Parliament at the earliest possible opportunity and in any case within three months from the issue of the notification superseding the Board.

### **31. Issue of demand bills and notes —**

(1) No person in India other than the Bank, or, as expressly authorized by this Act the Central Government shall draw, accept, make or issue any bill of exchange, hundi, promissory note or engagement for the payment of money payable to bearer on demand, or borrow, owe or take up any sum or sums of money on the bills, hundis or notes payable to bearer on demand of any such person:

Provided that cheques or drafts, including hundis, payable to bearer on demand or otherwise may be drawn on a person's account with a banker, shroff or agent.

(2) Notwithstanding anything contained in the Negotiable Instruments Act, 1881, (26 of 1881) no person in India other than the Bank or, as expressly authorised by this Act, the Central Government shall make or issue any promissory note expressed to be payable to the bearer of the instrument.

### **32. Penalty —**

*Rep. by the Reserve Bank of India (Amendment) Act, 1974 (51 of 1974), sec. 9 .*

### **33. Assets of the Issue Department —**

(1) The assets of the Issue Department shall consist of gold coin, gold bullion, foreign securities, rupee coin and rupee securities to such aggregate amount as is not less than the total of the liabilities of the Issue Department as hereinafter defined.

(2) The aggregate value of the gold coin, gold bullion and foreign securities held as assets and the aggregate value of the gold coin and gold bullion so held shall not at any time be less than two hundred crores of rupees and one hundred and fifteen crores of rupees, respectively.

(3) The remainder of the assets shall be held in rupee coin, Government of India rupee securities of any maturity, promissory notes drawn by the National Bank for any loans or advances under clause (4E) of section 17 and such bills of exchange and promissory notes payable in India as are eligible for purchase by the Bank under sub-clause (a) or sub-clause (b) or sub-clause (bb) of clause (2) of section 17 or under clause (1) of section 18.

(4) For the purposes of this section, gold coin the gold bullion shall be valued at a price not exceeding the international market price for the lime being obtaining, rupee coin shall be valued at its face value, and securities shall be valued at rates not exceeding the market rates for the time being obtaining.

(5) Of the gold coin and gold bullion held as assets, not less than seventeen-twentieths shall be held in India, and all gold coin and gold bullion held as assets shall be held in the custody of the Bank or its agencies:

Provided that gold belonging to the Bank which is in any other bank or in any mint or treasury or in transit may be reckoned as part of the assets.

(6) For the purposes of this section, the foreign securities which may be held as part of the assets shall be—

(i) securities of the following kinds payable in the currency of any foreign country which is a member of the International Monetary Fund, namely:—

(a) balances with the bank which is the principal currency authority of that foreign country and any other balances or securities in foreign currency maintained with or issued by the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association or the International Finance Corporation or Asian Development Bank or the Bank for International Settlements or any banking or financial institution approved by the Central Government in this behalf provided that they are repayable within a period of ten years:

(b) bills of exchange bearing two or more good signatures and drawn on and payable at any place in that foreign country and having a maturity not exceeding ninety days; and

(c) Government securities of that foreign country maturing within ten years;

(ii) any drawing rights representing a liability of the International Monetary Fund.

### **34. Liabilities of Issue Department —**

(1) The Liabilities of the Issue Department shall be an amount equal to the total of the amount of the currency notes of the Government of India and bank notes for the time being in circulation.

### **35. Initial assets and liabilities —**

*Rep. by Act 62 of 1948, sec.7 and Sch. (w.e.f. 1-1-1949).*

### **36. Method of dealing with fluctuations in rupee coin assets —**

*Rep. by Act 55 of 1963, sec. 3 (w.e.f. 1-2-1964).*

### **37. Suspension of assets requirements as to foreign securities —**

Notwithstanding anything contained in the foregoing provisions, the Bank may, with the previous sanction of the Central Government, for periods not exceeding six months in the first instance, which may, with the like sanction, be extended from time to time by period not exceeding three months at a time, hold as assets foreign securities of less amount in value than that required by sub-section (2) of section 33:

### **38. Obligations of Government and the Bank in respect of rupee coin —**

The Central Government shall undertake not to put into circulation any rupees, except through the Bank, and the Bank shall undertake not to dispose of rupee coin other-wise than for the purposes of circulation.

### **39. Obligation to supply different forms of currency —**

(1) The Bank shall issue rupee coin on demand in exchange for bank notes and currency notes of the Government of India and shall issue currency notes or bank notes on demand in exchange for coin which is legal tender under the Indian Coinage Act, 1906 (3 of 1906).

(2) The Bank shall, in exchange for currency notes or bank notes of two rupees or upwards, supply currency notes or bank notes of lower value or other coins which are legal tender under the Indian Coinage Act, 1906 (3 of 1906), in such quantities as may, in the opinion of the Bank, be required for circulation; and the Central Government shall supply such coins to the Bank on demand. If the Central Government at any time fails to supply such coins, the Bank shall be released from its obligations to supply them to the public.

### **40. Transactions in foreign exchange —**

The Bank shall sell to or buy from any authorized person who makes a demand in that behalf at its office in Bombay, Calcutta, Delhi or Madras or at such or its branches as the Central Government may, by order determine. foreign exchange at such rates of exchange and on such conditions as the Central Government may from time to time by general or special order determine, having regard so far as rates of exchange are concerned to its obligations to the International Monetary Fund:

Provided that no person shall be entitled to demand to buy or sell foreign exchange of a value less than two lakhs or rupees.

**Explanation** — In the section "**authorized person**" means a person who is entitled by or under the Foreign Exchange Regulation Act, 1973 (46 of 1973) to buy, or as the case may be, sell, the foreign exchange to which his demand relates.



## **641A. Obligation to provide remittance between India and Burma —**

*Rep. by Act 11 of 1947, ec. 22 (w.e.f. 1-4-1947).*

## **42. Cash reserves of scheduled banks to be kept with the Bank —**

(1) Every bank included in the Second Schedule shall maintain with the Bank an average daily balance the amount of which shall not be less than three per cent. of the total of the demand and time liabilities in India of such bank as shown in the return referred to in sub-section(2):

Provided that the Bank may, by notification in the Gazette of India, increase the said rate to such higher rate as may be specified in the notification so however that the rate shall not be more than fifteen per cent. of the total of the demand and time liabilities.

**Explanation** — For the purposes of this section, —

(a) "**average daily balance**" shall mean the average of the balances held at the close of business of each day of a fortnight;

(b) "**fortnight**" shall mean the period from Saturday to the second following Friday, both days inclusive;

(c) "**liabilities**" shall not include—

(i) the paid-up capital or the reserves or any credit balance in the profit and loss account of the bank;

(ii) the amount of any loan taken from the Bank or from the Development Bank or from the Exim Bank or from the Reconstruction or from the National Housing Bank or from the National Bank or from the Small Industries Bank ;

(iii) in the case of a State co-operative bank, also any loan taken by such bank from a State Government or from the National Co-operative Development Corporation established under the National Co-operative Development Corporation Act, 1962 and any deposit of money with such bank representing the reserve fund or any part thereof maintained with it by any co-operative society within its area of operation;

(iv) in the case of a State co-operative bank, which has granted an advance against any balance maintained with it, such balance to the extent of the amount outstanding in respect of such advance;

(v) in the case a Regional Rural Bank, also any loan taken by such bank from its Sponsor Bank;

(d) the aggregate of the liabilities" of a Scheduled bank which is not a State co-operative bank, to,—

(i) the State Bank;

(ii) a subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959);

(iii) a corresponding new bank constituted by section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970);

(iiia) a corresponding new bank constituted by section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);

(iv) a banking company as defined in clause (c) section 5 of the Banking Regulation Act, 1949 (10 of 1949);

(v) a co-operative bank; or

(vi) any other financial institution notified by the Central Government in this behalf, shall be reduced by the aggregate of the liabilities of all such banks and institutions to the scheduled bank;

(e) the aggregate of the "**liabilities**" of a scheduled bank which is a State co-operative bank, to,—

(i) the State Bank;

(ii) a subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959);

(iii) a corresponding new bank constituted by section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970);

(iiia) a corresponding new bank constituted by section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);

(iv) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949); or

(v) any other financial institution notified by the Central Government in this behalf, shall be reduced by the aggregate of the liabilities of all such banks and institutions to the State co-operative bank.

(1A) Notwithstanding anything contained in sub-section (1), the Bank may, by notification in the Gazette of India, direct that every scheduled bank shall, with effect from such date as may be specified in the notification, maintain with the Bank, in addition to the balance prescribed by or under sub-section (1), an additional average daily balance the amount of which shall not be less than the rate specified in the notification, such additional balance being calculated with reference to the excess of the total of the demand and time liabilities of the bank as shown in the return referred to in sub-section (2) over the total of its demand and time liabilities at the close of business on the date specified in the notification as shown by such return so however, that the additional balance shall, in no case, be more than such excess:

Provided that the Bank may, by a separate notification in the Gazette of India, specify different dates in respect of a Bank subsequently included in the Second Schedule.

(1AA) Notwithstanding anything contained in sub-section (1) or sub-section (1A), it shall not be necessary for any scheduled bank to maintain with the Bank any balance which shall be more than fifteen per cent. of the total of its demand and time liabilities as shown in the return referred to in sub-section (2).

(1B) Where any scheduled bank maintains, in pursuance of a notification issued under the proviso to sub-section (1) or under sub-section (1A), any balance with the Bank the amount of which is not less than that required to be maintained by such notification, the Bank may pay to the scheduled bank interest at such rate or rates as may be determined by the Bank from time to time on the amount by which such balance actually maintained is in excess of the balance which the scheduled bank would have to maintain, if no such notification was issued:

Provided that no interest shall be payable on any such amount actually maintained as is in excess of the balance required to be maintained by or under sub-section (1) or under sub-section (1A) :

Provided further that where the Bank does not, under sub-section (5), demand the payment of the penalty imposed by sub-section (3), it may pay interest at such rate or rates as may be determined by the Bank from time to time on the amount actually maintained with it by the scheduled bank, notwithstanding that such amount is less than the balance required to be maintained in pursuance of a notification issued under the proviso to sub-section (1) or under sub-section (1-A).

(1C) The Bank may, for the purposes of this section, specify from time to time with reference to any transaction or class of transactions that such transaction or transactions shall be regarded as liability in India of a scheduled bank, and if any question arises as to whether any transaction or class of transactions shall be regarded, for the purposes of this section, as liability in India of a scheduled bank, the decision of the Bank thereon shall be final.

(2) Every scheduled bank shall send to the Bank a return signed by two responsible officers of such bank showing—

- (a) the amount of its demand and time liabilities and the amount of its borrowings from banks in India, classifying them into demand and time liabilities,
- (b) the total amount of legal tender notes and coins held by it in India,
- (c) the balance held by it at the Bank in India,
- (d) the balances held by it at other banks in current account and the money at call and short notice in India,
- (e) the investments (at book value) in Central and State Government securities including treasury bills and treasury deposit receipts,
- (f) the amount of advances in India,
- (g) the inland bills purchased and discounted in India and foreign bills purchased and discounted at the close of business on each alternate Friday, and every such return shall be sent not later than seven days after the date to which it relates:

Provided that the Bank may, by notification in the Gazette of India, delete or modify or add to any of the particulars specified in the foregoing clauses:

Provided further that such alternate Friday is a public holiday under the Negotiable Instruments Act, 1881 (26 of 1881), for one or more offices of a scheduled bank the return shall give the preceding working day's figures in respect of such office or offices, but shall nevertheless be deemed to relate to that Friday:

Provided also that where the Bank is satisfied that the furnishing of a fortnightly return under this sub-section is impracticable in the case of any scheduled bank by reason of the geographical position of the bank and its branches, the Bank may allow such bank—

- (i) to furnish a provisional return for the fortnight within the period aforesaid to be followed by a final return not later than twenty days after the date to which it relates, or
- (ii) to furnish in lieu of a fortnightly return a monthly return to be sent not later than twenty days after the end of the month to which it relates giving the details specified in this sub-section in respect of such bank at the close of business for the month.

(2A) Where the last Friday of a month is not an alternate Friday for the purpose of sub-section(2), every scheduled bank shall send to the Bank, a special return giving the details specified in sub-section (2) as at the close of business on such last Friday or where such last Friday is a public holiday under the Negotiable Instruments Act, 1881 (26 of 1881) as at the close of business on the preceding working day and such return shall be sent not later than seven days after the date to which it relates.

(3) If the average daily balance held at the Bank by a scheduled bank during any fortnight is below the minimum prescribed by or under sub-section (1) or sub-section (1A), such scheduled bank shall be liable to pay to the Bank in respect of that fortnight penal interest at a rate of three per cent, above the bank rate on the amount by which such balance with the Bank falls short of the prescribed minimum, and if during the next succeeding fortnight, such average daily balance is still below the prescribed minimum, the rates of penal interest shall be increased to a rate of five per cent. above the bank rate in respect of that fortnight and each subsequent fortnight during which the default continues on the amount by which such balance at the Bank falls short of the prescribed minimum.

(3A) When under the provisions of sub-section (3) penal interest at the increased rate of five per cent, above the bank rate has become payable by a scheduled bank, if thereafter the average daily balance held at the Bank during the next succeeding fortnight is still below the prescribed minimum, —

(a) every director, manager or secretary of the scheduled bank, who is knowingly and wilfully a party to the default, shall be punishable with fine which may extend to five hundred rupees and with a further fine which may extend to five hundred rupees for each subsequent fortnight during which the default continues, and

(b) the Bank may prohibit the scheduled bank from receiving after the said fortnight any fresh deposit, and, if default is made by the scheduled bank in complying with the prohibition referred to in clause (b), every director and officer of the scheduled bank who is knowingly and wilfully a party to such default or who through negligence or otherwise contributes to such default shall in respect of each such default be punishable with fine which may extend to five hundred rupees and with a further fine which may extend to five hundred rupees for each day after the first on which a deposit received in contravention of such prohibition is retained by the scheduled bank.

**Explanation**—In this sub-section "**officer**" includes a manager, secretary, branch manager, and branch secretary.

(4) Any scheduled bank failing to comply with the provisions of sub-section (2) shall be liable to pay to the Bank a penalty of one hundred rupees for each day during which the failure continues.

(5) (a) The penalties imposed by sub-sections (3) and (4) shall be payable within a period of fourteen days from the date on which a notice issued by the Bank demanding the payment of the same is served on the scheduled bank, and in the event of failure of the scheduled bank to pay the same within such period, may be levied by a direction of the principal civil court having jurisdiction in the area where an office of the defaulting bank is situated, such direction to be made only upon an application made in this behalf to the court by the Bank;

(b) when the court makes a direction under clause (a), it shall issue a certificate specifying the sum payable by the scheduled bank and every such certificate shall be enforceable in the same manner as if it were a decree made by the court in a suit;

(c) notwithstanding anything contained in this section, if the Bank is satisfied that the defaulting bank and sufficient cause for its failure to comply with the provisions of sub-section (1), (1A) or (2), it may not demand the payment of the penal interest of the penalty, as the case may be.

(6) The Bank shall, save as hereinafter provided, by notification in the Gazette of India,—

(a) direct the inclusion in the Second Schedule of any bank not already so included which carries on the business of banking in India and which—

(i) has a paid-up capital and reserve of an aggregate value of not less than five lakhs or rupees, and

(ii) satisfies and Bank that its affairs are not being conducted in a manner detrimental to the interests of its depositors, and

(iii) is a State co-operative bank or a company as defined section 3 of the Companies Act, 1956 (1 of 1956), or an institution notified by the Central Government in this behalf or a corporation or a company incorporated by or under any law in force in any place outside India;

(b) direct the exclusion from that Schedule of any scheduled bank,—

(i) the aggregate value of whose paid-up capital and reserves becomes at any time less than five lakhs of rupees, or

(ii) which is, in the opinion of the Bank after making an inspection under section 35 of the Banking Regulation Act, 1949 (10 of 1949), conducting its affairs to the detriment of the interests of its depositors, or

(iii) which goes into liquidation or otherwise ceases to carry on banking business:

Provided that the Bank may, on application of the scheduled bank concerned and subject to such conditions, if any, as it may impose, defer the making of a direction under sub-clause (i) or sub-clause (ii) of clause(b) for such period as the Bank consider reasonable to give the scheduled bank an opportunity of increasing the aggregate value of its paid-up capital and reserves to not less than five lakhs of rupees or, as the case may be, of removing the defects in the conduct of its affairs;

(c) alter the description in that Schedule whenever any scheduled bank changes its name.

**Explanation—** In this sub-section the expression "**value**" means the real or exchangeable value and not the nominal value which may be shown in the books of the bank concerned; and if any dispute arises in computing the aggregate value of the paid-up capital and reserves of a bank, a determination thereof by the Bank shall be final for the purposes of this sub-section.

(6A) In considering whether a State co-operative bank or a regional rural bank should be included in or excluded from the Second Schedule, it shall be competent for the Bank to act on a certificate from the National Bank on the question whether or not a State co-operative bank or a regional rural bank, as the case may be, satisfies the requirements as to paid-up capital and reserves or whether its affairs are not being conducted in a manner detrimental to the interests of its depositors.

(7) The Bank may, for such period and subject to such conditions as may be specified, grant to any scheduled bank such exemptions from the provisions of this section as it thinks fit with reference to all or any of its offices or with reference to the whole or any part of its assets and liabilities.

#### **43. Publication of consolidated statement by the Bank —**

The Bank shall cause to be published each fortnight a consolidated statement showing the aggregate liabilities and assets of all the scheduled banks together, based on the returns and information received under this Act or any other law for the time being in force.

#### **43A. Protection of action taken in good faith —**

(1) No suit or other legal proceeding shall lie against the Bank or any of its officers for anything which is in good faith done or intended to be done in pursuance of section 42 or section 43 or in pursuance of the provisions of Chapter IIIA.

(2) No suit or other legal proceeding shall lie against the Bank or any of its officers for any damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of section 42 or section 43 or in pursuance of the provisions of Chapter IIIA.

#### **44. Power to require returns from co-operative banks —**

*Rep. by the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965), sec. 7 (w.e.f. 1-3-1966).*

#### **45. Appointment of agents —**

(1) Unless otherwise directed by the Central Government with reference to any place, the Bank may, having regard to public interest, convenience of banking, banking development and such other factors which in its opinion are relevant in this regard, appoint the National Bank, or the State Bank, or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of undertakings) Act, 1970 (5 of 1970), or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), or any subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), as its agent at all places, or at any place in India for such purposes as the Bank may specify.

(2) When any bank is appointed by the Bank as its agent under sub-section (1) to receive on behalf of the Bank any payment required to be made into the Bank, or any bill, hundies or jother securities required to be delivered into the Bank, under any law or rule, regulations or other instructions having the force of law, the same may be paid or delivered into the bank so appointed as the agent of the Bank.

## Chapter IIIA - Collection and furnishing of credit information

### 45A. Definitions —

In this Chapter, unless the context otherwise requires,—

(a) "**banking company**" means a banking company as defined in section 5 of the Banking Regulation Act, 1949 (10 of 1949). and includes the State Bank of India, any subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), any corresponding new bank constituted by section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), and any other financial institution notified by the Central Government in this behalf;

(b) "**borrower**" means any person to whom any credit limit has been sanctioned by any banking company, whether availed of or not, and includes—

(i) in the case of a company or corporation, its subsidiaries;

(ii) in the case of a Hindu undivided family, any member thereof or any firm in which such member is a partner;

(iii) in the case of a firm, any partner thereof or any other firm in which such partner is a partner; and

(iv) in the case of an individual, any firm in which such individual is a partner;

(c) "**credit information**" means any information relating to—

(i) the amounts and the nature of loans or advances and other credit facilities granted by a banking company to any borrower or class of borrowers;

(ii) the nature of security taken from any borrower or class of borrowers for credit facilities granted to him or to such class;

(iii) the guarantee furnished by a banking company for any of its customers or any class of its customers;



(iv) the means, antecedents, history of financial transactions and the creditworthiness of any borrower or class of borrowers;

(v) any other information which the Bank may consider to be relevant for the more orderly regulation of credit or credit policy.

**45B. Power of Bank to collect credit information —**

The Bank may—

(a) collect, in such manner as it may think fit, credit information from banking companies; and

(b) furnish such information to any banking company in accordance with the provisions of section 45D.

**45C. Power to call for returns containing credit information —**

(1) For the purpose of enabling the Bank to discharge its functions under this Chapter, it may at any time direct any banking company to submit to it such statements relating to such credit information and in such form and within such time as may be specified by the Bank from time to time.

(2) A banking company shall, notwithstanding anything to the contrary contained in any law for the time being in force or in any instrument regulating the constitution thereof or in any agreement executed by it, relating to the secrecy of its dealings with its constituents, be bound to comply with any direction issued under sub-section (1).

**45D. Procedure for furnishing credit information to banking companies —**

(1) A banking company may, in connection with any financial arrangement entered into or proposed to be entered into by it, with any person, make an application to the Bank in such form as the Bank may specify requesting it to furnish the applicant with such credit information as may be specified in the application.

(2) On receipt of an application under sub-section (1), the Bank shall, as soon as may be, furnish the applicant with such credit information relating to the matters specified in the application, as may be in its possession:

Provided that the information so furnished shall not disclose the names of the banking companies which have submitted such information to the Bank.

(3) The Bank may in respect of each application levy such fees, not exceeding twenty-five rupees, as it may deem fit for furnishing credit information.

#### **45E. Disclosure of information prohibited —**

(1) Any credit information contained in any statement submitted by a banking company under section 45C or furnished by the Bank to any banking company under section 45D, shall be treated as confidential and shall not, except for the purposes of this Chapter, be published or otherwise disclosed.

(2) Nothing in this section shall apply to—

(a) the disclosure by any banking company, with the previous permission of the Bank, of any information furnished to the Bank under section 45C;

(b) the publication by the Bank, if it considers necessary in the public interest so to do, of any information collected by it under section 45C, in such consolidated form as it may think fit without disclosing the name of any banking company or its borrowers;

(c) the disclosure or publication by the banking company or by the Bank of any credit information to any other banking company or in accordance with the practice and usage customary among bankers or as permitted or required under any other law:

Provided that any credit information received by a banking company under this clause shall not be published except in accordance with the practice and usage customary among bankers or as permitted or required under any other law.

(3) Notwithstanding anything contained in any law for the time being in force, no court, tribunal or other authority shall compel the Bank or any banking company to produce or to give inspection of any statement submitted by that banking company under section 45C or to disclose any credit information furnished by the Bank to that banking company under section 45D.

#### **45F. Certain claims for compensation barred —**

No person shall have any right, whether in contract or otherwise, to any compensation for any loss incurred by reason of the operation of any of the provisions of this chapter.

#### **45G. Penalties —**

*Rep. by the Reserve Bank of India (Amendment) Act, 1974 (51 of 1974), sec. 15.*

## **Chapter IIIB - Provisions relating to non-banking institutions receiving deposits and financial institutions**

### **45H. Chapter III B not to apply in certain cases —**

The provisions of this Chapter shall not apply to the State Bank or a banking company as defined in section 5 of the Banking Regulation Act, 1949 (10 of 1949) or a corresponding new bank as defined in clause (da) of section 5 of the Act or a subsidiary bank as defined in State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959) or a Regional Rural Bank or a co-operative bank or a primary agricultural credit society or a primary credit society:

Provided that for the purposes of this Chapter, the Tamil Nadu Industrial Investment Corporation Limited shall not be deemed to be a banking company.

### **45I. Definitions —**

In this Chapter, unless the context otherwise requires, —

(a) "**business of a non-banking financial institution**" means carrying on the business of a financial institution referred to in clause (c) and includes business of a non-banking financial company referred to in clause (f);

(aa) "**company**" means a company as defined in section 3 of the Companies Act, 1956 (1 of 1956), and includes a foreign company within the meaning of section 591 of that Act;

(b) "**corporation**" means a corporation incorporated by an Act of any legislature;

(bb) "**deposit**" includes and shall be deemed always to have include any receipt of money by way of deposit or loan or in any other form, but does not include,—

(i) amounts raised by way of share capital;

(ii) amounts contributed as capital by partners of a firm;

(iii) amounts received from a scheduled bank or a co-operative bank or any other banking company as defined in clause (c) of section 5 of a Banking Regulation Act, 1949 (10 of 1949);

(iv) any amount received from,—

(a) the Development Bank,

(b) a State Financial Corporation,

(c) any financial institution specified in or under section 6A of the Industrial Development Bank of India Act, 1964 (18 of 1964), or

(d) any other institution that may be specified by the Bank in this behalf;

(v) amounts received in the ordinary course of business, by way of—

(a) security deposit,

(b) dealership deposit,

(c) earnest money, or

(d) advance against orders for goods, properties or services;

(vi) any amount received from an individual or a firm or an association of individuals not being a body corporate, registered under any enactment relating to money lending which is for the time being in force in any State; and

(vii) any amount received by way of subscriptions in respect of a chit.

**Explanation I** —"Chit" has the meaning assigned to it in clause (b) of section 2 of the Chit Funds Act, 1982 (40 of 1982).

**Explanation II** — Any credit given by a seller to a buyer on the sale of any property (whether movable or immovable) shall not be deemed to be deposit for the purposes of this clause;

(c) "**financial institution**" means any non-banking institution which carries on as its business or part of its business any of the following activities, namely:—

(i) the financing, whether by way of making loans or advances or otherwise, of any activity other than its own;

(ii) the acquisition of shares, stock, bonds, debentures or securities issued by a Government or local authority or other marketable securities of a like nature;

(iii) letting or delivering of any goods to a hirer under a hire-purchase agreement as defined in clause (c) of section 2 of the Hire-Purchase Act, 1972 (26 of 1972);

(iv) the carrying on of any class of insurance business;

(v) managing, conducting or supervising, as foreman, agent or in any other capacity, of chits or kuries as defined in any law which is for the time being in force in any State, or any business, which is similar thereto;

(vi) collecting, for any purpose or under any scheme or arrangement by whatever name called, monies in lump sum or otherwise, by way of subscriptions or by sale of units, or other instruments or in any other manner and awarding prizes or gifts, whether in cash or kind, or disbursing monies in any other way, to persons from whom monies are collected or to any other person, but does not include any institution, which carries on as its principal business,—

(a) agricultural operations; or

(aa) industrial activity; or

(b) the purchase, or sale of any goods (other than securities) or the providing of any services; or

(c) the purchase, construction or sale of immovable property, so, however, that no portion of the income of the institution is derived from the financing of purchases, constructions or sales of immovable property by other persons;

**Explanation** — For the purposes of this clause, "**industrial activity**" means any activity specified in sub-clauses (i) to (xviii) of clause (c) of section 2 of the Industrial Development Bank of India Act, 1964 (18 of 1964);

(d) "**firm**" means a firm as defined in the Indian Partnership Act, 1932 (9 of 1932) ;

(e) "**non-banking institution**" means a company, corporation, or co-operative society;

(f) "**non-banking financial company**" means—

(i) a financial institution which is a company;

(ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;

(iii) such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

#### **Comments**

(i) In order to be a deposit within the meaning of the term as defined, a receipt of money must carry with it the corresponding obligation to repay the same; *Peerless General Finance and Investment Co. Ltd. v. Reserve Bank of India*, 1996 85 Comp Cas 808.

(ii) All non-banking institutions which carry on the activities mentioned in the various clauses of section 45I (c) whether they carry on the said activities on their main business or part of their business come within the purview of being the financial institutions; *Peerless General Finance and Investment Co. Ltd. v. Reserve Bank of India*, 1996 85 Comp Cas 808.

**45J. Bank to regulate or prohibit issue of prospectus or advertisement soliciting deposits of money —**

The Bank may, if it consider necessary in the public interest so to do, by general or special order.—

- (a) regulate or prohibit the issue by any non-banking institution of any prospectus or advertisement soliciting deposits of money from the public, and
- (b) specify the conditions subject to which any such prospectus or advertisement, if not prohibited, may be issued.

**Comments**

This section merely empowers the Reserve Bank of India to regulate or prohibit the issuance by any non-banking institution of any prospectus or advertisement soliciting deposits of money and specifying conditions subject to which any such prospectus or advertisement may be issued; *Peerless General Finance and Investment Co. Ltd. v. Reserve Bank of India*, 1996 85 Comp Cas 808.

**45JA. Power of Bank to determine policy and issue directions —**

(1) If the Bank is satisfied that, in the public interest or to regulate the financial system of the country to its advantage or to prevent the affairs of any non-banking financial company being conducted in manner detrimental to the interest of the depositors or in a manner prejudicial to the interest of the non-banking financial company, it is necessary or expedient so to do, it may determine the policy and give directions to all or any of the non-banking financial companies relating to income recognition, accounting standards, making of proper provision for bad and doubtful debts, capital adequacy based on risk weights for assets and credit conversion factors for off balance-sheet items and also relating to deployment of funds by a non-banking financial company or a class of non-banking financial companies or non-banking financial companies generally, as the case may be, and such non-banking financial companies shall be bound to follow the policy so determined and the direction so issued.

(2) Without prejudice to the generality of the powers vested under sub-section (1), the Bank may give directions to non-banking financial companies generally or to a class of non banking financial companies or to any non-banking financial company in particular as to—

- (a) the purpose for which advances or other fund based or non-fund based accommodation may not be made; and
- (b) the maximum amount of advances of other financial accommodation or investment in shares and other securities which, having regard to the paid-up capital, reserves and deposits of the non-banking financial company and other relevant considerations, may be made by that non-banking financial company to any person or a company or to a group of companies.

#### **45K. Power of Bank to collect information from non-banking institutions as to deposits and to give directions —**

(1) The Bank may at any time direct that every non-banking institution shall furnish to the Bank, in such form, at such intervals and within such time, such statements information or particulars relating to or connected with deposits received by the non-banking institution, as may be specified by the Bank by general or special order.

(2) Without prejudice to the generality of the power vested in the Bank under sub-section (1), the statements, information or particulars to be furnished under sub-section (1), may relate to all or any of the following matters, namely, the amount of the deposits, the purposes and periods for which, and the rates of interest and other terms and conditions on which, they are received.

(3) The Bank may, if it considers necessary in the public interest so to do, give directions to non-banking institutions either generally or to any non-banking institution or group of non-banking institutions in particular, in respect of any matters relating to or connected with the receipt of deposits, including the rates of interest payable on such deposits, and the periods for which deposits may be received.

(4) If any non-banking institution fails to comply with any direction given by the Bank under sub-section (3), the Bank may prohibit the acceptance of deposits by that non-banking institution.

(6) Every non-banking institution receiving deposits shall, if so required by the Bank and within such time as the Bank may specify, cause to be sent at the cost of the non-banking institution a copy of its annual balance-sheet and profit and loss account or other annual accounts to every person from whom the non-banking institution holds, as on the last day of the year to which the accounts relate, deposits higher than such sum as may be specified by the Bank.

#### **Comments**

(i) Reserve Bank is competent under section 45K(3) to deal with or take appropriate action as it may deem fit and proper in public interest with regard to deposit or receipt relating to deposits if it so desires; *Peerless General Finance and Investment Co. Ltd. v. Reserve Bank of India*, 1996 85 Comp Cas 808.

(ii) The words "**any matters relating to or connected with receipts or deposits**" occurring in section 45K(3) have to be considered in light of the words which follow the same namely, "including the rates of interest payable on such deposits and the periods for which such deposits may be received"; *Peerless General Finance and Investment Co. Ltd. v. Reserve Bank of India*, 1996 85 Comp Cas 808.

(iii) If Reserve Bank issue directions, which provides the procedure for investing deposits received by Residuary Non-banking companies and also provides the way it is to be disclosed in account books, the said directions are covered under section 45K (3) and are reasonable and are not invalid; *Peerless General Finance and Investment Co. Ltd. v. Reserve Bank of India*, CLR 1992(2) SC 60.

#### **45L. Power of Bank to call for information from financial institutions and to give directions**

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(1) If the Bank is satisfied for the purpose of enabling it to regulate the credit system of the country to its advantage it is necessary so to do, it may—

(a) require financial institutions either generally or any group of financial institutions or financial institution in particular, to furnish to the Bank in such form, at such intervals and within such time, such statements, information or particulars relating to the business of such financial institutions or institution, as may be specified by the Bank by general or special order;

(b) give to such institutions either generally or to any such institution in particular, directions relating to the conduct of business by them or by it as financial institutions or institution.

(2) Without prejudice to the generality of the power vested in the Bank under clause(a) of sub-section (1), the statements, information or particulars to be furnished by a financial institution may relate to all or any of the following matters, namely, the paid-up capital, reserves or other liabilities, the investments whether in Government securities or otherwise, the persons to whom, and the purposes and periods for which, finance is provided and the terms and conditions, including the rates of interest, on which it is provided.

(3) In issuing directions to any financial institution under clause (b) of sub-section (1). the Bank shall have due regard to the conditions in which, and the objects for which, the institution has been established, its statutory responsibilities, if any, and the effect the business of such financial institution is likely to have on trends in the money and capital markets.

#### **Comments**

(i) It appears from the true construction of section 45L that the section only empowers the Reserve Bank to give directions to financial institutions defined in the Act; *Peerless General Finance and Investment Co. Ltd. v. Reserve Bank of India*, 1996 85 Comp Cas 808.

(ii) Under this section the Reserve Bank must be satisfied that it is necessary to issue directions to regulate the credit system of the country to its advantage; *Peerless General Finance and Investment Co. Ltd. v. Reserve Bank of India*, 1996 85 Comp Cas 808.

#### **45M. Duty of non-banking institutions to furnish statements etc., required by Bank —**

It shall be the duty of every non-banking institution to furnish the statements, information or particulars called for, and to comply with any direction given to it, under the provisions of this Chapter.



#### **45MA. Powers and duties of auditors —**

(1) It shall be the duty of an auditor of a non-banking institution to inquire whether or not the non-banking institution has furnished to the Bank such statements, information or particulars relating to or connected with deposits received by it, as are required to be furnished under this Chapter, and the auditor shall, except where he is satisfied on such inquiry that the non-banking institution has furnished such statements, information or particulars, make a report to the Bank giving the aggregate amount of such deposits held by the non-banking institution.

(1A) The Bank may, on being satisfied that it is necessary so to do, in the public interest or in the interest of the depositors or for the purpose of proper assessment of the books of accounts, issue directions to any non-banking financial company or any class of non-banking financial companies or non-b

#### **45MB. Power of Bank to prohibit acceptance of deposit and alienation of assets —**

(1) If any non-banking financial company violates the provisions of any section or fails to comply with any direction or order given by the Bank under any of the provisions of this Chapter, the Bank may prohibit the non-banking financial company from accepting any deposit.

(2) Notwithstanding anything to the contrary contained in any agreement or instruments or any law for the time being in force, the Bank, on being satisfied that it is necessary so to do in the public interest or in the interest of the depositors, may direct, the non-banking financial company against which an order prohibiting from accepting deposit has been issued, not to sell, transfer, create charge or mortgage or deal in any manner with its property and assets without prior written permission of the Bank for such period not exceeding six months from the date of the order.

#### **45MC. Power of Bank to file winding up petition —**

(1) The Bank, on being satisfied that a non-banking financial company—

(a) is unable to pay its debt; or

(b) has by virtue of the provisions of section 45IA become disqualified to carry on the business of a non-banking financial institution; or

(c) has been prohibited by the Bank from receiving deposit by an order and such order has been in force for a period of not less than three months; or

(d) the continuance of the non-banking financial company is detrimental to the public interest or to the interest of depositors of the company, may file an application for winding up of such non-banking financial company under the Companies Act, 1956 (1 of 1956).

(2) A non-banking financial company shall be deemed to be unable to pay its debt if it has refused or has failed to meet within five working days any lawful demand made at any of its offices or branches and the Bank certifies in writing that such company is unable to pay its debt.

(3) A copy of every application made by the Bank under sub-section (1) shall be sent to the Registrar of Companies.

(4) All the provisions of the Companies Act, 1956 (1 of 1956) relating to winding up of a company shall apply to a winding up proceeding initiated on the application made by the Bank under this provision.

#### **45N. Inspection —**

(1) The Bank may, at any time, cause an inspection to be made by one or more of its officers or employees or other persons (hereafter in this section referred to as the inspecting authority)—

(i) of any non-banking institution, including a financial institution, for the purposes of verifying the correctness or completeness of any statement, information or particulars furnished to the Bank or for the purpose of obtaining any information or particulars which the non-banking institution has failed to furnish on being called upon to do so; or

(ii) of any non-banking institution being a financial institution, if the Bank considers it necessary or expedient to inspect that institution.

(2) It shall be the duty of every director or member of any committee or other body for the time being vested with the management of the affairs of the non-banking institution or other officer or employee thereof to produce to the inspecting authority all such books, accounts and other documents in his custody or power and to furnish that authority with any statements and information relating to the business of the institution as that authority may require of him, within such time as may be specified by that authority.

(3) The inspecting authority may examine on oath any director or member of any committee or other body for the time being vested with the management of the affairs of the non-banking institution or other officer or employee thereof, in relation to its business and may administer an oath accordingly.

#### **45NA. Deposits not to be solicited by unauthorised person —**

No person shall solicit on behalf of any non-banking institution either by publishing or causing to be published any prospectus or advertisement or in any other manner deposits of money from the public unless—

(a) he has been authorised in writing by the said non-banking institution to do so and specifies the name of the institution which has so authorised him, and

(b) the prospectus or advertisement complies with any order made by the Bank under section 45J and with any other provision of law for the time being in force, applicable to the publication of such prospectus or advertisement.

**45NB. Disclosure of information —**

(1) Any information relating to a non-banking financial company,—

(i) contained in any statement or return submitted by such company under the provisions of this chapter; or

(ii) obtained through audit or inspection or otherwise by the Bank, shall be treated as confidential and shall not, except otherwise provided in this section, be disclosed.

(2) Nothing in this section shall apply to—

(a) the disclosure by any non-banking financial company, with the previous permission of the Bank, of any information furnished to the Bank under sub-section (1);

(b) the publication by the Bank, if it considers necessary in the public interest so to do, of any information collected by it under sub-section (1) in such consolidated form as it may think fit without disclosing the name of any non-banking financial company or its borrowers;

(c) the disclosure or publication by the non-banking financial company or by the Bank of any such information to any other non-banking financial company or in accordance with the practice and usage customary amongst such companies or as permitted or required under any other law:

Provided that any such information received by a non-banking financial company under this clause shall not be published except in accordance with the practice and usage customary amongst companies or as permitted or required under any other law.

(3) Notwithstanding anything contained in this Act or in any other law for the time being in force, the Bank, if it is satisfied that, in the public interest or in the interest of the depositors or the non-banking financial company or to prevent the affairs of any non-banking financial company being conducted in a manner detrimental to the interest of the depositors, it is expedient so to do, may, either on its own motion or on being requested, furnish or communicate any information relating to the conduct of business by any non-banking financial company to any authority constituted under any law.

(4) Notwithstanding anything contained in any law for the time being in force, no court or tribunal or other authority shall compel the Bank to produce or to give inspection of any statement or other material obtained by the Bank under any provisions of this chapter.

**45NC. Power of Bank to exempt —**

The Bank, on being satisfied that it is necessary so to do, may declare by notification in the Official Gazette that any or all of the provisions of this Chapter shall not apply to a non-banking institution or a class of non-banking institutions or a non-banking financial company or to any class or non-banking financial companies either generally or for such period as may be specified, subject to such conditions, limitations or restrictions as it may think fit to impose.

**45O. Penalties —**

*Rep. by the Reserve Bank of India (Amendment) Act, 1974, (51 of 1974). sec. 22.*

**45P. Cognizance of offences —**

*Rep. by the Reserve Bank of India (Amendment) Act, 1974, sec. 22.*

**45Q. Chapter IIIB to override other laws —**

The provisions of this Chapter shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.

**45QA. Power of Company Law Board to offer repayment of deposit —**

(1) Every deposit accepted by a non-banking financial company, unless renewed, shall be repaid in accordance with the terms and condition of such deposit.

(2) Where a non-banking financial company has failed to repay and deposit or part thereof in accordance with the terms and conditions of such deposit, the Company Law Board constituted under section 10E of the Companies Act, 1956, (1 of 1956) may, if it is satisfied, either on its own motion or on an application of the depositor, that it is necessary so to do to safeguard the interests of the company, the depositors or in the public interest, direct, by order, the non-banking financial company to make repayment of such deposit or part thereof forthwith or within such time and subject to such conditions as may be specified in the order:

Provided that the Company Law Board may, before making any order under this subsection, give a reasonable opportunity of being heard to the non-banking financial company and the other persons interested in the matter.

#### **45QB. Nomination by depositors —**

(1) Where a deposit is held by a non-banking financial institution to the credit of one or more persons, the depositor or, as the case may be, all the depositors together may nominate, in the manner prescribed by rules made by the Central Government under section 45ZA of the Banking Regulation Act, 1949 (10 of 1949), one person to whom in the event of the death of the sole depositor or the death of all the depositors, the amount of deposit may be returned by the non-banking financial institution.

(2) Notwithstanding anything contained in any other law for the time being in force, or in any disposition, whether testamentary or otherwise, in respect of such deposit, where a nomination made purports to confer on any person the right to receive the amount of deposit from the non-banking financial institution, the nominee shall, on the death of the sole depositor or, as the case may be, on the death of all the depositors, become entitled to all the rights of the sole depositor or, as the case may be, of the depositors, in relation to such deposit to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed by rules made by the Central Government under section 45ZA of the Banking Regulation Act, 1949 (10 of 1949).

(3) Where the nominee is a minor, it shall be lawful for the depositor making the nomination to appoint, in the manner prescribed by rules made by the Central Government under section 45ZA of the Banking Regulation Act, 1949 (10 of 1949), any person to receive the amount of deposit in the event of his death during the minority of the nominee.

(4) Payment by a non-banking institution in accordance with the provisions of this section shall constitute a full discharge to the non-banking institution of its liability in respect of the deposit: Provided that nothing contained in this sub-section shall effect the right or claim which any person may have against the person to whom any payment is made under this section.

(5) No notice of the claim of any person, other than the person or persons in whose name a deposit is held by a non-banking institution, shall be receivable by the non-banking institution, nor shall the non-banking institution be bound by any such notice even though expressly given to it:

Provided that where any decree order, certificate or other authority from a court of competent jurisdiction relating to such deposit is procured before a non-banking institution, the non-banking institution shall take due note of such decree, order, certificate or other authority.

### **Chapter IIIC - Prohibition of acceptance of deposits by unincorporated bodies**

#### **45R. Interpretation —**

The words and expressions used in this Chapter and defined in Chapter IIIB shall have the meanings respectively assigned to them therein.

#### **45S. Deposits not to be accepted in certain cases —**

(1) No person, being an individual or a firm or an unincorporated association of individuals shall, accept any deposit—

(i) if his or its business wholly or partly includes any of the activities specified in clause (c) of section 45-I; or

(ii) if his or its principal business is that of receiving of deposits under any scheme or arrangement or in any other manner or lending in any manner:

Provided that nothing contained in this sub-section shall apply to the receipt of money by an individual by way of loan from any of his relatives or to the receipt of money by a firm by way of loan from the relative or relatives of any of the partners.

(2) Where any person referred to in sub-section (1) holds any deposit on the 1st day of April, 1997 which is not in accordance with sub-section (1), such deposit shall be repaid by that person immediately after such deposit becomes due for repayment or within three years from the date of such commencement, whichever is earlier:

Provided that if the Bank is satisfied on an application made by any person to the Bank that such person is unable to repay a part of the deposits for reasons beyond his control or such repayment shall cause extreme hardship to him, it may, by an order in writing, extend such period by a period not exceeding one year subject to such conditions as may be specified in the order.

(3) on and from the date of 1st day of April, 1997, no person referred to in sub-section (1) shall issue or cause to be issued any advertisement in any form for soliciting deposit.

**Explanation** — For the purposes of this section, a person shall be deemed to be a relative of another if, and only if, —

(i) they are members of a Hindu undivided family; or

(ii) they are husband and wife; or

(iii) the one is related to the other in the manner indicated in the List of Relatives below:—

#### **List of Relatives**

1. Father, 2. Mother (including step-mother), 3. Son (including step-son), 4. Son's wife, 5. Daughter (including step-daughter), 6. Father's father, 7. Father's mother, 8. Mother's mother, 9. Mother's father, 10. Son's son, 11. Son's son's wife, 12. Son's Daughter 13. Son's Daughter's husband, 14. Daughter's husband, 15 Daughter's son, 16 Daughter's son's wife, 17. Daughter's daughter, 18, Daughter's daughter's husband. 19. Brother (including step-brother), 20. Brother's wife, 21. Sister (including step-sister), 22. Sister's husband.

#### **45T. Power to issue search warrants —**

(1) Any court having jurisdiction to issue a search warrant under the Code of Criminal Procedure, 1973 (2 of 1974), may, on an application by an officer of the bank or of the State Government authorised in this behalf stating his belief that certain documents relating to acceptance of deposits in contravention of the provisions of section 45S are secreted in any place within the local limits of the jurisdiction of such court, issue a warrant to search for such documents.

(2) A warrant issued under sub-section (1) shall be executed in the same manner and shall have the same effect as a search warrant issued under the Code of Criminal Procedure, 1973 (2 of 1974)..

### **Chapter IV - General provisions**

#### **46. Contribution by Central Government to the Reserve Fund —**

The Central Government shall transfer to the Bank rupee securities to the value of five crores of rupees to be allocated by the Bank to the Reserve Fund.

#### **46A Contribution to National Rural Credit (Long Term Operations) Fund and National Rural Credit (Stabilisation) Fund —**

The Bank shall contribute every year such sums of money as it may consider necessary and feasible to do so, to the National Rural Credit (Long Term Operations) Fund and the National Rural Credit (Stabilisation) Fund established and maintained by the National Bank under sections 42 and 43, respectively, of the National Bank for Agriculture and Rural Development Act, 1981.

#### **46C. National Industrial Credit (Long Term Operations) Fund —**

(1) The Bank shall establish and maintain a Fund to be known as the National Industrial Credit (Long Term Operations) Fund to which shall be credited—

- (a) an initial sum of ten crores of rupees by the Bank;
- (b) such further sums of money as the Bank may contribute every year:

Provided that the annual contribution during each of the five years commencing with the year ending on the 30th day of June, 1965 shall not be less than five crores of rupees:

Provided further that the Central Government may, if the circumstances so require, authorise the Bank to reduce the said sum of five crores of rupees in any year.

(2) The amount in the said fund shall be applied by the Bank only to the following objects, namely:—

(a) the making to the Development Bank of loans and advances for the purpose of the purchase of, or subscription to, stocks, shares, bonds or debentures issued by the Industrial Finance Corporation of India a State Financial Corporation or any other financial institution which may be notified by the Central Government in this behalf, or for the purposes of any other business of the Development Bank;

(b) the purchasing of bonds and debentures issued by the Development Bank.

(c) the making to the Exim Bank or the Reconstruction Bank or the Small Industries Bank, as the case may be of loans and advances for the purposes of any business of the Exim Bank or the Reconstruction Bank or the Small Industries Bank, as the case may be;

(d) the purchasing of bonds and debentures issued by the Exim Bank or the Reconstruction Bank, or the Small Industries Bank, as the case may be.

#### **46D. National Housing Credit (Long Term Operations) Fund —**

(1) The Bank shall establish and maintain a Fund to be known as the National Housing Credit (Long Term Operations) Fund to which shall be credited every year such sums of money as it may consider necessary.

(2) The amount in the said Fund shall be applied by the Bank only to the following objects namely: —

(a) the making to the National Housing Bank of loans and advances for the purpose of any business of the National Housing Bank;

(b) the purchasing of bonds and debentures issued by the National Housing Bank.

#### **47. Allocation of surplus profits —**

After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation fund and for all other matters for which provision is to be made by or under this Act or which are usually provided for by bankers, the balance, of the profits shall be paid to the Central Government.

#### **48. Exemption of Banks from income-tax and super-tax —**

(1) Notwithstanding anything contained in the Income-tax Act, 1961 (43 of 1961) or any other enactment for the time being in force relating to income-tax or super-tax, the bank shall not be liable to pay income-tax or super-tax on any of its income, profits or gains.



#### **49. Publication of Bank rate —**

The Bank shall make public from time to time the standard rate at which it is prepared to buy or re-discount bills of exchange or other commercial paper eligible for purchase under this Act.

#### **50. auditors —**

(1) Not less than two auditors shall be appointed, and their remuneration fixed, by the Central Government.

(2) The auditors shall hold office for such term not exceeding one year as the Central Government may fix while appointing them, and shall be eligible for re-appointment.

#### **51. Appointment of special auditors by Government —**

Without prejudice to anything contained in section 50, the Central Government may at any time appoint the Comptroller and Auditor-General to examine and report upon the accounts of the Bank.

#### **52. Powers and duties of auditors —**

(1) Every auditor shall be supplied with a copy of the annual balance-sheet, and it shall be his duty to examine the same, together with the accounts and vouchers relating thereto; and every auditor shall have a list delivered to him of all books kept by the Bank, and shall at all reasonable time have access to the books, accounts and other documents of the Bank, and may at the expense of the Bank, employ accountants or other person to assist him in investigating such accounts, and may, in relation to such accounts, examine any Director or officer of the Bank.

(2) The auditors shall make a report to the Central Government upon the annual balance-sheet and accounts, and in every such report they shall state whether, in their opinion, the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, and, in case they have called for any explanation or information from the Central Board, whether it has been given and whether it is satisfactory.

#### **53. Returns —**

(1) The Bank shall prepare and transmit to the Central Government a weekly account of the Issue Department and of the Banking Department in such form as the Central Government may, by notification in the Gazette of India, prescribe. The Central Government shall cause these accounts to be published in the Gazette of India at such intervals and in such modified form as it may deem fit.

(2) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Central Government a copy of the annual accounts signed by the Governor, the Deputy Governors and the Chief Accounting Officer of the Bank, and certified by the auditors, together with a report by the Central Board on the working of the Bank throughout the year, and the Central Government shall cause such accounts and report to be published in the Gazette of India.

#### **54. Rural Credit and Development —**

The Bank may maintain expert staff to study various aspects of rural credit and development and in particular it may:—

- (a) tender expert guidance and assistance to the National Bank;
- (b) conduct special studies in such areas as it may consider necessary to do so for promoting integrated rural development.

#### **54A. Delegation of powers —**

(1) The Governor may, by general or special order, delegate to a Deputy Governor, subjects to such conditions and limitations, if any, as may be specified in the order, such of the powers and functions exercisable by him under this Act or under any other law for the time being in force as he may deem necessary for the efficient administration of the functions of the Bank.

(2) The fact that a Deputy Governor exercises any power or does any act or thing in pursuance of this Act shall be conclusive proof of his authority to do so.

#### **55 and 56. Reports by the Bank, Power to require declaration as to ownership of registered shares.—**

*Rep. by Act 62 of 1948, sec. 7 and Sch.(w.e.f. 1-1-1949).*

#### **57. Liquidation of the Bank —**

(1) Nothing in the Companies Act, 1956 (1 of 1956) shall apply to the Bank and the Bank shall not be placed in liquidation save by order of the Central Government and in such manner as it may direct.

## **58. Power of the Central Board to make regulations —**

(1) The Central Board may, with the previous sanction of the Central Government, by notification in the Official Gazette, make regulations consistent with this Act to provide for all matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Act.

(2) In particular without prejudice to the generality of the foregoing provision, such regulations may provide for all or any of the following matters, namely: —

(f) the manner in which the business of the Central Board shall be transacted, and the procedure to be followed at meetings thereof;

(g) the conduct of business of Local Boards and the delegation to such Boards of powers and functions;

(h) the delegation of powers and functions of the Central Board to Deputy Governors, Directors or officers of the Bank;

(i) the formation of Committees of the Central Board, the delegation of powers and functions of the Central Board to such Committees, and the conduct of business in such Committees;

(j) the constitution and management of staff and superannuation funds for the officers and servants of the Bank;

(k) the manner and form in which contracts binding on the Bank may be executed;

(l) the provision of an official seal of the Bank and the manner and effect of its use;

(m) the manner and form in which the balance-sheet of the Bank shall be drawn up and in which the accounts shall be maintained;

(n) the remuneration of Directors of the Bank;

(o) the relations of the scheduled banks with the Bank and the returns to be submitted by the scheduled banks to the Bank;

(p) the regulation of clearing-houses for the banks (including post office savings banks)

(q) the circumstances in which, and the conditions and limitations subject to which, the value of any lost, stolen, mutilated or imperfect currency note of the Government of India or bank note may be refunded; and

(r) generally, for the efficient conduct of the business of the Bank.

(3) Any regulation made under this section shall have effect from such earlier or later date as may be specified in the regulation.

(4) Every regulation shall, as soon as may be after it is made by the Central Board, be forwarded to the Central Government and that Government shall cause a copy of the same to be laid before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation, or both Houses agree that the regulation should not be made, the regulation shall, thereafter, have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation.

(5) Copies of all regulations made under this section shall be available to the public on payment.

#### **58A. Protection of action taken in good faith —**

(1) No suit, prosecution or other legal proceeding shall lie against the Central Government or the Bank or any other person in respect of anything which is in good faith done or intended to be done under this Act or in pursuance of any order, regulation or direction made or given thereunder.

(2) No suit or other legal proceeding shall lie against the Central Government or the Bank for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act or in pursuance of any order, regulation or direction made or given thereunder.

### **Chapter V - Penalties**

#### **58B. Penalties —**

(1) Whoever in any application, declaration, return, statement, information or particulars made, required or furnished by or under or for the purposes of any provisions of this Act, or any order, regulation or direction made or given thereunder or in any prospectus or advertisement issued for or in connection with the invitation by any person, of deposits of money from the public wilfully makes a statement which is false in any material particular knowing it to be false or wilfully omits to make a material statement shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine.

(2) If any person fails to produce any book, account or other document or to furnish any statement, information or particulars which, under this Act or any order, regulation or direction made or given thereunder, it is his duty to produce or furnish or to answer any question put to him in pursuance of the provisions of this Act or of any order, regulation or direction made or given thereunder, he shall be punishable with fine which may extend to two thousand rupees in respect of each offence and if he persists in such failure or refusal, with further fine which may extend to one hundred rupees for every day, after the first during which the offence continues.

(3) If any person contravenes the provisions of section 31, he shall be punishable with fine which may extend to the amount of the bill of exchange, hundi, promissory note or engagement for payment of money in respect whereof the offence is committed.

(4) If any person discloses any credit information, the disclosure of which is prohibited under section 45E, he shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

(4A) If any person contravenes the provisions of sub-section (1) of section 45IA, he shall be punishable with imprisonment for a term which shall not be less than one year but which may extend to five years and with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

(4AA) If any auditor fails to comply with any direction given or order made by the Bank under section 45MA, he shall be punishable with fine which may extend to five thousand rupees.

(4AAA) Whoever fails to comply with any order made by the Company Law Board under sub-section (2) of section 45QA, shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to a fine of not less than rupees fifty for every day during which such non-compliance continues.

(5) If any person other than an auditor—

(a) receives any deposit in contravention of any direction given or order made under Chapter IIIB; or

(aa) fails to comply with any direction given or order made by the Bank under any of the provisions of Chapter IIIB, or

(b) issues any prospectus or advertisement otherwise than in accordance with section 45NA or any order made under section 45J, as the case may be, he shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine which may extend,—

(i) in the case of a contravention falling under clause (a), to twice the amount of the deposit received; and

(ii) in the case of a contravention falling under clause (b), to twice the amount of the deposit called for by the prospectus or advertisement.

(5A) If any person contravenes any provision of section 45S, he shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to twice the amount of deposit received by such person in contravention of that section, or two thousand rupees, whichever is more, or with both:

Provided that in the absence of special and adequate reasons to the contrary to be mentioned in the judgment of the court, the imprisonment shall not be less than one year and the fine shall not be less than one thousand rupees.

(5B) Notwithstanding anything contained in section 29 of the Code of Criminal Procedure, 1973(2 of 1974), it shall be lawful for Metropolitan Magistrate or a Judicial Magistrate of the first class to impose a sentence of the fine in excess of the limit specified in that section on any person convicted under sub-section (5A).

(6) If any other provision of this Act is contravened or if any default is made in complying with any other requirement of this Act or of any order, regulation or direction made or given or condition imposed thereunder, any person guilty of such contravention or default shall be punishable with fine which may extend to two thousand rupees and where a contravention or default is a continuing one, with further fine which may extend to one hundred rupees for every day, after the first, during which the contravention or default continues.

### **58C. Offences by companies —**

(1) Where a person committing a contravention or default referred to in section 58B is a company, every person who, at the time the contravention or default was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention or default and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to punishment if he proves that the contravention or default was committed without his knowledge or that he had exercised all due diligence to prevent the contravention or default.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the same was committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary, or other officer or employee of the company, such director, manager, secretary, other officer or employee shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

**Explanation 1** — Any offence punishable under this Act shall be deemed to have been committed at the place where the registered office or the principal place of business, as the case may be, in India, of the company is situated.

**Explanation 2** — For the purpose of this section,—

(a) "**a company**" means any body corporate and includes a corporation, a non-banking institution, a firm, a co-operative society or other association of individuals;

(b) "**director**", in relation to a firm, means a partner in the firm.

**58D. Application of section 58B barred —**

Nothing contained in section 58B shall apply to, or in respect of, any matter dealt with in section 42.

**58E. Cognizance of offences —**

(1) No court shall take cognizance of any offence punishable under this Act except upon a complaint in writing made by an officer of the Bank, generally or specially authorised in writing in this behalf by the Bank, and no court other than that of a Metropolitan Magistrate or a Judicial Magistrate of the first class or a court superior thereto shall try any such offence:

Provided that in respect of any offence punishable under sub-section (5A) of section 58B, a complaint in writing may also be made by an officer of the State Government, generally or specially authorised in writing in this behalf by that Government.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974) a Magistrate may, if he see reason so to do, dispense with the personal attendance of the officer of the Bank filing the complaint, but the Magistrate may in his discretion, at any stage of the proceedings, direct the personal attendance of the complainant.

**58F. Application of fine —**

A Court imposing any fine under this Act may direct that the whole or any part thereof shall be applied in, or towards payment of, the costs of the proceedings.

**58G. Power of Bank to impose fine —**

(1) Notwithstanding anything contained in section 58B, if the contravention or default of the nature referred to in section 58B is committed by a non-banking financial company, the Bank may impose on such non-banking financial company—

(a) a penalty not exceeding five thousand rupees; or

(b) where the contravention or default is under sub-section (4A) or clause (a) or clause (aa) of sub-section (5) of section 58B, a penalty of five lakh rupees or twice the amount involved in such contravention or default, where the amount is quantifiable, whichever is more; and where such contravention or default is a continuing one, further penalty which may extend to twenty-five thousand rupees for every day, after the first, during which the contravention or default continues.

(2) For the purpose of imposing penalty under sub-section (1), the Bank shall serve a notice on the non-banking financial company requiring it to show cause why the amount specified in the notice should not be imposed as a penalty and a reasonable opportunity of being heard shall also be given to such non-banking financial company.

(3) Any penalty imposed by the Bank under this section shall be payable within a period of thirty days from the date on which notice issued by the Bank demanding payment of the sum is served on the non-banking financial company and, in the event of failure of the non-banking financial company to pay the sum within such period, may be levied on a direction made by the principal civil court having jurisdiction in the area where the registered office or the head office of the non-banking financial company is situated:

Provided that no such direction shall be made, except on an application made by an officer of the Bank authorised in this behalf, to by the principal civil court.

(4) The court which makes a direction under sub-section (4), shall issue a certificate specifying the sum payable by the non-banking financial company and every such certificate shall be enforceable in the same manner as if it were a decree made by the court in a civil suit.

(5) No complaint shall be filed against any non-banking financial company in any court of law pertaining to any contravention or default in respect of which any penalty has been imposed by the Bank under this section.

(6) Where any complaint has been filed against a non-banking financial company in a court in respect of contravention or default of the nature referred to in section 58B, no proceedings for imposition of penalty against that non-banking financial company shall be taken under this section.



## **THE FIRST SCHEDULE**

(See section 9)

1. The Western Area shall consist of the States of Goa, Gujarat, Madhya Pradesh and Maharashtra and the Union Territories of Dadra and Nagar Haveli, and Daman and Diu.
2. The Eastern Area shall consist of the States of Arunachal Pradesh, Assam, Bihar, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Sikkim, Tripura and West Bengal and the Union territories of Andaman and Nicobar Islands.
3. The Northern Area shall consist of the States of Jammu and Kashmir, Punjab, Haryana, Himachal Pradesh, Rajasthan and Uttar Pradesh and the Union territories of Chandigarh and Delhi.
4. The Southern area shall consist of the States of Andhra Pradesh, Karnataka, Tamil Nadu and Kerala and the Union territories of Pondicherry and Lakshadweep.

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## **THE SECOND SCHEDULE**

See section 42 and section 2(e)

### **Scheduled banks**

Andhra Pradesh State Co-operative Bank Ltd., Hyderabad.  
Adhiyaman Grama Bank, Dharamapuri (Tamil Nadu).  
Akola Gramin Bank, Akola (Maharashtra).  
Alaknanda Gramin Bank, Pauri (Uttar Pradesh).  
Algemene Bank Nederland N.V.  
Aligarh Gramin Bank, Aligarh (Uttar Pradesh).  
Allahabad Bank.  
Allahabad Kshetriya Gramin Bank, Allahabad (U.P.).  
Alwar Bharatpur Anchalik Gramin Bank, Bharatpur (Rajasthan).  
Ambala-Kurukshetra Gramin Bank, Ambala (Haryana).  
American Express International Banking Corporation.  
9ANz Grindlays Bank Limited.  
Andhra Bank.  
10Arab Bangladesh Bank Limited.  
Aravali Kshetriya Gramin Bank, Sawai Madhopur (Rajasthan).  
Arunachal Pradesh Rural Bank, Pasighat (Arunachal Pradesh).  
Aurangabad Jalna Kshetriya Gramin Bank, Aurangabad (Maharashtra).  
Baitarani Gramya Bank, Baripada (Orissa).  
Balasore Gramya Bank, Balasore (Orissa).  
Ballia Kshetriya Gramin Bank, Ballia (U.P.).  
Banaskantha Mehsana Gramin Bank, Panat (Gujarat).  
Bank International, Indonesia.  
Bank of America National Trust & Savings Association.

Bank of Baroda.  
Bank of Cochin Ltd., Ernakulam.  
Bank of Credit and Commerce International (Overseas) Ltd.  
Bank of Cylon.  
Bank of India.  
Bank of Karad Ltd., Karad.  
Bank of Madurai Ltd., Madurai.  
Bank of Maharashtra.  
Bank of Nova Scotia.  
Bank of Oman Ltd.  
Bank of Rajasthan Ltd., Udaipur.  
Bank of Tamilnad Ltd.  
Bank of Thanjavur Ltd.  
Bank of Tokyo Ltd.  
Banque Indosuez.  
Banque Nationale de Paris.  
Bara Banki Gramin Bank, Bara Banki (U.P.).  
Bardhaman Gramin Bank. Burdwan (West Bengal).  
Bareilly Corporation Bank Ltd. Bareilly.  
Bareilly Kshetriya Gramin Bank, Bareilly (U.P.).  
Bastar Kshetriya Gramin Bank, Jagdalpur (M.P.).  
Basti Gramin Bank, Basti (Uttar Pradesh).  
Begusarai Kshetriya Gramin Bank, Begusarai (Bihar).  
Benaras State Bank Ltd.  
Bhagalpur-Banka Kshetriya Gramin Bank, Bhagalpur (Bihar).  
Bhagirath Gramin Bank, Sitapur (Uttar Pradesh).  
Bhandara Gramin Bank, Bhandara (Maharashtra).  
Bharat Overseas Bank. Ltd. Madras.  
Bhilwara Ajmer Kshetriya Gramin Bank (Rajasthan).  
Bhojpur Rohtas Gramin Bank, Arrah (Bihar).  
Bihar State Co-operative Bank Ltd., Patna.  
Bijapur Grameena Bank, Bijapur (Karnataka).  
Bikaner Kshetriya Gramin Bank, Bikaner (Rajasthan).  
Bilaspur Raipur Kshetriya Gramin Bank, Bilaspur (Madhya Pradesh).  
Bolangir Anchalik Gramya Bank, Bolangir (Orissa).  
British Bank of the Middle East.  
Buldhana Gramin Bank, Buldhana (Maharashtra).  
Bundelkhand Kshetriya Gramin Bank, Tikamgarh (Madhya Pradesh).  
Bundi-Chittorgarh Kshetriya Gramin Bank (Rajasthan).  
Cachar Gramin Bank, Silchar (Assam).  
Canara Bank.  
Catholic Syrian Bank. Ltd. Trichur.  
Cauvery Grameena Bank, Mysore (Karnataka).  
Central Bank of India.  
Chaitanya Grameena Bank, Tenali, Guntur Distt. (Andhra Pradesh).  
Chambal Kshetriya Gramin Bank, Morena (Madhya Pradesh).

Champan Kshetriya Gramin Bank, Motihari (Bihar).  
Chandrapur Gadchiroli Gramin Bank Bank, Chandrapur (Maharashtra).  
2Chase Manhattan Bank.  
Chhatrasal Gramin Bank, Orai (Uttar Pradesh).  
Chhindwara Seoni Kshetriya Gramin Bank, Chhindwara (Madhya Pradesh).  
Chikmagalur-Kodagu Grameena Bank, Chikmagalur (Karnataka).  
Chitradurga Gramin Bank, Chitradurga (Karnataka).  
1Chinatrust Commercial Bank.  
2Cho Hung Bank.  
Citi Bank N.A.  
Corporation Bank.  
Cuttack Gramya Bank, Cuttack (Orissa).  
Damoh-Panna-Sagar Kshetriya Gramin Bank, Damoh (Madhya Pradesh).  
Dena Bank.  
Devipatan Kshetriya Gramin Bank, Gonda (U.P.).  
Dewas Shajapur Kshetriya Gramin Bank, Dewas (M.P.).  
Dhanalakshmi Bank Ltd., Trichur.  
Dhenkanal Gramya Bank, Dhenkanal (Orissa).  
4Dresdner Bank AG.  
Dungarpur-Banswara Kshetriya Gramin Bank (Rajasthan).  
Durg-Rajanandgaon Gramin Bank, Rajanandgaon (M.P.)  
Ellaquai Dehati Bank, Srinagar (Jammu & Kashmir).  
Emirates Commercial Bank.  
Etah Gramin Bank, Etah (Uttar Pradesh).  
Etawah Kshetriya Gramin Bank, Etawah (U.P.).  
European Asian Bank.  
Faizabad Kshetriya Gramin Bank, Faizabad (U.P.).  
Faridkot Bhatinda Kshetriya Gramin Bank, Bhatinda (Punjab).  
Farukhabad Gramin Bank, Farrukhabad (U.P.).  
Fatehpur Kshetriya Gramin Bank, Fatehpur (U.P.).  
Federal Bank Ltd., Alwaye.  
5Fuji Bank Limited.  
Ganga Yamuna Gramin Bank, Dehradun (Uttar Pradesh).  
Gaur Gramin Bank, Malda (West Bengal).  
Giridih Kshetriya Gramin Bank, Giridih (Bihar).  
Godavari Grameena Bank, Rajahmundry (Andhra Pradesh).  
Golconda Gramin Bank, Hyderabad (A.P.).  
Gomati Gramin Bank, Jaunpur (Uttar Pradesh).  
Gopalganj Kshetriya Gramin Bank, Gopalganj (Bihar).  
Gorakhpur Kshetriya Gramin Bank, Gorakhpur (U.P.).  
Grindlays Bank P.I.C.  
Gujarat State Co-operative Bank Ltd., Ahmedabad.  
Gurdaspur Amritsar Gramin Vikas Bank, Gurdaspur (Punjab).  
Gurgaon Gramin Bank, Gurgaon (Haryana).  
Gwalior Datia Kshetriya Gramin Bank, Datia (Madhya Pradesh).  
Habib Bank Ltd.

Hadoti Kshetriya Gramin Bank, Kotak (Rajasthan).  
6Hamil Bank.  
Hardoi-Unnao Gramin Bank, Hardoi (Uttar Pradesh).  
Haryana Kshetriya Gramin Bank, Bhiwani (Haryana).  
Haryana State Co-operative Bank Ltd., Ambala City, with headquarters at Chandigarh.  
Hazaribagh Kshetriya Gramin Bank, Hazaribagh (Bihar).  
Himachal Gramin Bank, Mandi (Himachal Pradesh).  
Hindustan Commercial Bank Ltd., Cawnpore.  
Hissar-Sirsa Kshetriya Gramin Bank, Hissar (Haryana).  
Hongkong and Shanghai Banking Corporation.  
Howarah Gramin Bank, Howrah (West Bengal).  
Indian Bank.  
Indian Overseas Bank.  
Indore-Ujjain Kshetriya Gramin Bank, Ujjain (Madhya Pradesh).  
IING Bank N.V.  
Jaipur Nagaur Anchalik Gramin Bank, Jaipur (Rajasthan).  
Jammu and Kashmir Bank Ltd., Srinagar.  
Jammu Rural Bank, Jammu (Jammu & Kashmir).  
Jamuna Gramin Bank, Agra (Uttar Pradesh).  
Jhabua-Dhar Kshetriya Gramin Bank, Jhabua (M.P.).  
Junagadh Amreli Gramin Bank, Junagadh (Gujarat).  
Kakathiya Grameena Bank, Warrangal (A.P.).  
Kalahandi Anchalika Gramya Bank, Bhawanipatana (Orissa).  
Kalpatharu Grameena Bank, Tumkur (Karnataka).  
Kamraj Rural Bank, Sopore (Jammu & Kashmir).  
Kanakadurga Grameena Bank, Gudivada (Andhra Pradesh).  
Kanpur Kshetriya Gramin Bank, Kanpur (U.P.).  
Kapurthala Firozpur Kshetriya Gramin Bank, Kapurthala (Punjab).  
Karnataka Bank Ltd., Mangalore.  
Karnataka State Co-operative Bank Ltd., Bangalore.  
Karur Vysya Bank Ltd.  
Kashi Gramin Bank, Varanasi (Uttar Pradesh).  
Kerala State Co-operative Bank Ltd., Trivandrum.  
Khasi Jaintia Rural Bank, Shillong (Meghalaya).  
Kisan Gramin Bank, Budaun (Uttar Pradesh).  
Kolar Gramin Bank, Kolar (Karnataka).  
Koraput Panchabati Gramya Bank, Jeypore (Orissa).  
Kosi Kshetriya Gramin Bank, Purnea (Bihar).  
Krishna Grameena Bank, Gulbarga (Karnataka).  
2Krungr Thai Bank Public Company Limited.  
Kshetriya Gramin Bank, Hoshangabad (M.P.).  
Kshetriya Kisan Gramin Bank, Mainpuri (U.P.).  
Kumbakonam City Union Bank Ltd.  
Kutch Gramin Bank, Bhuj (Gujarat).  
Lakshmi Commercial Bank. Ltd.  
Lakshmi Gaonlia Bank, Golaghat (Assam).

Lakshmi Vilas Bank Ltd., Karur.  
Langpi Dehangi Rural Bank, Diphu (Assam).  
Lord Krishna Bank Ltd., Kodungallur.  
Madhubani Kshetriya Gramin Bank, Madhubani (Bihar).  
Madhya Pradesh Rajya Sahakari Bank Maryadit, Jabalpur.  
Magadh Gramin Bank, Gaya (Bihar).  
Mahakaushal Kshetriya Gramin Bank, Narsinghpur (Madhya Pradesh).  
1Mahanagar Co-operative Bank Ltd. Mumbai.  
Maharashtra State Co-operative Bank Ltd., Bombay.  
Malaprabha Grameena Bank, Dharwar (Karnataka).  
Mallabhum Gramin Bank, Bankura (West Bengal).  
Malwa Gramin Bank, Sangrur (Punjab).  
Mandla Balaghat Kshetriya Gramin Bank, Mandla (Madhya Pradesh).  
Manipur Rural Bank, Imphal (Manipur).  
Manjira Grameena Bank, Sangareddy, Medak (A.P.).  
1Mapusa Urban Co-operative Bank of Goa Ltd. Goa.  
Marathwada Gramin Bank, Nanded (Maharashtra).  
Marudhar Kshetriya Gramin Bank, Ghuru (Rajasthan).  
Marwar Gramin Bank, Pali (Rajasthan).  
Mayurakshi Gramin Bank, Suri (West Bengal).  
Mewar Anchalik Gramin Bank, Udaipur (Rajasthan).  
Miraj State Bank Ltd.  
Mithila Kshetriya Gramin Bank, Darbhanga (Bihar).  
Mitsui Bank Ltd.  
Mizoram Rural Bank (Mizoram).  
Monghyr Kshetriya Gramin Bank, Monghyr (Bihar).  
Murshidabad Gramin Bank, Berhampore (West Bengal).  
Muzaffarnagar Kshetriya Gramin Bank, Muzaffarnagar (Uttar Pradesh).  
Nadia Gramin Bank, Krishnagar (West Bengal).  
Nagarjuna Grameena Bank, Khammam (A.P.).  
Nainital Almora Kshetriya Gramin Bank, Nainital (U.P.).  
Nainital Bank Ltd.  
Nalanda Gramin Bank, Biharshariff (Bihar).  
National Bank of Pakistan.  
Nedungadi Bank Ltd., Calicut.  
Netravati Grameena Bank, Mangalore (Karnataka).  
Ngaland Rural Bank, Kohima (Nagaland).  
Nimar Kshetriya Gramin Bank, Khargone (M.P.).  
North Malabar Gramin Bank, Cannanore (Kerala).  
Oriental Bank of Commerce.  
Orissa State Co-operative Bank Ltd., Cuttack.  
2Overseas—Chinese Banking Corporation Limited.  
3Pondicherry State Cooperative Bank Ltd.  
Palaman Kshetriya Gramin Bank, Daltonganj (Bihar).  
Panchamahar Gramin Bank, Godhra (Gujarat).  
Pandyan Grama Bank, Sattur (Tamil Nadu).

Parur Central Bank Ltd.  
Parvatiya Gramin Bank, Chamba (H.P.).  
Patliputra Gramin Bank, Patna (Bihar).  
Pinakini Grameena Bank, Nellore (A.P.).  
Pithoragarh Kshetriya Gramin Bank, Pithoragrah (Uttar Pradesh).  
Pragjyotish Gaonlia Bank, Nalbari (Assam).  
Pratapgarh Kshetriya Gramin Bank, Pratapgarh (Uttar Pradesh).  
Prathama Bank, Moradabad (Uttar Pradesh).  
Punjab and Sind Bank.  
Punjab Co-operative Bank Ltd., Amritsar.  
Punjab National Bank.  
Punjab State Co-operative Bank Ltd., Chandigarh.  
Purbanchal Bank Ltd., Gauhati.  
Puri Gramya Bank, Pipli (Orissa).  
Raigarh Kshetriya Gramin Bank, Raigarh (M.P.).  
Rajasthan State Co-operative Bank Ltd., Jaipur.  
Rajgarh Kshetriya Gramin Bank, Rajgarh (M.P.).  
Ranchi Kshetriya Gramin Bank, Ranchi (Bihar).  
Rani Laxmi Bai Kshetriya Gramin Bank, Jhansi (U.P.).  
Ratlam Mandsaur Kshetriya Gramin Bank, Mandsaur (Madhya Pradesh).  
Ratnagiri Sindhudurg Gramin Bank, Ratnagiri (Maharashtra).  
Ratnakar Bank Ltd., Kolhapur.  
Rayalaseema Grameena Bank, Cuddapah (A.P.).  
Rae Bareli Kshetriya Gramin Bank, Rae Bareli (Uttar Pradesh).  
Rewa Sidhi Gramin Bank, Rewa (Madhya Pradesh).  
Rushikulya Gramya Bank, Berhampur (Orissa).  
Sabarkantha-Gandhinagar Gramin Bank, Himatnagar (Gujarat).  
Sagar Gramin Bank, Amtala (West Bengal).  
Sahyadri Gramin Bank, Shimoga (Karnataka).  
Samastipur Kshetriya Gramin Bank, Samastipur (Bihar).  
Samyut Kshetriya Gramin Bank, Belaisa (U.P.).  
Sangameswaran Grameena Bank, Mehboob Nagar (A.P.).  
Sangli Bank Ltd.  
Santhal Parganas Gramin Bank, Dumka (Bihar).  
Saran Kshetriya Gramin Bank, Chapra (Bihar).  
Sarayu Gramin Bank, Kheri (Lakshimpur Kheri) (U.P.).  
Sarda Gramin Bank, Satna (Madhya Pradesh).  
Shahadol Kshetriya Gramin Bank, Shahadol (M.P.).  
Shahjahanpur Kshetriya Gramin Bank, Shahjahanpur (Uttar Pradesh).  
Shekhawati Gramin Bank, Sikar (Rajasthan).  
Shivalik Kshetriya Gramin Bank, Hoshiarpur (Punjab).  
Shivpuri Guna Kshetriya Gramin Bank, Shivpuri (Madhya Pradesh).  
Shri Sathavahana Grameena Bank, Karimnagar (A.P.).  
Shri Venkateswara Grameena Bank, Chittoor (A.P.).  
Singhbum Kshetriya Gramin Bank, Chaibasa (Bihar).  
Siwan Kshetriya Gramin Bank, Siwan (Bihar).

**THE THIRD SCHEDULE**

*Rep. by Act 23 of 1955, sec. 52 and Sch. III (w.e.f 1-7-1955).*

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**THE FOURTH SCHEDULE**

*Rep. by Act 62 of 1948, sec. 7 and Sch. (w.e.f 1-1-1949).*

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**THE FIFTH SCHEDULE**

*Rep. by the India and Burma (Burma Monetary Arrangements Order, 1937).*

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