

RESERVE BANK OF INDIA ACT, 1934

(As amended by the Finance Act, 2018)

Disclaimer: If any doubt occurs or discrepancy found, the reader is advised to refer to the Gazette copy of the relevant text.

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7. The Reserve Bank of India (Amendment) Ordinance, 1941 (Ord. 3 of 1941).
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63. The Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Act, 1978 (21 of 1978).
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LIST OF ABBREVIATIONS USED

A. O. 1948	Indian Independence (Adaptation of Central Acts and Ordinances) Order, 1948.
A. O. 1950	Adaptation of Laws Order, 1950.
Cl.	Clause.
G. G. in C.	Governor-General in Council.
G. of I	Government of India.
Govt.	Government.
Ins.	Inserted.
L. G.	Local Government.
M. O. 1937.	India and Burma (Burma Monetary Arrangements) Order, 1937, Part III, Para I and Sch. III.
Ord.	Ordinance.
P.	Page.
Pt.	Part.
Reg.	Regulation.
Rep.	Repealed.

S.	Section.
Sch.	Schedule.
Subs.	Substituted.
w. e. f.	With effect from.
w .r .e f	With retrospective effect from

RESERVE BANK OF INDIA ACT, 1934¹

[As amended by the Finance Act, 2018]

[6th March 1934]

PREAMBLE

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 ²[India] and generally to operate the currency and credit system of the country to its advantage;

³[AND WHEREAS it is essential to have a modern monetary policy framework to meet the challenge of an increasingly complex economy;

AND WHEREAS the primary objective of the monetary policy is to maintain price stability while keeping in mind the objective of growth;

AND WHEREAS the monetary policy framework in India shall be operated by the Reserve Bank of India;]

It is hereby enacted as follows: -

¹ 1. For Statement of Objects and Reasons, see Gazette of India, 1933, Pt. V, p. 160; and for Report of Select Committee, see *ibid.*, pp. 197-207.

For the functioning of the Reserve Bank in or in relation to Burma, after the separation of that country from India. *see* the M. O. 1937.

This Act was extended to Berar by Act 4 of 1941; to Goa, Daman and Diu by Reg. 6 of 1962; to Dadra and Nagar Haveli by Reg. 6 of 1963, s.2 and Sch. I (w.e.f.1-7-1965) and to the whole of the union territory of Lakshadweep by Reg. 8 of 1965, s.3 and Sch. to the State of Sikkim: vide Notification No. S. D. 208(E), dated 16-5-1975. Extraordinary, pt II Sec 3 (ii) P1213 and come into force in Sikkim (w.e.f. 14-8-1976); vide Notification No. S. O. 547 (E) dated 13.8.1976.

This Act has been supplemented by Act 28 of 1964.

² Substituted by the A.O. 1948 for “British India”.

³ Substituted by the Finance Act, 2016 (w.e.f 27.06.2016);

CHAPTER I
PRELIMINARY

1. Short title, extent and commencement.

(1) This Act may be called the Reserve Bank of India Act, 1934.

¹[(2) It extends to the whole of India ²[* * *].

(3) This section shall come into force at once, and the remaining provisions of this Act shall come into force on such date or dates³ as the ⁴[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, –

⁵[* * * * *

* * * * *]

⁶[(aii)] “the Bank” means the Reserve Bank of India constituted by this Act;

⁷[(aiii)] “Bank for International Settlements” means the 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;

¹ Subs. by the A. O. 1950, for sub-section (2).

² The words “except the State of Jammu and Kashmir” omitted by Act 62 of 1956, s.2 and Sch. (w.e.f. 1-11-1956).

³ Ss. 2 to 19, 47, 50 to 52, 55 to 58 and 61 were brought into force on 1st January, 1935, see Gazette of India, 1934, Pt. I.P. 1369; and the other sections on 1st April, 1935, see *ibid.*, 1935, Pt. I. P. 538.

⁴ Subs. by the M. O. 1937, for “G. G. in C”.

⁵ Cls. (a) and (ai) omitted by Act 61 of 1981, s.61 and Sch. II (w.e.f. 12-7-1982).

⁶ Cls (a) and (aa) re-lettered as cls. (a-i) and (a-ii) respectively by Act 23 of 1965, s.2 (w.e.f. 1-3-1966).

⁷ Ins. by Act 51 of 1974, s.2.

¹[* * * * *

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²[(bva) “Consumer Price Index” means the Consumer Price Index Combined published by the Government of India from time to time;]

³⁴[(bvi)] “Deposit Insurance Corporation” means the Deposit Insurance Corporation established under section 3 of the Deposit Insurance Corporation Act, 1961;]

⁵[*****]

⁶[*****]

⁷[(bviiiia) “Exim Bank” means the Export-Import Bank of India established under the Export-Import Bank of India Act, 1981;]

⁸[(bix) “foreign currency” and “foreign exchange” have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973;

(c) “Industrial Finance Corporation” means the Industrial Finance Corporation of India established under the Industrial Finance Corporation Act, 1948;]

⁹[(ci) “inflation” means the year wise change in monthly Consumer Price Index expressed in terms of percentage;

(cii) “inflation target” means the inflation target determined in accordance with sub-section (I) of section 45ZA;]

¹ Cls. (bi), (bii), (biii), (biv), (bv) and (bviii) omitted by Act 61 of 1981, s.61 and Sch.II (w.e.f. 12-7-1982).

² Inserted by the Finance Act, 2016 (w.e.f.27.06.2016);

³ Ins. by Act 47 of 1961, s.51 and Sch.II (w.e.f. 1-1-1962).

⁴ Cls (bbb) and (bbbb) re-lettered as cls. (bvi) and (bvii) respectively by Act 23 of 1965, s.2 (w.e.f. 1-3-1966).

⁵ Clause (bvii) omitted by the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 (Act No.53 of 2003), Sec. 1.

⁶ Cls. (bi), (bii), (biii), (biv), (bv) and (bviii) omitted by Act 61 of 1981, s.61 and Sch.2 (w.e.f. 12-7-1982).

⁷ Ins. by Act 28 of 1981, s.40 and Sch.II, (w.e.f. 1-1-1982).

⁸ Subs. by Act 24 of 1978, s.3, for cl. (c) w.e.f. 21-7-1978).

⁹ Inserted by Finance Act, 2016 (w.e.f. 27.06.2016)

¹[(ca) “International Development Association” means the “Association” referred to in the International Development Association (Status, Immunities and Privileges) Act, 1960;

(cb) “International Finance Corporation” means the “Corporation” referred to in the International Finance Corporation (Status, Immunities and Privileges) Act, 1958;

(cc) “International Monetary Fund” and “International Bank for Reconstruction and Development” mean respectively the “International Fund” and the “International Bank”, referred to in the International Monetary Fund and Bank Act, 1945;]

²[(cci) “Monetary Policy Committee” means the Committee constituted under sub-section (1) of section 45ZB;]

³[(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;]

⁴(cccc) “National Housing Bank” means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;

⁵[(cccci) “Policy Rate” means the rate for repo-transactions under sub-section (12AB) of section 17;]

⁶[* * * * *

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⁷[(cv) “Reconstruction Bank” means the Industrial Reconstruction Bank of India established under section 3 of the Industrial Reconstruction Bank of India, Act, 1984;]

¹ Ins. by Act 51 of 1974, s.2.

² Inserted by Finance Act, 2016 (w.e.f. 27.06.2016)

³ Ins. by Act 61 of 1981, s.61 and Sch.II (w.e.f. 12-7-1982).

⁴ Ins. by Act 53 of 1987 (w.e.f. 9-7-1988).

⁵ Inserted by Finance Act, 2016 (w.e.f. 27.06.2016)

⁶ Cls. (ci), (cia), (cii), (ciii), (civ) and (f) omitted by s.61 and Sch.II, Act 61 of 1981 (w.e.f. 12-7-1982).

⁷ Ins. by Act 62 of 1984, s. 71 and Sch.III (w.e.f. 20-3-1985).

(d) “rupee coin” means ¹[* * *] rupees which are legal tender ²[in ³[India]] under the provisions of the Indian Coinage Act, 1906; ⁴[* * *]

(e) “scheduled bank” means a bank included in the Second Schedule;

⁵[(ea) “Sponsor Bank” means a Sponsor Bank as defined in the Regional Rural Banks Act, 1976;]

⁶⁷[(eb)] “State Bank” means the State Bank of India constituted under the State Bank of India Act, 1955;]

⁸[(el) “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’.]

⁹[* * * * *]

¹⁰[(fi) “State Financial Corporation” means any State Financial Corporation established under the State Financial Corporations Act 1951;]

¹¹[* * * * *]

¹²[(g) “Unit Trust” means the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963;]

¹³[(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;

¹ The word “silver” omitted by Act 62 of 1948, s.7 and Sch. (w.e.f. 1-1-1949).

² Ins. by the M. O. 1937.

³ Subs. by Act 32 of 1951, s.2, for “the States” (w.e.f. 1-11-1951).

⁴ The word “and” omitted by the M. O. 1937.

⁵ Ins. by Act 21 of 1976, s.33 (w.e.f. 26-9-1975).

⁶ Ins. by Act 23 of 1955, s.52 and Sch.III (w.e.f. 1-7-1955). formerly cl. (ee) ins. by the A. O. 1950 was omitted by Act 32 of 1951, s.4 (w.e.f. 1-11-1951).

⁷ Cl. (ei) re-lettered as cl. (eb) by Act 21 of 1976 s.33 (w.e.f. 26-9-1975).

⁸ Ins. by Act. 39 of 1989.

⁹ Cls. (ci), (cia), (cii), (ciii), (civ) and (f) omitted by s.61 and Sch.II, of Act 61 of 1981 (w.e.f. 12-7- 1982).

¹⁰ Ins. by Act 24 of 1978, s.3 (w.e.f. 21-7-1978).

¹¹ Cls. (f) to (k) ins. by the M. O. 1937, omitted by Act 11 of 1947, s.2 (w.e.f. 1-4-1947) and cl. (g) ins. by Act 32 of 1951, s.4 (w.e.f. 1-11-1951) omitted by Act 62 of 1956, s.2 and Sch. (w.e.f. 1-11-1956).

¹² Ins. by Act 52 of 1963, s.44 and Sch.II (w.e.f. 1-2-1964).

¹³ Ins. by Act 61 of 1981, s.61 and Sch.II (w.e.f. 12-7-1982).

(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, 1[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 ²[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.

³4. 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, s.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, ⁴[Delhi and Madras] ⁵[* * *] and may establish branches or agencies in any other place in

¹ Subs. by Act. 62 of 1948, s.7 and Sch., for “SHARE CAPITAL” (w.e.f. 1-1-1949).

² Subs. by the M. O. 1937, for “G. G. in C.”.

³ Subs. by Act 62 of 1948, s.7 and Sch., for the original section (w.e.f. 1-1-1949).

⁴ Subs. by Act 11 of 1947, s.5, for “Delhi, Madras and Rangoon” (w.e.f. 1-4-1947).

⁵ The words “and a branch in London” omitted by Act 24 of 1955, s.3.

India ¹[* * *] or, with the previous sanction of the ²[Central Government], elsewhere.

³[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.

⁴[(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 this 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.

⁵[(1) The Central Board shall consist of the following Directors, namely:-

(a) a Governor and ⁶[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) ⁷[ten] Directors to be nominated by the Central Government; and

(d) ⁸[two Government officials] to be nominated by the Central Government;]

¹ The words “or Burma” ins. by the M. O. 1937, omitted by Act 11 of 1947, s.5 (w.e.f. 1-4-1947).

² Subs. by the M. O. 1937, for “G. G. in C.”.

³ Subs. by Act 62 of 1948, s.7 and Sch., for the original section (w.e.f. 1-1-1949).

⁴ Subs. by Act 32 of 1951, s.5, for the former sub-section (w.e.f. 1-1-1949).

⁵ Subs. by Act 62 of 1948, s.7 and Sch., for the former Sub-section (w.e.f. 1-1-1949).

⁶ Subs. by Act 18 of 1964, s.38 and Sch.II, for “three” (w.e.f. 1-7-1964).

⁷ Subs. by Act 18 of 1964, s.38 and Sch.II, for “six” (w.e.f. 1-7-1964).

⁸ Subs. by Act 12 of 2012, s.35 and Sch., for “one Government official” (w.e.f. 1-2-2012).

(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 ¹[Central Government]:

²[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:]

³[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:

⁴[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 ⁵[Central Government] may fix when appointing them and shall be eligible for re-appointment.

⁶[A Director nominated under clause (c) of sub-section (1) shall ⁷[* * *] hold office for a period of four years ⁸[and] ⁹[shall be eligible for reappointment:

Provided that any such Director shall not be appointed for more than two terms, that is, for a maximum period of eight years either continuously or intermittently.]

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

¹ Subs. by the M.O. 1937, for "G. G. in C."

² Ins. by Act 35 of 1962, s.2.

³ Ins. by Act. 61 of 1981, s.61 and Sch.II (w.e.f. 12-7-1982).

⁴ Subs. by Act 54 of 1953, s.2, for the proviso.

⁵ Subs. by M. O. 1937 for "G. G. in C."

⁶ Subs. by Act 62 of 1948, s.7 and Sch., for the second paragraph (w.e.f. 1-1-1949).

⁷ The words, brackets and figure "subject to the provisions of sub-section (6)" omitted by Act 18 of 1964, s.38 and Sch.II (w.e.f. 1-7-1964).

⁸ Ins. by Act 51 of 1974, s.4.

⁹ Subs. by Act 4 of 2013, s. 17 and Sch., for the words "thereafter until his successor shall have been nominated" (w.e.f. 18-1-2013).

(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.

²[³* * * * *]

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

⁴[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.

⁵[(3) Every member of a Local Board shall hold office for a term of four years and] ⁶[shall be eligible for reappointment:

Provided that any such Director shall not be appointed for more than two terms, that is, for a maximum period of eight years either continuously or intermittently.

(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 ⁷[* * *] ⁸[* * *], or

¹ Subs. by M. O. 1937 for "G. G. in C."

² Ins. by Act 62 of 1948, s.7 and Sch. (w.e.f. 1-1-1949).

³ Sub-section (6) omitted by Act 18 of 1964, s.38 and Sch.II (w.e.f. 1-7-1964).

⁴ Subs. by Act 62 of 1948, s.7 and Sch., for s.9 (w.e.f. 1-1-1949).

⁵ Subs. by Act 51 of 1974, s.5, for sub-section (3).

⁶ Subs. by Act 4 of 2013, s. 17 and Sch., for the words "thereafter until his successor shall have been appointed and shall be eligible for re-appointment" (w.e.f. 18-1-2013).

⁷ The words "or a salaried official of a State in India" omitted by the A. O. 1950.

⁸ The words "or Burma" ins. by the M. O. 1937, omitted by Act 11 of 1947, s.8 (w.e.f. 1-4-1947).

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

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

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

¹[(e) is a Director of a banking company within the meaning of clause (c) of section 5 of the ²[Banking Regulation Act, 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 procuration 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 ³[Central Government] may remove from office the Governor, or a Deputy Governor or ⁴[any other Director or any member of a Local Board].

⁵[*****]

⁶[(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 ⁷[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.

¹ Subs. by Act 23 of 1965, s.3 for the original cl. (e) (w.e.f. 1-3-1966).

² Subs. by Act 51 of 1974, s.3 for "Banking Companies Act, 1949".

³ Subs. by the M. O. 1937, for "G. G. in C."

⁴ Subs. by Act 32 of 1951, s.6, for "any other Director" (w.e.f. 1-11-1951).

⁵ The proviso omitted by Act 62 of 1948, s.7 and Sch. (w.e.f. 1-1-1949).

⁶ Subs. by s.7 and Sch., *Act 62 of 1948*, for the former sub-section (2) (w.e.f. 1-1-1949).

⁷ Subs. by the M. O. 1937, for "G. G. in C."

(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 ¹[* * *] nomination ²[* * *] as Director or member of a Local Board of any person who is a member of ³[Parliament or the Legislature ⁴[of any State]] shall be void, unless, within two months of the date of his ⁵[* * *] nomination ⁶[* * *], he ceases to be such member, and, if any Director or member of a Local Board is elected or nominated as a member of ⁷[Parliament or 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 ⁸[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 ⁹[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) of sub-section (1) of section 10, be an officer of the Bank.

¹⁰[* * * * *]

(3) Where any casual vacancy in the office of any member of a Local Board occurs ¹¹[* * *], the Central Board may nominate thereto any ¹²[* * *] person recommended by the ¹³[other] members of the Local Board.

¹ The word "appointment" omitted by Act 62 of 1948, s.7 and Sch. (w.e.f. 1-1-1949).

² The words "or election" omitted by s.7 and Sch., Act 62 of 1948 (w.e.f. 1-1-1949).

³ Subs. by the A. O. 1950, for certain words.

⁴ Subs. by Act 32 of 1951, s.6, for "of a Part A State or a Part C State" (w.e.f. 1-11-1951).

⁵ The word "appointment" omitted by Act 62 of 1948, s.7 and Sch. (w.e.f. 1-1-1949).

⁶ The words "or election" omitted by s.7 and Sch., Act 62 of 1948 (w.e.f. 1-1-1949).

⁷ Subs. by the A.O. 1950, for "any such Legislature or Council".

⁸ Subs. by the M. O. 1937, for "G. G. in C.".

⁹ Subs. by the M. O. 1937, for "G. G. in C.".

¹⁰ Sub-section (2) omitted by Act 62 of 1948, s.7 and Sch. (w.e.f. 1-1-1949).

¹¹ The words "otherwise than by the occurrence of a vacancy in the office of a Director, elected by the Local Board" omitted by s.7 and Sch., Act 62 of 1948, (w.e.f. 1-1-1949).

¹² The word "qualified" omitted by s.7 and Sch., Act 62 of 1948 (w.e.f. 1-1-1949).

¹³ Subs. by s.7 and Sch., Act 62 of 1948, for "elected" (w.e.f. 1-1-1949).

(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 ¹[by the Central Government].

(5) A person nominated ²[* * *] under this section to fill a casual vacancy shall ³[* * *] 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 ⁴[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 ⁵[if for any reason, he is unable to attend,] the Deputy Governor authorized by the Governor under the proviso to subsection (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.

14. to 16. [General meetings. First constitution of the Central Board. First constitution of Local Board.]

[Rep. by the Act 62 of 1948, s.7 and Sch. (w.e.f. 1-1-1949).]

17. Business which the Bank may transact.

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

¹ Subs. by s.7 and Sch., Act 62 of 1948, for certain words (w.e.f. 1-1-1949).

² The words "or elected" omitted by s.7 and Sch., Act 62 of 1948, (w.e.f. 1-1-1949).

³ The words "subject to the proviso contained in sub-section (4)" omitted by s.7 and Sch., Act 62 of 1948 w.e.f. 1-1-1949).

⁴ Subs. by Act 18 of 1964, s.38 and Sch.II, for "three Directors" (w.e.f. 1-7-1964).

⁵ Subs. by Act 24 of 1955, s.5, for "in his absence".

(1) the accepting of money on deposit without interest from and the collection of money for, ¹[* * *] the ²[Central Government], ³⁴[* * *] the ⁵[State] Governments ⁶[* * *] ⁷[* * *] local authorities, banks and any other persons;

⁸[(1-A) the accepting of money as deposits, repayable with interest, from banks or any other person under the Standing Deposit Facility Scheme, as approved by the Central Board, from time to time, for the purposes of liquidity management;]

(2) (a) the purchase, sale and rediscount of bills of exchange and promissory notes, ⁹[drawn on ¹⁰[and payable in India]] and arising out of bona fide commercial or trade transactions bearing two or more good signatures, one of which shall be that of a scheduled bank ¹¹[or a State co-operative bank] ¹²[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] ¹³[* * *] and ¹⁴[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, ¹⁵[drawn ¹⁶[and payable in India]] and bearing two or more good signatures, one of which shall be that of a scheduled bank ¹⁷[or a ¹⁸[State] co-operative bank ¹⁹[or any financial institution, which is predominantly engaged in the acceptance or

¹ The words “the Secretary of State” omitted by the A. O. 1948.

² Subs. by the M. O. 1937, for “G. G. in C”.

³ Subs. by the M. O. 1937, for “L. G.’s”.

⁴ The words “the Federal Railway Authority” omitted by the A. O. 1948.

⁵ Subs. by the A. O. 1950, for “provincial”.

⁶ The words “the Government of Burma, the Burma Railway Board” omitted by Act 11 of 1947, s.11 (w.e.f. 1-4-1947).

⁷ The words and letter “Part B States” omitted by Act 32 of 1951, s.7 (w.e.f. 1-11-1951).

⁸ Inserted by Act 13 of 2018, S.135.

⁹ Subs. by the M. O. 1937, for “drawn on and payable in India”.

¹⁰ Subs. by Act 11 of 1947, s.11, for “India or Burma and payable in India or Burma” (w.e.f. 1-4-1947).

¹¹ Ins. by Act 32 of 1951, s.7 (w.e.f. 1-11-1951).

¹² Ins. by Act 51 of 1974. s.6.

¹³ The words “or a Burma scheduled bank” ins. by the M. O. 1937, omitted by Act 11 of 1947, s.11 (w.e.f. 1-4-1947).

¹⁴ Subs. by Act 35 of 1962, s.3, for certain words.

¹⁵ Subs. by the M. O. 1937, for “drawn on and payable in India”.

¹⁶ Subs. by Act 11 of 1947, s.11, for “India or Burma and payable in India or Burma” (w.e.f. 1-4-1947).

¹⁷ Subs. by Act 11 of 1947, S.11 for certain words (w.e.f. 1.4.1947).

¹⁸ Subs. by the A. O. 1950, for “Provincial”.

¹⁹ Ins. by Act 51 of 1974, s.6.

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 ¹[financing agricultural operations] or the marketing of crops, and maturing within ²[fifteen months] from the date of such purchase or rediscount, exclusive of days of grace;

³[* * * * *]

⁴[(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 ⁵[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 ⁶[drawn ⁷[and payable in India]] and bearing the signature of a scheduled bank, ⁸[* * *] and issued or drawn for the purpose of holding or trading in securities of ⁹[the Central Government ¹⁰[or a ¹¹[State] Government]] ¹²[* * *] 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 ¹³[* * *] of ¹⁴[foreign exchange] ¹⁵[* * *].

¹ Subs. by Act 51 of 1974, s.6 for “financing seasonal agricultural operations”.

² Subs. by the Act 32 of 1951, s.7, for “nine months” (w.e.f. 1-11-1951).

³ Explanation added by Act 54 of 1953, s.3 omitted by Act 23 of 1965, s.4 (w.e.f. 1-3-1966).

⁴ Ins. by Act 54 of 1953, s.3.

⁵ Ins. by Act 51 of 1974, s.6.

⁶ Subs. by the M. O. 1937, for “drawn and payable in India”.

⁷ Subs. by the Act 11 of 1947, s.11, for certain words (w.e.f. 1-4-1947).

⁸ The words “or a Burma scheduled bank” omitted by s.11 Act 11 of 1947. (w.e.f. 1-4-1947).

⁹ Subs. by the M. O. 1937, for “the Government of India or a L. G.”

¹⁰ Subs. by the Act 11 of 1947, s.11, for certain words (w.e.f. 1-4-1947).

¹¹ Subs. by the A. O. 1950, for “Provincial”.

¹² The words “or such securities of Part B States as may be specified in this behalf by the Central Government on the recommendation of Central Board” omitted by Act 32 of 1951, s.7 (w.e.f. 1-11-1951).

¹³ The words “and Burma scheduled banks”, ins. by the M. O. 1937, omitted by Act 11 of 1947, s.11 (w.e.f. 1-4-1947).

¹⁴ Subs. by Act 62 of 1948, s.7 and Sch., for “sterling” (w.e.f. 1-1-1949).

¹⁵ Certain words omitted by Act 24 of 1978, s.4 (w.e.f. 21-7-1978).

¹[(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;]

²[* * * * *]

³[(3A) the making to any scheduled bank or State co-operative bank, of loans and advances, against promissory notes of 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 on 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

⁴[(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]

⁵[(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

¹ Subs. by Act 35 of 1962 s.3 for Sub-clause (b).

² Sub-clause (c) omitted by Act 62 of 1948 s.7 and Sch. (w.e.f. 1-1-1949).

³ Ins. by Act 35 of 1962 s.3.

⁴ Subs. by Act 58 of 1968, s.24, for sub-clause (b) (w.e.f. 1-2-1969).

⁵ Subs. by s.24, of Act 58 of 1968 for cl. (ii) (w.e.f. 1-2-1969).

the outstanding amount of the loan or advance obtained by the borrowing bank from the Bank;]]

¹[(3B) the making to any scheduled bank or State co-operative bank of 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 furnishes 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 ²[* * *] local authorities, scheduled banks ³[⁴[* * *] ⁵[State] co-operative banks ⁶[and State Financial Corporations ⁷[* * *]]] of 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 ⁸[of the United Kingdom] or by any law for the time being in force in ⁹[India]¹⁰[* * *];

(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 ¹¹[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 ¹²[¹³[or ¹⁴[State]] Co-operative bank], supported by documents of title to goods ¹⁵[such documents having

¹ Ins. by Act 51 of 1974, s.6.

² The words and letter “Part B States” omitted by Act 32 of 1951, s.7 (w.e.f. 1-11-1951).

³ Subs. by the M. O. 1937, for “and Provincial co-operative banks”.

⁴ The words “Burma scheduled banks” omitted by Act 11 of 1947, s.11 (w.e.f. 1-4-1947).

⁵ Subs. by the A. O. 1950, for “Provincial”.

⁶ Subs. by Act 19 of 1957, s.2, for “State Financial Corporations established under the State Financial Corporations Act, 1951), (63 of 1951), and the principal currency authority of Ceylon”.

⁷ Certain words omitted by Act 24 of 1978, s.4 (w.e.f. 21-7-1978).

⁸ Ins. by the A. O. 1950.

⁹ Subs. by Act 32 of 1951, s.2, for “the States” (w.e.f. 1-11-1951).

¹⁰ The words “or Burma” ins. by the M. O. 1937, omitted by Act 11 of 1947, s.11 (w.e.f. 1-4-1947).

¹¹ Ins. by Act 24 of 1955, s.6.

¹² Subs. by the M. O. 1937, for “or a Provincial co-operative bank”.

¹³ Subs. by Act 11 of 1947, s.11, for certain words (w.e.f. 1-4-1947).

¹⁴ Subs. by A. O. 1950, for “Provisional”.

¹⁵ Subs. by Act 32 of 1951, s.7 for “which have been transferred” (w.e.f. 1-11-1951).

been transferred], assigned, or pledged to any such bank as security for ¹[a loan or advance made] for bona fide commercial or trade transactions, or for the purpose of ²[financing agricultural operations] or the marketing of crops:

³[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];

⁴[(4A) the making to any State Financial Corporation ⁵[* * *], 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:

⁶[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 ⁷[twice the paid up share capital] thereof];

⁸[(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;]

⁹[(4B) the making to the Industrial Finance Corporation of India ¹⁰[* * *] 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

¹ Subs. by Act 24 of 1955, s.6, for “a cash credit or overdraft granted”.

² Subs. by Act 51 of 1974, s.6, for “financing seasonal agricultural operations”.

³ Ins. by Act 35 of 1962, s.3.

⁴ Ins. by Act 14 of 1960, s.2.

⁵ Certain words omitted by Act 24 of 1978, s.4 (w.e.f. 21-7-1978).

⁶ Subs. by Act 51 of 1974, s.6, for the former proviso.

⁷ Subs. by Act No.81 of 1985, s.2 for certain words (w.e.f. 1-5-1986).

⁸ Subs. by Act 61 of 1981, s.61 and Sch.II, for cl. (4AA) (w.e.f. 12-7-1982).

⁹ Ins. by Act 54 of 1953, s.3.

¹⁰ Certain words omitted by Act 24 of 1978, s.4 (w.e.f. 21-7-1978).

Government of any maturity or against bonds and debentures issued by the said Corporation and guaranteed by the Central Government and maturing within a period not exceeding eighteen months from the date of such loan or advance:

¹[* * * * *]

²[(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];

³[(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; ⁴[* * *]

(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];

⁵[(iii) for the purpose of any scheme other than the first unit scheme under the Unit Trust of India Act, 1963 on such terms and conditions and against the

¹ Proviso omitted by Act No.66 of 1988, s.5 (w.e.f. 30-12-88).

² Subs. by Act 14 of 1960, s.2 for cl.(4BB) which was ins. by Act 19 of 1957, S.2.

³ Ins. by Act 52 of 1963, s.44 and Sch.II (w.e.f. 1-2-1964).

⁴ The word “or” omitted by Act 17 of 1966, s.11 (w.e.f. 10-6-1966).

⁵ Ins. by s.11, Act 17 of 1966. (w.e.f. 10-6-1966).

security of such other property of the Unit Trust as may be specified in this behalf by the Bank]];

¹[(4C) the making to a Warehousing Corporation established under the Agricultural Produce (Development and Warehousing) Corporations Act, 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];

²[(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];

³[(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];

⁴[(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];

¹ Ins. by Act 28 of 1956, s.55 (w.e.f. 1-8-1956).

² Ins. by Act 47 of 1961, s.51 and Sch.II (w.e.f. 1-1-1962).

³ Ins. by Act 53 of 1987, s.56 and Second Schedule (w.e.f. 9-7-1988).

⁴ Subs. by Act 61 of 1981, s.61 and Sch.II, for cl. (4E) (w.e.f. 12-7-1982).

¹[(4F) contributing to the initial capital of the Unit Trust];

²[(4G) the making of loans and advances to, and the purchasing of bonds and debentures of, ³[****] ⁴[the Exim Bank] ⁵[or the Reconstruction Bank] ⁶[or the Small Industries Bank] out of the National Industrial Credit (Long Term Operations) Fund established under section 46C;

⁷[(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 to ⁸[****] ⁹[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];

¹⁰[(4-I) the making to scheduled banks, ¹¹[****] ¹²[the Exim Bank] ¹³[or 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

¹ Ins. by Act 52 of 1963. s.44 and Sch.II (w.e.f. 1-2-1964).

² Ins. by Act 18 of 1964, s.38 and Sch.II (w.e.f. 1-7-1964).

³ The words “the Development Bank or” omitted by the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 (Act No.53 of 2003), Sec. 2(a).

⁴ Ins. by Act 28 of 1981, s.40 and Sch.II (w.e.f. 1-1-1982).

⁵ Ins. by Act 62 of 1984, s.71 and Sch.III (w.e.f. 20-3-1985).

⁶ Ins. by Act 39 of 1989.

⁷ Ins. by Act 53 of 1987, s.56 and the Second Schedule (w.e.f. 9-7-1988).

⁸ The words “the Development Bank or” omitted by the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 (Act No.53 of 2003), Sec. 2(a).

⁹ Ins. by Act 39 of 1989.

¹⁰ Ins. by Act 24 of 1978, s.4 (w.e.f. 21-7-1978).

¹¹ The words “the Development Bank” omitted by the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 (Act No.53 of 2003), Sec. 2(b).

¹² Ins. by Act 28 of 1981, s.40 and Sch.II (w.e.f. 1-1-1982).

¹³ Ins. by Act 39 of 1989.

import of capital goods or for such other purposes as may be approved by the Central Government];

¹[(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;]

²[(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 good signatures and maturing within five years from the date of such loan or advance];

(5) the making to the ³[Central Government] ⁴⁵[* * *] ⁶and ⁷[State Governments]] of advances repayable in each case not later than three months from the date of the making of the advance;

⁸[(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];

¹ Ins. by Act. 28 of 1981, s.40 and Sch.II (w.e.f. 1-1-1982).

² Ins. by Act. 62 of 1984, s.71 and Sch.III (w.e.f. 20-3-1985).

³ Subs. by the M.O. 1937, for “G. G. in C”.

⁴ Subs., M.O. 1937, for certain words.

⁵ The words “the Federal Railway Authority” omitted by the A. O. 1948.

⁶ Subs. by Act 11 of 1947, s.11, for certain words (w.e.f. 1-4-1947).

⁷ Subs. by the A. O. 1950, for “Provincial”.

⁸ Subs. by Act 32 of 1951, s.7, for cl. (6) (w.e.f. 1-11-1951).

¹[(6A) dealing in derivatives, and, with the approval of the Central Board, in any other financial instrument.

Explanation. -- For the purposes of this clause, "derivative" means an instrument, to be settled at a future date, whose value is derived from change in one or a combination of more than one of the following underlyings, namely:--

- (a) interest rate,
- (b) price of securities of the Central Government or a State Government or of such securities of a local authority as may be specified in this behalf by the Central Government,
- (c) price of foreign securities,
- (d) foreign exchange rate,
- (e) index of rates or prices,
- (f) credit rating or credit index,
- (g) price of gold or silver coins, or gold or silver bullion, or
- (h) any other variable of similar nature];

²[* * * * *]

(8) the Purchase and sale of securities ³[of the Central ⁴[Government or a ⁵[State] Government]] of any maturity or of such securities of a local authority ⁶[* * *] as may be specified in this behalf by the ⁷[Central Government] on the recommendation of the Central Board:

Provided that securities fully guaranteed as to principal and interest by ⁸[any such Government ⁹[or authority]] shall be deemed for the purposes of this clause to be securities of such government ¹⁰[or authority];

¹ Ins. by sec. 2 of the RBI (Amendment) Act, 2006 (Act No. 26 of 2006) (w.e.f. 9.1.2007).

² Cl. (7) rep. by Act 2 of 1948, s.2 and Sch.

³ Subs. by the M. O. 1937, for "of the G. of I or of a L. G.".

⁴ Subs. by Act, 11 of 1947 s.11 for certain words (w.e.f. 1-4-1947).

⁵ Subs. by the A. O. 1950, for "Provincial".

⁶ The words and letter "or such Part B States" omitted by Act 32 of 1951, s.7 (w.e.f. 1-11-1951).

⁷ Subs. by the M. O. 1937 for "G. G. in C.".

⁸ Subs. by the M. O. 1937 for certain words.

⁹ Subs. by s.7, M. O. 1937, for "authority or State" (w.e.f. 1-11-1951).

¹⁰ Subs. by s.7, M. O. 1937, for "authority or State" (w.e.f. 1-11-1951).

¹[* * * * *]

²[(8A) the purchase and sale of shares in, or the capital of ³[the ⁴[National Bank] ⁵[the Deposit Insurance Corporation], ⁶[*****], the State Bank ⁷[or any other bank ⁸[or financial institution] notified by the Central Government in this behalf]]];

⁹[(8AA) the promoting, establishing, supporting or aiding in the promotion, establishment and support of any financial institution, whether as its subsidiary or otherwise;]

¹⁰[(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 and 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 ¹¹[* * *] the ¹²[Central Government] ¹³[or any ¹⁴[State] Government ¹⁵[* * *] or any local authority ¹⁶[* * *] ¹⁷[or the Industrial Finance Corporation of India ¹⁸[* * *] ¹⁹[or any other body corporate which is established or constituted by or under any other law] ²⁰[or the Government of any

¹ Second proviso omitted by Act 32 of 1951, s.7 (w.e.f. 1-11-1951).

² Ins. by Act 23 of 1955, s.52 and Sch.III (w.e.f. 1-7-1955).

³ Ins. By Act 10 of 1963, s. 47 and Sch. II (w.e.f. 1-5-1963).

⁴ Sub. By Act 61 of 1981, s. 61 and Sch. II, for “Agricultural Refinance and Development Corporation” (w.e.f. 12-7-1982).

⁵ Ins. by Act 47 of 1961, s.51 and Sch. II (w.e.f. 1-1-1962).

⁶ The words “the Development Bank” omitted by the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 (Act No.53 of 2003), Sec. 2(b).

⁷ Subs. by Act 79 of 1956, s.43 and Sch.II for “or any of its subsidiary banks” (w.e.f. 22-10-1956).

⁸ Ins. by Act 18 of 1957, s.2.

⁹ Ins. by Act 53 of 1987 (w.e.f. 9-7-1988).

¹⁰ Ins. by Act 38 of 1959, s.64 and Sch. III (w.e.f. 10-9-1959).

¹¹ The words “the Secretary of State” omitted by the A. O. 1948.

¹² Subs. by the M. O. 1937, for “G. G. in C”.

¹³ Subs. M. O. 1937, for certain words.

¹⁴ Subs. by the A. O. 1950, for “Provincial”.

¹⁵ The words “or the Government of Burma; omitted by Act 11 of 1947, s.11 (w.e.f. 1-4-1947).

¹⁶ The words and letter “or any Part B State” omitted by Act 32 of 1951, s.7 (w.e.f. 1-11-1951).

¹⁷ Ins. by Act 44 of 1959, s.2.

¹⁸ Certain words omitted by Act 24 of 1978, s.4 (w.e.f. 21-7-1978).

¹⁹ Ins. by Act 51 of 1974, s.6.

²⁰ Ins. by Act 32 of 1951, s.7 (w.e.f. 1-11-1951).

such country outside India or ¹[any such person or authority] as 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;
- ³[(f) ⁴[* * *] the issue and management of ⁵[* * *] bonds and debentures];

⁶[(11A) the acting as agent for the Central Government, –

- ⁷[(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;]

⁸[(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;]

¹ Subs. by Act 51 of 1974, s.6 for “any such person”.

² Ins. by Act 23 of 1947, s.3.

³ Ins. by Act 44 of 1949, s.2.

⁴ The words “in respect of the aforesaid Corporation” omitted by Act 51 of 1974, s.6.

⁵ The word “its” omitted by s.6, Act 51 of 1974.

⁶ Subs. by Act 58 of 1968, s.24, for cl. (11A) (w.e.f. 1-2-1969). Original cl. (11A) was ins. by Act 14 of 1960, s.2.

⁷ Sub-clause (a) of clause (11A) shall stand omitted by Act 21 of 1978, s.9.

⁸ Subs. by Act 24 of 1978, s.4, for cl. (12) (w.e.f. 21-7-1978).

¹[(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];

²[(12AA) lending or borrowing of securities of the Central Government or a State Government or of such securities of a local authority as may be specified in this behalf by the Central Government or foreign securities;

(12AB) dealing in repo or reverse repo:

Provided that lending or borrowing of funds by way of repo or reverse repo shall not be subject to any limitation contained in this section.

Explanation. -- For the purposes of this clause,--

(a) "repo" means an instrument for borrowing funds by selling securities of the Central Government or a State Government or of such securities of a local authority as may be specified in this behalf by the Central Government or foreign securities, with an agreement to repurchase the said securities on a mutually agreed future date at an agreed price which includes interest for the funds borrowed;

(b) "reverse repo" means an instrument for lending funds by purchasing securities of the Central Government or a State Government or of such securities of a local authority as may be specified in this behalf by the Central Government or foreign securities, with an agreement to resell the said securities on a mutually agreed future date at an agreed price which includes interest for the funds lent];

³[(12B) the making of loans and advances in foreign currencies to scheduled banks, ⁴[****] ⁵[the Exim Bank], ⁶[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

¹ Subs. by Act 24 of 1978, s.4, for cl. 12A (w.e.f. 21-7-1978).

² Ins. by sec. 2 of the RBI (Amendment) Act, 2006 (Act No. 26 of 2006) (w.e.f. 9.1.2007).

³ Ins. by s.4, Act 24 of 1978 (w.e.f. 21-7-1978).

⁴ The words "the Development Bank" omitted by the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 (Act No.53 of 2003), Sec. 2(b).

⁵ Ins. by Act 28 of 1981, s.40 and Sch.II (w.e.f. 1-1-1982).

⁶ Ins. by Act 39 of 1989.

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;]

¹[(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];

²[(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 ³[* * *] other than a scheduled bank ⁴[* * *] or from any person

¹ Subs. by Act 24 of 1978, s.4 for cl. (13) (w.e.f. 21-7-1978).

² Ins. by Act 44 of 1973, s.2 (retrospectively).

³ The words “or Burma” ins. by the M. O. 1937, omitted by Act 11 of 1947, s.11, (w.e.f. 1-4-1947).

⁴ The words “or a Burma Scheduled Bank” ins. by the M. O. 1937, omitted by s.11, Act 11 of 1947 (w.e.f. 1-4-1947).

outside India ¹[* * *] 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 borrowing from persons in India ²[* * *] shall not at any time exceed the amount of the ³[capital] of the Bank:

⁴[* * * * *]

(15) the making and issue of bank notes subject to the provisions of this Act ⁵[* * *]; ⁶[* * *]

⁷[(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;]

⁸[(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 ⁹[* * *].

18. Power of direct discount.

¹⁰[* * *] When, in the opinion of the ¹¹[Bank] ¹²[* * *], a special occasion has arisen making it necessary or expedient that action should be taken ¹³[under this section] for the purpose of regulating credit in the interests of Indian ¹⁴[* * *]

¹ The words “and Burma” ins. by the M. O. 1937, omitted by s.11, Act 11 of 1947 (w.e.f. 1-4-1947).

² *Ibid.*

³ Subs. by Act 32 of 1951, s.7, for “share capital” (w.e.f. 1-11-1951).

⁴ Cl. (14A) Ins. by Act 79 of 1956, s.43 and Sch.II (w.e.f. 22-10-1956), omitted by Act 38 of 1959, s.64 and Sch.III (w.e.f. 1-10-1959).

⁵ The words “and the making and issue of Burma notes in accordance with the law of Burma” ins. by the M. O. 1937, omitted by Act 11 of 1947, s.11 (w.e.f. 1-4-1947).

⁶ The word “and” omitted by ordinance 47 of 1945, s.6.

⁷ Subs. by Act 23 of 1955, s.52 and Sch.III for cl. (15A) (w.e.f. 1-7-1955).

⁸ Ins. by Act 58 of 1968, s.24 (w.e.f. 1-2-1969).

⁹ The words “and the law of Burma” ins. by the M. O. 1937, omitted by Act 11 of 1947, s.11 (w.e.f. 1-4-1947).

¹⁰ The brackets and figure “(1)” omitted by Act 51 of 1974, s.7.

¹¹ Subs. by Act 32 of 1951, s.8 for “Central Board” (w.e.f. 1-1-1949).

¹² Certain words omitted by Act 62 of 1948, s.7 and Sch. (w.e.f. 1-1-1949).

¹³ Subs. by Act 51 of 1974, s.7, for “under this sub-section”.

¹⁴ The words “or Burma” ins. by the M. O. 1937, omitted by Act 11 of 1947, s.12 (w.e.f. 1-4-1947).

trade, commerce, industry and agriculture, the Bank may, notwithstanding any limitation contained in ¹[* * *] section 17, –

²[(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[* * * * *]

⁴[(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 fixed periods, not exceeding ninety days, on such terms and conditions as the Bank may consider to be sufficient.]

⁵[* * * * *]

⁶[* * * * *]

⁷**[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

¹ Certain words omitted by Act 51 of 1974, s.7.

² Subs. by s.7, Act 51 of 1974, for the former clause.

³ Cl. 2 omitted by Act 24 of 1978, s.5 (w.e.f. 21-7-1978).

⁴ Subs. by s.7, Act 51 of 1974, for the former clause.

⁵ The proviso omitted by Act 62 of 1948, s.7 and Sch. (w.e.f. 1-1-1949).

⁶ Sub-section (2) omitted by Act 51 of 1974, s.7.

⁷ Ins. by s. 8, Act 51 of 1974.

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) of 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 borrowers, 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, ¹[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[(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;

¹ Ins. by Act 38 of 1956, s.2 (w.e.f. 6-10-1956).

² Subs. by Act 32 of 1951, s.9, for cl. (2) (w.e.f. 1-11-1951).

- (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 ¹[* * *] the Central Government ²[* * *] and to make payments up to the amount standing to the credit of ³[its account], and to carry out ⁴[its exchange], remittance and other banking operations, including the management of the public debt ⁵[of the Union].

⁶[* * * *]

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

(1) The ⁷[Central Government] ⁸[* * *] shall entrust the Bank, on such conditions as may be agreed upon, with all ⁹[its] money, remittance, exchange and banking transactions in India, and, in particular, shall deposit free of interest all ¹⁰[its] cash balances with the Bank:

Provided that nothing in this sub-section shall prevent the ¹¹[Central

¹ Subs. by the M.O. 1937 for certain words.

² The words and letter “and the Governments of Part A States” omitted by Act 37 of 1956, s. 104 (w.e.f. 1-11-1956).

³ Subs. by s. 104, Act 37 of 1956, for “their accounts respectively” (w.e.f. 1-11-1956).

⁴ Subs. by s. 104, Act 37 of 1956, for “their exchange” (w.e.f. 1-11-1956).

⁵ Ins. by s. 104, Act 37 of 1956, (w.e.f. 1-11-1956).

⁶ S. 20A *Transaction of business for British Military Administration, Burma* which was temporarily inserted by Ordinance 19 of 1945 has now been omitted owing to the repeal of the Ordinance by Act 11 of 1947.

⁷ Subs. by the M.O. 1937, for “G.G. in C.”

⁸ The words “and the State Governments” omitted by Act 37 of 1956, s. 104 (w.e.f. 1-11-1956).

⁹ Subs. by s. 104, Act 37 of 1956, for “their” (w.e.f. 1-11-1956).

¹⁰ Subs. by s. 104, Act 37 of 1956, for “their” (w.e.f. 1-11-1956).

¹¹ Subs. by the M.O. 1937, for “G.G. in C.”

Government] ¹[* * *] from carrying on money transactions at places where the Bank has no branches or agencies, and the ²[Central Government] ³[***] may hold at such places such balances as ⁴[it] may require.

(2) The ⁵[Central Government] ⁶[***] 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 ⁷[Central Government] shall decide what the conditions shall be.

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

⁹[* * * *]

¹⁰**21A. Bank to transact Government business of States on agreement.**

(1) The Bank may by agreement with the Government of any ¹¹[***] State ¹²[* * *] 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.]

¹ The words “or any State Government” omitted by s. 104, Act 37 of 1956, (w.e.f. 1-11-1956).

² Subs. by the M.O. 1937, for “G.G. in C.”

³ The words “and the State Governments” omitted by Act 37 of 1956, s. 104 (w.e.f. 1-11-1956).

⁴ Subs. by s. 104, Act 37 of 1956, for “their” (w.e.f. 1-11-1956).

⁵ Subs. by the M.O. 1937, for “G.G. in C.”

⁶ The words “and each State Government” omitted by s. 104, Act 37 of 1956, (w.e.f. 1-11-1956).

⁷ Subs. by the M.O. 1937, for “G.G. in C.”

⁸ Subs. by s. 104 Act 37 of 1956, for sub-section (4) (w.e.f. 1-11-1956).

⁹ Sub-section (5) ins. by Act. 32 of 1951, s. 11 (w.e.f. 1-11-1951), omitted by Act 37 of 1956, s. 104 (w.e.f. 1-11-1956).

¹⁰ Ins. by Act 32 of 1951, s. 12 (w.e.f. 1-11-1951).

¹¹ The word and letter “Part B” omitted by Act 37 of 1956, s. 104 (w.e.f. 1-11-1956).

¹² The brackets and words “(including the autonomous State of Meghalaya)” ins. by Act 55 of 1969, s. 75 were omitted by Act 81 of 1971, s. 72 (w.e.f. 21-1-1972).

¹[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 ²[India], and may, for a period which shall be fixed by the ³[Central Government] on the recommendation of the Central Board, issue currency notes of the Government of India supplied to it by the ⁴[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 ⁵[Central

¹ Ins. by Act 37 of 1956, s. 104 (w.e.f. 1-11-1956).

² Subs. by Act 32 of 1951, s. 2, for “the States” (w.e.f. 1-11-1951).

³ Subs. by the M.O. 1937, for “G.G. in C”.

⁴ Subs. by the M.O. 1937, for “G.G. in C”.

⁵ Subs. by the M.O. 1937, for “G.G. in C”.

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 ¹[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.

²[* * * * *]

³24. Denominations of notes.

(1) Subject to the provisions of sub-section (2), bank notes shall be of the denominational values of 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 and material of bank notes shall be such as may be approved by the ⁴[Central Government] after consideration of the recommendations made by Central Board.

¹ Subs. by the M.O. 1937, for "G.G. in C".

² Sub-section (3) ins. by the M.O. 1937, omitted by Act 11 of 1947, s. 13 (w.e.f. 1-4-1947).

³ Subs. by Act 58 of 1968, s. 25, for s. 24 (w.e.f. 1-2-1969).

⁴ Subs. by the M.O. 1937, for "G.G. in C".

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 ¹[India] in payment or on account for the amount expressed therein and shall be guaranteed by the ²[Central Government].

(2) On recommendation of the Central Board the ³[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 ⁴[save at such office or agency of the Bank and to such extent as may be specified in the notification].

⁵[* * * * *]

⁶[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 of notes.

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

28. Recovery of notes lost, stolen, mutilated or imperfect.

⁷[* * *] Notwithstanding anything contained in any enactment or rule of law to the contrary, no person shall of right be entitled to recover from the ⁸[Central Government] or the Bank, the value of any lost, stolen, mutilated or imperfect currency note of the Government of India or bank note:

¹ Subs. by Act 32 of 1951, s. 2, for “the States” (w.e.f. 1-11-1951).

² Subs. by the M.O. 1937, for “G.G. in C.”.

³ Subs. by the M.O. 1937, for “G.G. in C.”.

⁴ Subs. by Act 32 of 1951, s. 13, for “save at an office or agency of the Bank” (w.e.f. 1-11-1951).

⁵ Sub-section (3) ins. by the M.O. 1937, omitted by Act 11 of 1947, s. 14 (w.e.f. 1-4-1947).

⁶ Ins. by Act 62 of 1956, s. 2 and Sch. (w.e.f. 1-11-1956).

⁷ The brackets and figure “(1)” and sub-section (2) ins. by the M.O. 1937, omitted by Act 11 of 1947, s. 15 (w.e.f. 1-4-1947).

⁸ Subs. by the M.O. 1937, for “G.G. in C.”.

Provided that the Bank may, with the previous sanction of the ¹[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 ²[* * *] of ³[Parliament].

⁴[* * * * *]

⁵**[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, 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 rupees 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.

¹ Subs. by M.O. 1937 for “G. G. in C”.

² The words “of both Houses” omitted by the A.O. 1948.

³ Subs. by the A. O. 1950. for “the Central Legislature”.

⁴ The brackets and figure (1) and sub. section (2) ins. by the M.O. 1937, omitted by Act 11 of 1947, s. 15 (w.e.f. 1-4-1947).

⁵ Ins. by Act 14 of 1959, s. 2.

(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, in respect of bank notes ¹[* * *] issued by it.

30. Powers of Central Government to supersede Central Board.

(1) If in the opinion of the ²[Central Government] the Bank fails to carry out any of the obligations imposed on it by or under this Act ³[* * *] ⁴[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 ⁵[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 ⁶[Central Government] shall cause a full report of the circumstances leading to such action and of the action taken to be laid before ⁷[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 The words “or Burma notes” ins. by the M.O. 1937, omitted by Act 11 of 1947, s. 16 (w.e.f. 1-4-1947).

² Subs. by the M.O. 1937, for “G.G. in C”.

³ The words “or by or under the law of Burma” ins. by the M.O. 1937, omitted by Act 11 of 1947, s. 17 (w.e.f. 1-4-1947).

⁴ Subs. by the M.O. 1937, for “he”.

⁵ Subs. by the M.O. 1937, for “G.G. in C”.

⁶ Subs. by the M.O. 1937, for “G.G. in C”.

⁷ Subs. by the A.O. 1950, for “the Central Legislature”.

¹[(1)] No person in ²[India] other than the Bank or, as expressly authorized by this Act, the ³[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.

⁴[(2) notwithstanding anything contained in the Negotiable Instruments Act, 1881, no person in ⁵[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.]

⁶[(3) notwithstanding anything contained in this section, the Central Government may authorize any scheduled bank to issue electoral bond.

Explanation. - For the purposes of this sub-section, "electoral bond" means a bond issued by any scheduled bank under the scheme as may be notified by the Central Government.]

32. [Penalty.]

[Rep. by the Reserve Bank of India [Amendment] Act, 1974 (51 of 1974), S. 9.]

33. Assets of the Issue Department.

(1) The assets of the Issue Department shall consist of gold coin, gold bullion, ⁷[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.

⁸[(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

¹ S. 31 re-numbered as sub-section (1) of that section by Act 23 of 1946, s. 2.

² Subs. by Act. 32 of 1951, S. 2. for "the states" (w.e.f. 1-11-1951).

³ Subs. by the M.O. 1937, for "G.G. in C".

⁴ Ins. by Act 23 of 1946, s. 2.

⁵ Subs. by Act 32 of 1951, s. 2, for "the States" (w.e.f. 1-11-1951).

⁶ Inserted by Act 7 of 2017, S. 135 (w.e.f 1-4-2017).

⁷ Subs. by Act 62 of 1948, s. 7, and Sch., for "sterling securities" (w.e.f. 1-1-1949).

⁸ Subs. by Act 48 of 1957, s. 2, (w.e.f. 31-10-1957).

not at any time be less than two hundred crores of rupees and one hundred and fifteen crores of rupees, respectively.]

¹[(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 and gold bullion shall be valued at ²[a price not exceeding the international market price for the time being obtaining], rupee coin shall be valued at its face value, and securities shall be valued ³[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 ⁴[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.

⁵[(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 ⁶[or Asian Development Bank] or the Bank for International Settlements or ⁷[any banking or financial institution ⁸[approved] by the Central Government] in this behalf, provided that they are repayable within a ⁹[period of ten years];

¹ Subs. by Act 61 of 1981, s. 61 and Sch. II, for sub-section (3) (w.e.f. 12-7-1982).

² Subs. by Act 8 of 1991, s. 2, for “0.118489 grammes of fine gold per rupee” (w.e.f. 15-10-1990).

³ Subs. by Act 58 of 1968, s. 26, for “at the market rate” (w.e.f. 1-2-1969).

⁴ Subs. by Act 32 of 1951, s. 2, for “the States” (w.e.f. 1-11-1951).

⁵ Subs. by Act 51 of 1974, s. 10 for sub-section (6).

⁶ Ins. by Act 24 of 1978, s. 6 (w.e.f. 21-7-1978).

⁷ Subs. by s. 6, 24 of 1978, for certain words (w.e.f. 21-7-1978).

⁸ Subs. by Act 1 of 1984, s. 4, for “notified” (w.e.f. 15-2-1984).

⁹ Subs. by Act 24 of 1978, s. 6, for “period of five years” (w.e.f. 21-7-1978).

(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 ¹[within ten years];

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

34. Liabilities of the 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.

²[* * * * *]

³[* * * * *]

35. [Initial assets and liabilities.]

[Rep. by Act 62 of 1948. s. 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, s. 3 (w.e.f. 1-2-1964).]

⁴[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 periods 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.

¹ Subs. by s. 6, Act 24 of 1978, for “within five years” (w.e.f. 21-7-1978).

² Sub-section (2) omitted by Act 55 of 1963, s. 2 (w.e.f. 1-2-1964).

³ Sub-section (3) ins. by the M.O. 1937, omitted by Act 11 of 1947, s. 19 (w.e.f. 1-4-1947).

⁴ Subs. by Act 38 of 1956, s. 4, for s. 37 (w.e.f. 6-10-1956).

¹[* * * * *]

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

The ²[Central Government] shall undertake not ³[* * *] to put into circulation any rupees, except through the Bank ⁴[** *]; and the Bank shall undertake not to dispose of rupee coin otherwise than for the purposes of circulation ⁵[* * *].

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 ^{4a}[the Coinage Act, 2011].

(2) The Bank shall, in exchange for currency notes or bank notes of ⁶[two] rupees or upwards, supply currency notes or bank notes of lower value or other coins which are legal tender under ^{4a}[the Coinage Act, 2011], in such quantities as may, in the opinion of the Bank, be required for circulation; and the ⁷[Central Government] shall supply such coins to the Bank on demand. If the ⁸[Central Government] at any time fails to supply such coins, the Bank shall be released from its obligations to supply them to the public.

⁹[40. Transactions in foreign exchange.

The Bank shall sell to or buy from any authorised person who makes a demand in that behalf at its office in Bombay, Calcutta, Delhi or Madras ¹⁰[or at such of 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

¹ Proviso omitted by Act 48 of 1957, s. 3 (w.e.f. 31-10-1957).

² Subs. by the M.O. 1937, for "G.G. in C."

³ Certain words omitted by Act 55 of 1963, s. 4 (w.e.f. 1-2-1964).

⁴ The words "and as provided in that section" omitted by Ordinance 4 of 1940, s. 3.

⁵ Certain words omitted by Act 55 of 1963, s. 4 (w.e.f. 1-2-1964).

^{4a} Substituted by Act 11 of 2011, S. 2, for "the Indian Coinage Act, 1906".

⁶ Subs. by Act 62 of 1948, s. 7 and Sch., for "five" (w.e.f. 1-1-1949).

⁷ Subs. by the M.O. 1937, for "G.G. in C."

⁸ Subs. by the M.O. 1937, for "G.G. in C."

⁹ Subs. by Act 23 of 1947, s.4, for ss. 40 and 41.

¹⁰ Ins. by Act 54 of 1953, s. 5.

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 of rupees.

Explanation. – In this section “authorised person” means a person who is entitled by or under the ¹[Foreign Exchange Regulation Act, 1973], to buy, or as the case may be, sell, the foreign exchange to which his demand relates.]

41. [Repealed]

[Rep. by Act 23 of 1947, s. 4 (w.e.f. 18-4-1947).

²[41A. [Obligation to provide remittance between India and Burma.]

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

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

³[(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 ⁴[such 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), as the Bank may from time to time, having regard to the needs of securing the monetary stability in the country, notify in the Gazette of India]:

⁵[****]

Explanation. – For the purposes of this section,–

¹ Subs. by Act 1 of 1984, s. 5, for “Foreign Exchange Act, 1947” (w.e.f. 15-2-1984).

² Ins. by the M.O. 1937.

³ Subs. by Act 38 of 1956, s. 5, for sub-section (1) (w.e.f. 6-10-1956).

⁴ Subs. by sec. 3 of the RBI (Amendment) Act, 2006 (Act No. 26 of 2006) (w.e.f.1.4.2007) for the words “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)”.

⁵ The proviso which was earlier substituted by by s. 4, Act 35 of 1962 was omitted by sec. 3 of the RBI (Amendment) Act, 2006 (Act No. 26 of 2006) (w.e.f. 9.1.2007). Prior to the omission in the year 2007, the proviso stood as under:

“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 twenty per cent of the total of the demand and time liabilities.”

(a) “average daily balance” shall mean the average of the balances held at the close of business on each day ¹[of a fortnight];

²[(b) “fortnight” shall mean the period from Saturday to the second following Friday, both days inclusive;]

³[(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 ⁴[****] ⁵[or from the Exim Bank] ⁶[or from the Reconstruction Bank] ⁷[or from the National Housing Bank] or from the ⁸[National Bank] ⁹[* * *] or ¹⁰[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 ¹¹[or from the National Co-operative Development Corporation established under the National Co-operative Development Corporation Act, 1962 (26 of 1962)] and any deposit of money with such bank representing the reserve fund or any part thereof ¹²[* * *] maintained with it by any co-operative society within its area of operation;]

¹³[(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;]

¹⁴[(v) in the case of a Regional Rural Bank, also any loan taken by such bank from its Sponsor Bank;]

¹ Subs. by Act 1 of 1984, s. 6, for “of a week” (w.e.f. 29-3-1985).

² Subs. by s. 6, Act 1 of 1984, for cl. (b) (w.e.f. 29-3-1985).

³ Subs. by Act 23 of 1965, s. 6, for cl. (c) (w.e.f. 1-3-1966).

⁴ The words “or from the Development Bank” omitted by the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 (Act No.53 of 2003), Sec. 3.

⁵ Ins. by Act 28 of 1981, s. 40 and Sch. II (w.e.f. 1-1-1982).

⁶ Ins. by Act 62 of 1984, s. 71 and Sch. III (w.e.f. 20-3-1985).

⁷ Ins. by Act 53 of 1987 s. 56 and the Second Schedule (w.e.f. 9-7-1988).

⁸ Subs. by Act 61 of 1981, s. 61 and Sch. II, for “Agricultural Refinance and Development Corporation” (w.e.f. 12-7-1982).

⁹ Certain words omitted by Act 51 of 1974, s. 11.

¹⁰ Ins. by Act 39 of 1989.

¹¹ Ins. by Act I of 1984, s. 6 (w.e.f. 29-3-1985).

¹² Certain words omitted by Act 51 of 1974, s. 11.

¹³ Ins. by Act 51 of 1974, s. 11.

¹⁴ Ins. by Act I of 1984, s. 6 (w.e.f. 29-3-1985).

¹[(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);

²[(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);

(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 1979);

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

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

¹ Ins. by Act 51 of 1974, s. 11.

² Ins. by Act I of 1984, s. 6 (w.e.f. 29-3-1985).

³ Ins. by Act 1 of 1984, s. 6 (w.e.f. 29-3-1985).

(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 ¹[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:

²[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.]

³[****]

¹ Subs. by Act 35 of 1962, s. 4, for certain words.

² Ins. by Act 1 of 1984, s. 6 (w.e.f. 29-3-1985). Prior to this, the proviso was omitted by Act 35 of 1962, s. 4, (w.e.f. 15-9-1962).

³ Sub-sections(1AA) and (1B) omitted by Act 26 of 2006, s. 3. Before omission, sub-sections (1AA) and (1B) stood as under:

[(1AA) Notwithstanding anything contained in sub-section (1) or subsection (1A), it shall not be necessary for any scheduled bank to maintain with the Bank any balance which shall be more than **3**[twenty 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 (1A).]

¹[(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 schedule bank, the decision of the Bank thereon shall be final.]

²[(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 ³[classifying them into demand and time liabilities],

⁴[* * * * *]

(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 ⁵[and foreign bills purchased and discounted], ⁶[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]:

⁷[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 where ⁸[such alternate] Friday is a public holiday under the Negotiable Instruments Act, 1881, for one or more offices of a

¹ Ins. by Act 1 of 1984, s. 6 (w.e.f. 29-3-1985).

² Subs. by Act 32 of 1951, s. 16, for sub-section (2) (w.e.f. 1-11-1951).

³ Subs. by Act 51 of 1974, s. 11, for certain words.

⁴ Cl. (aa) omitted by s. 11, Act 51 of 1974.

⁵ Ins. by Act 54 of 1953, s. 6.

⁶ Subs. by Act 1 of 1984, s. 6 for certain words (w.e.f. 29-3-1985).

⁷ Subs. by Act 51 of 1974, s. 11, for “Provided that”.

⁸ Ins. by Act 1 of 1984, s. 6 (w.e.f. 29-3-1985).

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:

¹[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.]]

²[(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 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[(3) If the average daily balance held at the Bank by a scheduled bank during any ⁴[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 ⁵[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 ⁶[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 ⁷[fortnight) and each subsequent ⁸[fortnight) during which the default continues on the amount by which such balance at the Bank falls short of the prescribed minimum.]

¹ Subs by Act 1 of 1984 s. 6, for the third proviso (w.e.f. 29-3-1985).

² . Ins. by Act 1 of 1984, s. 6 (w.e.f. 29-3-1985).

³ Subs. by Act 38 of 1956, s. 5, for sub-section (3) (w.e.f. 6-10-1956).

⁴ Subs. by Act 1 of 1984, s. 6, for “week” (w.e.f. 29-3-1985).

⁵ Subs. by Act 1 of 1984, s. 6, for “week” (w.e.f. 29-3-1985).

⁶ Subs. by Act 1 of 1984, s. 6, for “week” (w.e.f. 29-3-1985).

⁷ Subs. by Act 1 of 1984, s. 6, for “week” (w.e.f. 29-3-1985).

⁸ Subs. by Act 1 of 1984, s. 6, for “week” (w.e.f. 29-3-1985).

¹[(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, ²[if thereafter the average daily balance held at the Bank during the next succeeding ³[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 ⁴[fortnight] during which the default continues, and

(b) the Bank may prohibit the scheduled bank from receiving after the said ⁵[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 ⁶[* * *] manager, secretary, branch manager, and branch secretary.]

(4) Any scheduled bank failing to comply with the provisions of subsection (2) ⁷[shall be liable to pay to the Bank] a penalty of one hundred rupees for each day during which the failure continues.

⁸[(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 a 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;

¹ Ins. by Act 38 of 1940, s. 2.

² Subs. by Act 38 of 1956, s. 5, for certain words (w.e.f. 6-10-1956).

³ Subs. by Act 1 of 1984, s. 6, for “week” (w.e.f. 29-3-1985).

⁴ Subs. by Act 1 of 1984, s. 6, for “week” (w.e.f. 29-3-1985).

⁵ Subs. by Act 1 of 1984, s. 6 for “Week” (w.e.f. 29-3-1985).

⁶ The words “managing agent,” omitted by Act 32 of 1951, s. 16 (w.e.f. 1-11-1951).

⁷ Subs. by s. 16, Act 32 of 1951., for certain words (w.e.f. 1-11-1951).

⁸ Subs. by Act 35 of 1962, s. 4, for sub-section (5).

(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 had sufficient cause for its failure to comply with the provisions of sub-sections (1), (1A) or (2), it may not demand the payment of the penal interest or the penalty, as the case may be.]

¹[(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 ²[in India] and which–

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

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

(iii) ³[is a State co-operative bank or a company] as defined in ⁴[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 ⁵[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 ⁶[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:

¹ Subs. by Act 10 of 1949, s. 55 and Sch. I, for sub-section (6) (w.e.f. 16-3-1949).

² Subs. by Act 32 of 1951, s. 16 for “in any state of India” (w.e.f. 1-11-1951).

³ Subs. by Act 23 of 1965, s. 6, for “is a company” (w.e.f. 1-3-1966).

⁴ Subs. by Act 19 of 1957, s. 4, for “clause (2) of section 2 of the Indian Companies Act, 1913 (7 of 1913)”.

⁵ Subs. by Act 32 of 1951, s. 16, for “outside the States of India” (w.e.f. 1-11-1951).

⁶ Subs. by Act 51 of 1974, s. 3, for certain words.

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 considers 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.]

¹[(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.]

²[(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.]

³[43. **Publication of consolidated statement by the Bank.**

The Bank shall cause to be published each ⁴[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.]

¹ Ins. by Act 61 of 1981, s. 61 and Sch. II (w.e.f. 12-7-1982).

² Ins. by Act 32 of 1951, s. 16 (w.e.f. 1-11-1951).

³ Subs. by Act 51 of 1974, s. 12, for s. 43.

⁴ Subs. by Act 1 of 1984, s. 7, for “week” (w.e.f. 29-3-1985).

¹[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 ²[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 ³[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), s. 7 (w.e.f. 1-3-1966).]

⁴[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, or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, or any subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 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 subsection (1) to receive on behalf of the Bank any payment required to be made into the Bank, or any bill, hundies or other 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.]

¹ Ins. by Act 54 of 1953, s. 7.

² Ins. by Act 35 of 1962, s. 5.

³ Ins. by Act 35 of 1962, s. 5.

⁴ Subs. by Act 61 of 1981, s. 61 and Sch. II, for s. 45 (w.e.f. 12-7-1982).

¹[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 ²[Banking Regulation Act, 1949], and includes the State Bank of India, ³[any subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959, any corresponding new bank constituted by section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 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 of 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 ⁴[or class of borrowers] for credit facilities ⁵[granted to him or to such class];

¹ Ins. by Act 35 of 1962, s. 6.

² Subs. by Act 51 of 1974, s. 3, for “Banking Companies Act, 1949”.

³ Subs. by s. 13, *ibid.*, for certain words.

⁴ Ins. by Act 51 of 1974, s. 13.

⁵ Subs. by s. 13, *ibid.*, for certain words.

(iii) the guarantee furnished by a banking company for any of its customers ¹[or any class of its customers];

²[(iv) the means, antecedents, history of financial transactions and the credit worthiness 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.

¹ Ins. by Act 51 of 1974, s. 13.

² Ins. by Act 51 of 1974, s. 13.

(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:

¹[(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.]

²[(d) the disclosures of any credit information under the Credit Information Companies (Regulation) Act, 2005 (30 of 2005).]

(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

¹ Ins. by Act 51 of 1974, s. 14.

² Added by the Credit Information Companies (Regulation) Act, 2005 (Act No. 30 of 2005), Sch., Pt. I.

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), s. 15.]

¹[CHAPTER IIIB

**PROVISIONS RELATING TO NON-BANKING INSTITUTIONS
RECEIVING DEPOSITS AND FINANCIAL INSTITUTIONS**

45H. Chapter IIIB 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 ²[Banking Regulation Act, 1949] or ³[a corresponding new bank as defined in clause (da) of section 5 of that Act or a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959] or ⁴[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 ⁵[Tamil Nadu Industrial Investment Corporation Limited] shall not be deemed to be a banking company.

¹ Ins. by Act 55 of 1963, s.5. (w.e.f. 1-2-1964).

² Subs. by Act 51 of 1974, s.3, for “Banking Companies Act, 1949.

³ Subs. by Act 1 of 1984, s.8, for certain words (w.e.f. 15-2-1984).

⁴ Subs. by Act 21 of 1976, s.33, for the words “a co-operative bank” (w.e.f. 26.9.1975).

⁵ Subs. by Act 51 of 1974, s. 16, for “Madras Industrial Investment Corporation Limited”.

45I. Definitions.

In this Chapter, unless the context otherwise requires, –

¹[(a) “business of a non-banking financial institution” means carrying on of 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);]

²[(aa)] “company” means a company as defined in section 3 of the Companies Act, 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;

³[(bb) “deposit” includes and shall be deemed always to have included 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 the Banking Regulation Act, 1949;

(iv) any amount received from, –

⁴[*****]

(b) a State Financial Corporation,

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

¹ Ins. by Act 23 of 1997 s. 2 (w.e.f. 9-1-1997).

² Cl. (a) renumbered as (aa) by Act 23 of 1997 s.2 (w.e.f. 9-1-1997).

³ Subs. by Act 1 of 1984 s.9, for cl. (bb) w.e.f. 15-2-1984).

⁴ Item (a) - containing the words “the Development Bank” - omitted by the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 (Act No.53 of 2003), Sec. 4.

- (a) security deposit,
- (b) dealership deposit,
- (c) earnest money,
- (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;]

¹[(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:

(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;

¹ Subs. by Act 51 of 1974, s.17, for cl. (c)

(vi) collecting, for any purpose or under any scheme or arrangement by whatever name called, monies in lumpsum 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, ¹[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;]

²[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;]

(d) “firm” means a firm as defined in the Indian Partnership Act, 1932 ³[* * *];

(e) “non-banking institution” means a company, corporation ⁴[or cooperative society].

⁵[(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;

¹ Subs. by Act 23 of 1997, s. 2 (w.e.f. 9-1-1997).

² Ins. by Act 23 of 1997, s.2 (w.e.f. 9-1-1997).

³ Certain words omitted by Act 1 of 1984, s. 9, (w.e.f. 15-2-1984).

⁴ Subs. by s.9 *ibid.*, for certain words (w.e.f. 15-2-1984).

⁵ Ins. by Act 23 of 1997, s.2, (w.e.f. 9-1-1997).

(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;]

¹[45-IA. Requirement of registration and net owned fund.

(1) Notwithstanding anything contained in this Chapter or in any other law for the time being in force, no non-banking financial company shall commence or carry on the business of a non-banking financial institution without—

(a) obtaining a certificate of registration issued under this Chapter; and

(b) having the net owned fund of twenty-five lakh rupees or such other amount, not exceeding two hundred lakh rupees, as the Bank may, by notification in the Official Gazette, specify.

(2) Every non-banking financial company shall make an application for registration to the Bank in such form as the Bank may specify:

Provided that a non-banking financial company in existence on the commencement of the Reserve Bank of India (Amendment) Act, 1997 shall make an application for registration to the Bank before the expiry of six months from such commencement and notwithstanding anything contained in sub-section (1) may continue to carry on the business of a non-banking financial institution until a certificate of registration is issued to it or rejection of application for registration is communicated to it.

(3) Notwithstanding anything contained in sub-section (1), a non-banking financial company in existence on the commencement of the Reserve Bank of India (Amendment) Act, 1997 and having a net owned fund of less than twenty-five lakh rupees may, for the purpose of enabling such company to fulfil the requirement of the net owned fund, continue to carry on the business of a non-banking financial institution—

(i) for a period of three years from such commencement; or

(ii) for such further period as the Bank may, after recording the reasons in writing for so doing, extend, subject to the condition that such company shall, within three months of fulfilling the requirement of the net owned fund, inform the Bank about such fulfilment:

¹ Ins. by Act 23 of 1997, s.3, (w.e.f. 9-1-1997).

Provided that the period allowed to continue business under this subsection shall in no case exceed six years in the aggregate.

(4) The Bank may, for the purpose of considering the application for registration, require to be satisfied by an inspection of the books of the non-banking financial company or otherwise that the following conditions are fulfilled: –

(a) that the non-banking financial company is or shall be in a position to pay its present or future depositors in full as and when their claims accrue;

(b) that the affairs of the non-banking financial company are not being or are not likely to be conducted in a manner detrimental to the interest of its present or future depositors;

(c) that the general character of the management or the proposed management of the non-banking financial company shall not be prejudicial to the public interest or the interest of its depositors;

(d) that the non-banking financial company has adequate capital structure and earning prospects;

(e) that the public interest shall be served by the grant of certificate of registration to the non-banking financial company to commence or to carry on the business in India;

(f) that the grant of certificate of registration shall not be prejudicial to the operation and consolidation of the financial sector consistent with monetary stability, economic growth and considering such other relevant factors which the Bank may, by notification in the Official Gazette, specify; and

(g) any other condition, fulfilment of which in the opinion of the Bank, shall be necessary to ensure that the commencement of or carrying on of the business in India by a non-banking financial company shall not be prejudicial to the public interest or in the interest of the depositors.

(5) The Bank may, after being satisfied that the conditions specified in subsection (4) are fulfilled, grant a certificate of registration subject to such conditions which it may consider fit to impose.

(6) The Bank may cancel a certificate of registration granted to a non-banking financial company under this section if such company–

(i) ceases to carry on the business of a non-banking financial institution in India; or

(ii) has failed to comply with any condition subject to which the certificate of registration had been issued to it; or

(iii) at any time fails to fulfil any of the conditions referred to in clauses (a) to (g) of sub-section (4); or

(iv) fails—

(a) to comply with any direction issued by the Bank under the provisions of this chapter; or

(b) to maintain accounts in accordance with the requirements of any law or any direction or order issued by the Bank under the provisions of this Chapter; or

(c) to submit or offer for inspection its books of account and other relevant documents when so demanded by an inspecting authority of the Bank; or

(v) has been prohibited from accepting deposit by an order made by the Bank under the provisions of this Chapter and such order has been in force for a period of not less than three months:

Provided that before cancelling a certificate of registration on the ground that the non-banking financial company has failed to comply with the provisions of clause (ii) or has failed to fulfil any of the conditions referred to in clause (iii) the Bank, unless it is of the opinion that the delay in cancelling the certificate of registration shall be prejudicial to public interest or the interest of the depositors or the non-banking financial company, shall give an opportunity to such company on such terms as the Bank may specify for taking necessary steps to comply with such provision or fulfillment of such condition;

Provided further that before making any order of cancellation of certificate of registration, such company shall be given a reasonable opportunity of being heard.

(7) A company aggrieved by the order of rejection of application for registration or cancellation of certificate of registration may prefer an appeal, within a period of thirty days from the date on which such order of rejection or cancellation is communicated to it, to the Central Government and the decision of the Central Government where an appeal has been preferred to it, or of the Bank where no appeal has been preferred, shall be final:

Provided that before making any order of rejection of appeal, such company shall be given a reasonable opportunity of being heard.

Explanation. – For the purposes of this section,–

(I) “net owned fund” means–

(a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance-sheet of the company after deducting therefrom–

(i) accumulated balance of loss;

(ii) deferred revenue expenditure; and

(iii) other intangible assets; and

(b) further reduced by the amounts representing–

(1) investments of such company in shares of–

(i) its subsidiaries;

(ii) companies in the same group;

(iii) all other non-banking financial companies; and

(2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with, –

(i) subsidiaries of such company; and

(ii) companies in the same group,

to the extent such amount exceeds ten per cent of (a) above.

(II) “subsidiaries” and “companies in the same group” shall have the same meanings assigned to them in the Companies Act, 1956.

45-IB. Maintenance of percentage of assets.

(1) Every non-banking financial company shall invest and continue to invest in India in unencumbered approved securities, valued at a price not exceeding the current market price of such securities, an amount which, at the close of business on any day, shall not be less than five per cent, or such higher percentage not exceeding twenty-five per cent, as the Bank may, from time to time and by

notification in the Official Gazette, specify, of the deposits outstanding at the close of business on the last working day of the second preceding quarter:

Provided that the Bank may specify different percentages of investment in respect of different classes of non-banking financial companies.

(2) For the purpose of ensuring compliance with the provisions of this section, the Bank may require every non-banking financial company to furnish a return to it in such form, in such manner and for such period as may be specified by the Bank.

(3) If the amount invested by a non-banking financial company at the close of business on any day falls below the rate specified under subsection (1), such company shall be liable to pay to the Bank, in respect of such shortfall, a penal interest at a rate of three per cent per annum above the bank rate on such amount by which the amount actually invested falls short of the specified percentage, and where the shortfall continues in the subsequent quarters, the rate of penal interest shall be five per cent per annum above the bank rate on such shortfall for each subsequent quarter.

(4) (a) The penal interest payable under sub-section (3) shall be payable within a period of fourteen days from the date on which a notice issued by the Bank demanding payment of the same is served on the non-banking financial company and, in the event of a failure of the non-banking financial company to pay the same within such period, penalty may be levied by a direction of the principal civil court having jurisdiction in the area where an office of the defaulting non-banking financial company is situated and such direction shall be made only upon an application made in this behalf to the court by the Bank; and

(b) When the court makes a direction under clause (a), it 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 suit.

(5) Notwithstanding anything contained in this section, if the Bank is satisfied that the defaulting non-banking financial company had sufficient cause for its failure to comply with the provisions of sub-section (1), it may not demand the payment of the penal interest.

Explanation, – For the purposes of this section,–

(i) “approved securities” means securities of any State Government or of the Central Government and such bonds, both the principal whereof and the interest whereon shall have been fully and unconditionally guaranteed by any such Government;

(ii) “unencumbered approved securities” includes the approved securities lodged by the non-banking financial company with another institution for an advance or any other arrangement to the extent to which such securities have not been drawn against or availed of or encumbered in any manner;

(iii) “quarter” means the period of three months ending on the last day of March, June, September or December.

45-IC. Reserve fund.

(1) Every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Bank from time to time and every such appropriation shall be reported to the Bank within twenty-one days from the date of such withdrawal:

Provided that the Bank may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the Bank and having regard to the adequacy of the paid-up capital and reserves of a non-banking financial company in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the non-banking financial company for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the non-banking financial company.]

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

The Bank may, if it considers 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.

¹[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 a 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 directions 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 or 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.

¹ Ins. by Act 23 of 1997 s. 4 (w.e.f. 9-1-1997).

(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.

¹[* * * * *]

(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.

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

(1) If the Bank is satisfied that 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.

¹ Sub-section (5) omitted by Act 51 of 1974, s. 18.

(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.

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.

¹[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;

²[(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 account, issue directions to any non-banking financial company or any class of non-banking financial companies or non-banking financial companies generally or to the auditors of such non-banking financial company or companies relating to balance-sheet, profit and loss account, disclosure of liabilities in the books of account or any matter relating thereto;]

¹ Ins. by s. 19 of Act 51 of 1974.

² Ins. by s. 5 of Act 23 of 1997 (w.e.f. 9-1-1997).

(2) Where, in the case of ¹[a non-banking financial company] the auditor has made, or intends to make, a report to the Bank under sub-section (1), he shall include in his report under sub-section (2) of section 227 of the Companies Act, 1956, the contents of the report which he has made, or intends to make to the Bank.]

²[(3) Where the Bank is of the opinion that it is necessary so to do in the public interest or in the interest of the non-banking financial company or in the interest of the depositors of such company, it may at any time by order direct that a special audit of the accounts of the non-banking financial company in relation to any such transaction or class of transactions or for such period or periods, as may be specified in the order, shall be conducted and the Bank may appoint an auditor or auditors to conduct such special audit and direct the auditor or the auditors to submit the report to it.

(4) The remuneration of the auditors as may be fixed by the Bank, having regard to the nature and volume of work involved in the audit and the expenses of or incidental to the audit, shall be borne by the non-banking financial company so audited.]

³**[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 instrument 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.

¹ Subs. by Act 23 of 1997 s. 5 for words “a non-banking institution, being a company” (w.e.f. 9-1-1997).

² Ins. by Act 23 of 1997 s.5 (w.e.f. 9-1-1997)

³ Ins. by Act 23 of 1997 s.6 (w.e.f. 9-1-1997)

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 45-IA 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 the depositors of the company, may file an application for winding up of such non-banking financial company under the Companies Act, 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 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[(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 purpose 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.]

¹ Subs. by Act 51 of 1974, s.20, for sub-section (1).

(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 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.

¹**[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.]

²**[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-

¹ Ins. by s.21 of Act 51 of 1974.

² Ins. by S.7 of Act 23 of 1997 (w.e.f. 9-1-1997).

(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.]

¹[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). section 22 (w.e.f. 13-12-1974).]

¹ Ins. by Act 23 of 1997, section 7 (w.e.f. 9-1-1997).

45P. [Cognizance of offence.]

[Rep. by the Reserve Bank of India (Amendment) Act, 1974, section 22 (w.e.f. 13-12-1974).]

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.]

¹[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 sub-section, give a reasonable opportunity of being heard to the non-banking financial company and the other persons interested in the matter.]

²[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

¹ Ins. by Act 23 of 1997, section 8 (w.e.f. 9-1-1997).

² Inserted by Act 23 of 1997, section 8 (w.e.f. 9-1-1997).

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 affect 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 produced before a non-banking institution, the non-banking institution shall take due note of such decree, order, certificate or other authority.]

¹[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.]

¹[45S. Deposits not to be accepted in certain cases.

¹ Ins. by Act 1 of 1984, s. 10 (w.e.f. 15-2-1984).

(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 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 Subs. by Act 23 of 1997 s.9 (w.e.f. 1-4-1997).

1. Father, 2. Mother (including step-mother), 3. Son (including stepson), 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 stepbrother), 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 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.]

¹[CHAPTER IIID

REGULATION OF TRANSACTIONS IN DERIVATIVES, MONEY MARKET INSTRUMENTS, SECURITIES, ETC.

45U. Definitions.

For the purposes of this Chapter, --.

(a) "derivative" means an instrument, to be settled at a future date, whose value is derived from change in interest rate, foreign exchange rate, credit rating or credit index, price of securities (also called "underlying"), or a combination of more than one of them and includes interest rate swaps, forward rate agreements, foreign currency swaps, foreign currency-rupee swaps, foreign currency options, foreign currency-rupee options or such other instruments as may be specified by the Bank from time to time;

(b) "money market instruments" include call or notice money, term money, repo, reverse repo, certificate of deposit, commercial usance bill, commercial

¹ Ins. by sec. 4 of the RBI (Amendment) Act, 2006 (Act No. 26 of 2006) (w.e.f. 9.1.2007).

paper and such other debt instrument of original or initial maturity up to one year as the Bank may specify from time to time;

(c) "repo" means an instrument for borrowing funds by selling securities with an agreement to repurchase the securities on a mutually agreed future date at an agreed price which includes interest for the funds borrowed;

(d) "reverse repo" means an instrument for lending funds by purchasing securities with an agreement to resell the securities on a mutually agreed future date at an agreed price which includes interest for the funds lent;

(e) "securities" means securities of the Central Government or a State Government or such securities of a local authority as may be specified in this behalf by the Central Government and, for the purposes of "repo" or "reverse repo", include corporate bonds and debentures.

45V. Transactions in derivatives.

(1) Notwithstanding anything contained in the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any other law for the time being in force, transactions in such derivatives, as may be specified by the Bank from time to time, shall be valid, if at least one of the parties to the transaction is the Bank, a scheduled bank, or such other agency falling under the regulatory purview of the Bank under the Act, the Banking Regulation Act, 1949 (10 of 1949), the Foreign Exchange Management Act, 1999 (42 of 1999), or any other Act or instrument having the force of law, as may be specified by the Bank from time to time.

(2) Transactions in such derivatives, as had been specified by the Bank from time to time, shall be deemed always to have been valid, as if the provisions of sub-section (1) were in force at all material times.

45W. Power to regulate transactions in derivatives, money market instruments, etc.

(1) The Bank may, in public interest, or to regulate the financial system of the country to its advantage, determine the policy relating to interest rates or interest rate products and give directions in that behalf to all agencies or any of them, dealing in securities, money market instruments, foreign exchange, derivatives, or other instruments of like nature as the Bank may specify from time to time:

Provided that the directions issued under this sub-section shall not relate to the procedure for execution or settlement of the trades in respect of the transactions mentioned therein, on the Stock Exchanges recognised under section 4 of the Securities Contracts (Regulation) Act, 1956(42 of 1956).

(2) The Bank may, for the purpose of enabling it to regulate agencies referred to in sub-section (1), call for any information, statement or other particulars from them, or cause an inspection of such agencies to be made.

45X. Duty to comply with directions and furnish information.

It shall be the duty of every director or member or other body for the time being vested with the management of the affairs of the agencies referred to in section 45W to comply with the directions given by the Bank and to submit the information or statement or particulars called for under that section.]

¹[CHAPTER IIIE

JOINT MECHANISM

45Y. Joint Mechanism.

(1) Notwithstanding anything contained in this Act or the Securities and Exchange Board of India Act, 1992 or any other law for the time being in force, if any difference of opinion arises as to whether —

- (i) any instrument, being derivative referred to in clause (a) or money market instrument referred to in clause (b) or repo referred to in clause (c) or reverse repo referred to in clause (d) or securities referred to in clause (e) of section 45U of this Act; or
- (ii) any instrument, being policy of life insurance under the Insurance Act, 1938, or the rules or regulations made thereunder, or, scrips or any other securities referred to in sub-clauses (i), (ia), (ib), (ic), (id), (ie), (ii), (iia) and (iii) of clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956,

is hybrid or composite instrument, having a component of money market investment or securities market instrument or a component of insurance or any other instrument referred to in clause (i) or clause (ii) and falls within the jurisdiction of the Reserve Bank of India or the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 or the Insurance Regulatory and Development Authority established under section 3 of the Insurance Regulatory and Development Authority Act, 1999 or the Pension Fund Regulatory and Development Authority constituted by the Resolution of the Government of India number F.No. 1(6)2007-PR, dated the 14th November, 2008, such difference of opinion shall be referred to a Joint Committee consisting of the following, namely: —

- (a) the Union Finance Minister — *ex officio* Chairperson;
- (b) the Governor, Reserve Bank of India — *ex officio* Vice-Chairperson;

¹ Ins. by sec. 2 of the Securities and Insurance Laws (Amendment and Validation) Act, 2010 (Act No. 26 of 2010) (w.e.f. 18-6-2010).

(c) the Secretary, Department of Economic Affairs in the Ministry of Finance, Government of India — *ex officio* Member;

(d) the Secretary, Department of Financial Services in the Ministry of Finance, Government of India — *ex officio* Member;

(e) the Chairperson, Insurance Regulatory and Development Authority—*ex officio* Member;

(f) the Chairman, Securities and Exchange Board of India—*ex officio* Member;

(g) the Chairperson, Pension Fund Regulatory and Development Authority—*ex officio* Member.

(2) The Secretary, Department of Financial Services in the Ministry of Finance, Government of India shall be the convener of the meetings of the Joint Committee referred to in sub-section (1).

(3) In case of any difference of opinion referred to in sub-section (1), any Member of the Joint Committee referred to in clauses (b), (e), (f) or (g) of that sub-section may make a reference to the Joint Committee.

(4) The Joint Committee shall follow such procedure as it may consider expedient and give, within a period of three months from the date of reference made under sub-section (3), its decisions thereon to the Central Government.

(5) The decision of the Joint Committee shall be binding on the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and the Pension Fund Regulatory and Development Authority.

¹[CHAPTER III F

MONETARY POLICY

45Z. Provisions of this Chapter to override other provisions of Act.

The provisions of this Chapter shall have effect, notwithstanding anything inconsistent therewith contained in any other provisions of this Act.

45ZA. Inflation target.

¹ Inserted by Finance Act, 2016 (w.e.f. 27.06.2016)

- (1) The Central Government shall, in consultation with the Bank, determine the inflation target in terms of the Consumer Price Index, once in every five years.
- (2) The Central Government shall, upon such determination, notify the inflation target in the Official Gazette.

45ZB. Constitution of Monetary Policy Committee.

- (1) The Central Government may, by notification in the Official Gazette, constitute a Committee to be called the Monetary Policy Committee of the Bank.
- (2) The Monetary Policy Committee shall consist of the following Members, namely: —
 - (a) the Governor of the Bank—Chairperson, *ex officio*;
 - (b) Deputy Governor of the Bank, in charge of Monetary Policy—Member, *ex officio*;
 - (c) one officer of the Bank to be nominated by the Central Board—Member, *ex officio*; and
 - (d) three persons to be appointed by the Central Government—Members.
- (3) The Monetary Policy Committee shall determine the Policy Rate required to achieve the inflation target.
- (4) The decision of the Monetary Policy Committee shall be binding on the Bank.

45ZC. Eligibility and Selection of Members appointed by Central Government.

- (1) The Members of the Monetary Policy Committee referred to in clause (d) of subsection (2) of section 45ZB shall be appointed by the Central Government from amongst persons of ability, integrity and standing, having knowledge and experience in the field of economics or banking or finance or monetary policy:

Provided that no person shall be appointed as a Member, in case such person—

- (i) has completed the age of seventy years on the date of appointment as Member;
- (ii) is a Member of any Board or Committee of the Bank;
- (iii) is an employee of the Bank;
- (iv) is a public servant as defined under section 21 of the Indian Penal Code;
- (v) is a Member of Parliament or any State Legislature;
- (vi) has been at any time, adjudged as an insolvent;
- (vii) has been convicted of an offence which is punishable with an imprisonment for a term of one hundred and eighty days or more;
- (viii) is physically or mentally incapable of discharging the duties of a Member of the Monetary Policy Committee; or

(ix) has a material conflict of interest with the Bank and is unable to resolve such conflict.

(2) The Members of the Monetary Policy Committee referred to in clause (d) of sub-section (2) of section 45ZB shall be appointed by the Central Government on the recommendations made by Search-cum-Selection Committee consisting of the following members, namely: —

- (a) Cabinet Secretary—Chairperson;
- (b) Governor of the Reserve Bank of India or his representative (not below the rank of Deputy Governor)—member;
- (c) Secretary, Department of Economic Affairs—member;
- (d) three experts in the field of economics or banking or finance or Monetary policy to be nominated by the Central Government—members.

(3) While selecting the Members of the Monetary Policy Committee, the Search cum-Selection Committee shall follow such procedure as may be prescribed by the Central Government.

45ZD. Terms and conditions of appointment of Members of Monetary Policy Committee.

(1) The Members of the Monetary Policy Committee appointed under clause (d) of sub-section (2) of section 45ZB shall hold office for a period of four years and shall not be eligible for re-appointment.

(2) The terms and conditions of appointment of Members of the Monetary Policy Committee shall be such as may be prescribed by the Central Government and the remuneration and other allowances payable to such Members shall be such as may be specified by the regulations made by the Central Board.

(3) A Member may resign from the Monetary Policy Committee, at any time before the expiry of his tenure under sub-section (1), by giving to the Central Government, a written notice of not less than six weeks, and on the acceptance of the resignation by the Central Government, he shall cease to be a Member of the Monetary Policy Committee.

45ZE. Removal of Members of Monetary Policy Committee.

(1) The Central Government may remove from office any Member of the Monetary Policy Committee appointed under clause (d) of sub-section (2) of section 45ZB, who—

- (a) is, or at any time has been, adjudged as an insolvent; or
- (b) has become physically or mentally incapable of acting as a Member; or
- (c) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or
- (d) has failed to adequately disclose any material conflict of interest at the time of his appointment; or

- (e) does not attend three consecutive meetings of the Monetary Policy Committee without obtaining prior leave; or
 - (f) has acquired such financial or other interest as is likely to affect prejudicially his functions as a Member; or
 - (g) has acquired any post referred to in clauses (ii), (iii), (iv) and clause (v) of the proviso to sub-section (1) of section 45ZC; or
 - (h) has, in the opinion of the Central Government, so abused his position as to render his continuance in office detrimental to the public interest.
- (2) No Member appointed under clause (d) of sub-section (2) of section 45ZB shall be removed under clause (d) or clause (e) or clause (f) or clause (g) or clause (h) of sub-section (1) unless he has been given a reasonable opportunity of being heard in the matter.

45ZF. Vacancies etc., not to invalidate proceedings of Monetary Policy Committee.

No act or proceeding of the Monetary Policy Committee shall be invalid merely by reason of—

- (a) any vacancy in, or any defect in the constitution of the Monetary Policy Committee; or
- (b) any defect in the appointment of a person acting as a Member of the Monetary Policy Committee; or
- (c) any irregularity in the procedure of the Monetary Policy Committee not affecting the merits of the case.

45ZG. Secretary to Monetary Policy Committee.

- (1) The Bank shall appoint a Secretary to the Monetary Policy Committee to provide secretariat support to the said Committee.
- (2) The Secretary shall perform such functions and, in such manner, as may be specified by the regulations made by the Central Board.

45ZH. Information for Monetary Policy Committee Members.

- (1) The Bank shall provide all information to the Members of the Monetary Policy Committee that may be relevant to achieve the inflation target.
- (2) In addition to information provided by the Bank under sub-section (1), any Member of the Monetary Policy Committee may, at any time, request the Bank for additional information, including any data, models or analysis.
- (3) The Bank shall provide the information, as referred to in sub-section (2), to the Member of the Monetary Policy Committee, within reasonable time, unless—
 - (a) the information pertains to an entity or person and is not publicly available; or
 - (b) the information allows an entity or person to be identified and the information is not publicly available.

(4) Any information provided by the Bank to a Member of the Monetary Policy Committee shall be provided to all the Members of the Monetary Policy Committee.

45ZI. Meetings of Monetary Policy Committee.

(1) The Bank shall organise at least four meetings of the Monetary Policy Committee in a year.

(2) The meeting schedule of the Monetary Policy Committee for a year shall be published by the Bank at least one week before the first meeting in that year.

(3) The meeting schedule may be changed only—

(a) by way of a decision taken at a prior meeting of the Monetary Policy Committee; or

(b) if, in the opinion of the Governor, an additional meeting is required, or a meeting is required to be rescheduled due to administrative exigencies.

(4) Any change in meeting schedule shall be published by the Bank as soon as practicable.

(5) The quorum for a meeting of the Monetary Policy Committee shall be four Members, at least one of whom shall be the Governor and, in his absence, the Deputy Governor who is the Member of the Monetary Policy Committee.

(6) The meetings of the Monetary Policy Committee shall be presided over by the Governor, and in his absence by the Deputy Governor who is a Member of the Monetary Policy Committee.

(7) Each Member of the Monetary Policy Committee shall have one vote.

(8) All questions which come up before any meeting of the Monetary Policy Committee shall be decided by a majority of votes by the Members present and voting, and in the event of an equality of votes, the Governor shall have a second or casting vote.

(9) The Central Government may, if it considers necessary, convey its views in writing to the Monetary Policy Committee from time to time.

(10) The vote of each Member of the Monetary Policy Committee for a proposed resolution shall be recorded against such Member.

(11) Each Member of the Monetary Policy Committee shall write a statement specifying the reasons for voting in favour of, or against the proposed resolution.

(12) The procedure, conduct, code of confidentiality and any other incidental matter for the functioning of the Monetary Policy Committee shall be such as may be specified by the regulations made by the Central Board.

(13) The proceeding of the Monetary Policy Committee shall be confidential.

45ZJ. Steps to be taken to implement decisions of Monetary Policy Committee.

(1) The Bank shall publish a document explaining the steps to be taken by it to implement the decisions of the Monetary Policy Committee, including any changes thereto.

(2) The particulars to be included in such document and the frequency of publications of such document shall be such as may be specified by the regulations made by the Central Board.

45ZK. Publication of decisions.

The Bank shall publish, after the conclusion of every meeting of the Monetary Policy Committee, the resolution adopted by the said Committee;

45ZL. Publication of proceedings of meeting of Monetary Policy Committee.

The Bank shall publish, on the fourteenth day after every meeting of the Monetary Policy Committee, the minutes of the proceedings of the meeting which shall include the following, namely: —

- (a) the resolution adopted at the meeting of the Monetary Policy Committee;
- (b) the vote of each member of the Monetary Policy Committee, ascribed to such member, on resolutions adopted in the said meeting; and
- (c) the statement of each member of the Monetary Policy Committee under subsection (11) of section 45ZL on the resolutions adopted in the said meeting.

45ZM. Monetary Policy Report.

(1) The Bank shall, once in every six months, publish a document to be called the Monetary Policy Report, explaining—

- (a) the sources of inflation; and
- (b) the forecasts of inflation for the period between six to eighteen months from the date of publication of the document.

(2) The form and contents of the Monetary Policy Report shall be such as may be specified by the regulations made by the Central Board.

45ZN. Failure to maintain inflation target.

Where the Bank fails to meet the inflation target, it shall set out in a report to the Central Government—

- (a) the reasons for failure to achieve the inflation target;
- (b) remedial actions proposed to be taken by the Bank; and
- (c) an estimate of the time-period within which the inflation target shall be achieved pursuant to timely implementation of proposed remedial actions.

Explanation. —For the purposes of this section, the factors that constitute failure shall be such as may be notified by the Central Government in the Official Gazette, within three months from the date of the commencement of Part I of Chapter XII of the Finance Act, 2016.

45ZO. Power to make rules.

(1) The Central Government may, by notification in the Official Gazette, make rules for the purpose of carrying out the provisions of this Chapter.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(a) the procedure of functioning of the Search-cum-Selection Committee under sub-section (3) of section 45ZC;

(b) the terms and conditions of appointment, (other than the remuneration and other allowances), of Members of the Monetary Policy Committee under sub-section (2) of section 45ZD; and

(c) any other matter which is to be, or may be, prescribed by the Central Government by rules.”.]

CHAPTER IV

GENERAL PROVISIONS

46. Contribution by Central Government to the Reserve Fund.

The ¹[Central Government] shall transfer to the Bank rupee securities of the value of five crores of rupees to be allocated by the Bank to the Reserve Fund.

²46A. 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.]

³46B. * * * * *

¹ Subs. by M. O. 1937, for “G.G. in C.”.

² Subs. by Act 61 of 1981, s. 61 and Sch. II for ss. 46A and 46B (w.e.f. 12-7-1982).

³ Section 46-B omitted by National Bank for Agriculture & Rural Development Act, 1981 [61 of 1981] (w.e.f. 12-7-1982).

[Section 46-B omitted by National Bank for Agriculture & Rural Development Act, 1981 [61 of 1981] (w.e.f. 12-7-1982).]

¹[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: -

²[*****]

³[(c) the making to the Exim Bank ⁴[or the Reconstruction Bank ⁵[or the Small Industries Bank as the case may be,] of loans and advances for the purposes of any business of the Exim Bank ⁶[or the Reconstruction Bank, or ⁷[the Small Industries Bank] as the case may be]];

¹ Ins. by Act 18 of 1964, s. 38 and sch. II (w.e.f. 1-7-1964).

² Clauses (a) and (b) omitted by the Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 (Act No.53 of 2003), Sec.5. Prior to the deletion, the clauses read as under: -

“(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;”

³ Ins. by Act 28 of 1981, s. 40 and Sch. II (w.e.f. 1-1-1982).

⁴ Ins. by Act 62 of 1984, s. 71 and Sch. III (w.e.f. 20-3-1985).

⁵ Ins. by Act 39 of 1989.

⁶ Ins. by Act 62 of 1984, s. 71 and Sch. III (w.e.f. 20-3-1985).

⁷ Ins. by Act 39 of 1989.

(d) the purchasing of bonds and debentures issued by the Exim Bank ¹[or the Reconstruction Bank, ²[or the Small Industries Bank] as the case may be]].

³[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.

⁴[47. Allocation of surplus profits.

After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds ⁵[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 Bank from income-tax and super-tax.

(1) Notwithstanding anything contained in ⁶[the Income-Tax Act, 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.

⁷[* * * * *]

¹ Ins. by Act 62 of 1984, s. 71 and Sch. III (w.e.f. 20-3-1985).

² Ins. by Act 39 of 1989.

³ Ins. by Act 53 of 1987 (w.e.f. 9-7-1988).

⁴ Subs. by Act 62 of 1948, s. 7 and Sch. for s. 47 (w.e.f. 1-1-1949).

⁵ Subs. by Act 24 of 1955, s. 8, for “and such other contingencies as”.

⁶ Subs. by Act 24 of 1978, s. 8, for “Indian Income-tax Act, 1922” (w.e.f. 21-7-1978).

⁷ The proviso and sub-section (2) omitted by Act 62 of 1948, s. 7 and Sch. (w.e.f. 1-1-1949).

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.

¹[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 ²[Central Government] may at any time appoint the ³[Comptroller and Auditor-General]⁴[* * *] 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 times have access to the books, accounts and other documents of the Bank, and may, at the expense of the Bank, ⁵[* * *] employ accountants or other persons 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 ⁶[* * *] to the ⁷[Central Government] ⁸[* * *] upon the annual balance-sheet and accounts, and in every such report they shall

¹ Subs. by s. 7 and Sch., *ibid.*, for s. 50 (w.e.f. 1-1-1949).

² Subs. by the M. O. 1937, for "G. G. in C.".

³ Subs. by Act 32 of 1951, s. 18, for "Auditor-General" (w.e.f. 1-11-1951).

⁴ The words "or such auditors as it thinks fit" omitted by Act 62 of 1948, s. 7 and Sch. (w.e.f. 1-1-1949).

⁵ Certain words omitted by Act 24 of 1955, s. 9.

⁶ The words "to the shareholders or" omitted by Act 62 1948, s. 7 and Sch. (w.e.f. 1-1-1949).

⁷ Subs. by the M. O. 1937, for "G. G. in C.".

⁸ The words "as the case may be" omitted by s. 7 and Sch., *ibid.* (w.e.f. 1-1-1949).

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. ¹[* * *]

53. Returns.

(1) The Bank shall prepare and transmit to the ²[Central Government] a weekly account of the Issue Department and of the Banking Department in ³[such] from as the ⁴[Central] Government] may, by notification in the Gazette of India, prescribe. The ⁵[Central Government] shall cause these accounts to be ⁶[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 ⁷[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 ⁸[Central Government] shall cause such accounts and report to be published in the Gazette of India.

⁹[* * * * *]

¹⁰54. 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;

¹ The words "Any such report made to the shareholders shall be read, together with the report of the Central Board, at the annual general meeting". omitted by Act 62 of 1948, s. 7 and Sch. (w.e.f. 1-1-1949).

² Subs. by the M. O. 1937, for "G. G. in C.".

³ Subs. by the M.O. 1937, for certain words.

⁴ Subs. by the M. O. 1937, for "G. G. in C.".

⁵ Subs. by the M. O. 1937, for "G. G. in C.".

⁶ Subs. by Act 24 of 1978, s. 9, for certain words (w.e.f. 21-7-1978).

⁷ Subs. by the M. O. 1937, for "G. G. in C.".

⁸ Subs. by the M. O. 1937, for "G. G. in C.".

⁹ Sub-section (3) omitted by Act 62 of 1948, s. 7 and Sch. (w.e.f. 1-1-1949).

¹⁰ Subs. by Act 61 of 1981, s. 61 and Sch. II. for S. 54 (w.e.f. 12-7-1982).

(b) conduct special studies in such areas as it may consider necessary to do so for promoting integrated rural development.]

¹**[54A. Delegation of powers.**

(1) The Governor may, by general or special order, delegate to a Deputy Governor, subject to such conditions and limitations, if any, as may be specified in the order, such of the powers and functions exercisable by him ²[* * *] 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.]

³**[54AA. Power of Bank to depute its employees to other institutions.**

⁴[(1) The Bank may, notwithstanding anything contained in any law, or in any agreement, for the time being in force, depute any member of its staff for such period as it may think fit, -

(a) to any institution which is wholly or substantially owned by the Bank;

(b) to the Development Bank, so, however, that no such deputation shall continue after the expiration of thirty months from the commencement of section 5 of the Public Financial Institutions Laws (Amendment) Act, 1975;

(c) to the Unit Trust, so, however, that no such deputation shall continue after the expiration of thirty months from the date notified by the Central Government under sub-section (1) of section 4A of the Unit Trust of India Act, 1963, and thereupon the person so deputed shall, during the period of his deputation, render such service to the institution to which he is so deputed as that institution may require.]

(2) Where a person has been deputed to an institution under subsection (1), he shall not be entitled to claim any salary, emoluments and other terms and conditions of service which he would not have been entitled to claim if he had not been so deputed.

¹ Ins. by Act 24 of 1955, s. 10.

² The words "by or" omitted by Act 58 of 1960, s. 3 and Sch. II.

³ Ins. by Act 58 of 1968, s. 28 (w.e.f. 1-2-1969).

⁴ Subs. by Act 52 of 1975, s. 20, for sub-section (1) (w.e.f. 16-2-1976).

(3) Nothing contained in this section shall empower the Bank to depute any member of its staff to any institution on any salary, emoluments or other terms and conditions which is or are less favourable to him than that or those to which he is entitled immediately before such deputation.

(4) For the purposes of this section, an institution shall be deemed to be substantially owned by the Bank if in the capital of the institution the Bank has not less than forty per cent, share.

Explanation. - The word “capital” means, in relation to the Unit Trust, the initial capital of that Trust.]

55 and 56. [Reports by the Bank. Power to require declaration as to ownership of registered shares.]

[Rep. by Act 62 of 1948, s. 7 and Sch. (w.e.f. 1-1-1949).]

57. Liquidation of the Bank.

(1) Nothing in the ¹[Companies Act, 1956], shall apply to the Bank, and the Bank shall not be placed in liquidation save by order of the ²[Central Government] and in such manner as ³[it may direct].

⁴[* * * * *]

58. Power of the Central Board to make regulations.

(1) The Central Board may, with the previous sanction of the ⁵[Central Government] ⁶[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 and without prejudice to the generality of the foregoing provision, such regulations may provide for all or any of the following matters, namely: -

¹ Subs. by Act 19 of 1957, s. 5, for “Indian Companies Act, 1913 (7 of 1913)”.

² Subs. by the M.O. 1937, for “G. G. in C.”.

³ Subs. *Ibid.*, for “he may direct”.

⁴ Sub-section (2) omitted by Act 62 of 1948, s. 7 and Sch., (w.e.f. 1-1-1949).

⁵ Subs. by the M.O. 1937, for “G. G. in C.”.

⁶ Ins. by Act 66 of 1988 (w.e.f. 30-12-88).

¹[* * * * *]

(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 ²[* * *] 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 provisions 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 ³(including post office savings banks).

⁴[(pp) the regulation of fund transfer through electronic means between the banks or between the banks and other financial institutions referred to in clause (c) of section 45-I, including the laying down of the conditions subject to which banks and other financial institutions shall participate in such fund

¹ Cls. (a) to (e) omitted by Act 62 of 1948, s. 7 and Sch., (w.e.f. 1-1-1949).

² The words “to the Governor, or “omitted by Act 54 of 1953, S. 8.

³ Subs. by Act 66 of 1988 (w.e.f. 30-12-1988).

⁴ Ins. vide The Information Technology Act, 2000 (w.e.f. 17-10-2000).

transfers, the manner of such fund transfers and the rights and obligations of the participants in such fund transfers.]

(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

¹[(qa) the remuneration and other allowances payable to Members of the Monetary Policy Committee under sub-section (2) of section 45ZD;

(qb) the functions of the Secretary under sub-section (2) of section 45ZG;

(qc) the procedure, manner of conducting of meetings and related matters of the Monetary Policy Committee under sub-section (12) of section 45ZI;

(qd) the particulars and the frequency of publication of document under sub-section (2) of section 45ZJ;

(qe) the form and contents of the Monetary Policy Report to be published under sub-section (2) of section 45ZM;]

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

²[(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.]

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

¹ Inserted by Finance Act, 2016 (w.e.f 27.06.2016)

² Ins. by Act 51 of 1947 s. 24.

³ Sub. Section (3) re-numbered as "(5)" by s. 24, Act 51 of 1974.

¹[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.]

²[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.

¹ Ins. by s. 25, Act 51 of 1974.

² Ins. by Act 51 of 1974, s. 26.

(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.

¹[(4A) If any person contravenes the provisions of sub-section (1) of section 45-IA, 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, ²[other than an auditor]-

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

³[(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

¹ Ins. by s. 10 of Act 23 of 1997 (w.e.f. 9-1-1997).

² Ins. by s. 10 of Act 23 of 1997 (w.e.f. 9-1-1997).

³ Ins. by s. 10 of Act 23 of 1997 (w.e.f. 9-1-1997).

(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.

¹[(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 judgement 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, it shall be lawful for a Metropolitan Magistrate or a Judicial Magistrate of the first class to impose a sentence of fine in excess of the limit specified in that section on any person convicted under subsection (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

¹ Ins. by Act 1 of 1984 s. 11 (w.e.f. 15-2-1984).

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 authorized 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:

¹[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 a Magistrate may, if he sees 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.

¹ Ins. by Act 1 of 1984 s. 12 (w.e.f. 15-2-1984).

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.]

¹58G. 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 not exceeding 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 (3), shall issue a certificate specifying the sum payable by the non-banking financial company and

¹ Ins. by s. 11 of Act 23 of 1997 (w.e.f. 9-1-1997).

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.]

59 to 61. [Amendment of Act 3 of 1906. Repeals, Amendment of section 11, Act 7 of 1913.]

Rep. by Act 20 of 1937, s. 3 Sch. II.

¹[THE FIRST SCHEDULE
AREAS SERVED BY VARIOUS LOCAL BOARDS

(See section 9)

²[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 & Kashmir, ³[Punjab, Haryana,] ⁴[Himachal Pradesh], Rajasthan and Uttar Pradesh and Union Territories of ⁵[Chandigarh,] ⁶[and Delhi].

4. The Southern Area shall consist of the States of Andhra Pradesh, ⁷[Karnataka], ⁸[Tamil Nadu] and Kerala and the ⁹[Union Territories of Pondicherry and ¹⁰[Lakshadweep]].]

¹ Subs. by the Adaptation of Laws (No. 3) Order 1956, for the former First Schedule.

² Subs. by Act 23 of 1997 s.12 for the former items No. 1 & 2 of the First Schedule (w.e.f. 9.1.1997).

³ Subs. by the Punjab Reorganisation and Delhi High Court (Adaptation of Laws on Union Subjects) Order, 1968. for "Punjab" (w.e.f. 1.11.1966).

⁴ Ins. by the State of Himachal Pradesh (Adaptation of Laws in Union Subjects) Order, 1973 (w.e.f. 25.1.1971).

⁵ Ins. by the Punjab Reorganisation and Delhi High Court (Adaptation of Laws on Union Subjects) Order, 1968 (w.e.f. 1.11.1966).

⁶ Subs. by the State of Himachal Pradesh (Adaptation of Laws on Union Subjects) Order, 1973, for "Himachal Pradesh and Delhi" (w.e.f. 25.1.1971).

⁷ Subs. by the Mysore State (Alteration of Name) (Adaptation of Laws on Union Subjects) Order, 1974, for "Mysore" (w.e.f. 1.11.1973).

⁸ Subs. by the Madras State (Alteration of Name) (Adaptation of Laws on Union Subjects) Order, 1970, for "Madras" (w.e.f. 14.1.1969).

⁹ Subs. by Reg. 7 of 1963 s. 8 for "Union territory of Laccadive, Minicoy and Aminidivi Islands."

¹⁰ Subs. by the Laccadive, Minicoy and Aminidivi Islands (Alteration of Name) Adaption of Laws Order, 1974 for "Laccadive, Minicoy and Aminidivi Islands" (w.e.f. 1.11.1973).

¹[THE SECOND SCHEDULE

[See section 42 and section 2(e)]

SCHEDULED BANKS

1. AB Bank Ltd
2. Abhyudaya Co-operative Bank Ltd., Mumbai
3. Abu-Dhabi Commercial Bank PJSC
4. Ahmedabad Mercantile Co-Op Bank Ltd.
5. Akola Janata Commercial Co-operative Bank Ltd.
6. Akola Urban Co-operative Bank Ltd., Akola.
7. Allahabad Bank
8. Allahabad UP Gramin Bank
9. Amanath Co-operative Bank Ltd. Bangalore
10. American Express Banking Corp.
11. Andhra Bank
12. Andhra Pradesh GVB
13. Andhra Pradesh Mahesh Co-Op Urban Bank Ltd
14. Andhra Pradesh State Co-operative Bank
15. Andhra Pragathi Grameena Bank
16. Apna Sahakari Bank Ltd.
17. Arunachal Pradesh Rural Bank
18. Assam Gramin Vikash Bank
19. AU Small Finance Bank Ltd

¹ This Schedule as amended by the M. O. 1937, Acts 23 of 1955, 79 of 1956 and 38 of 1959 and by notifications issued under section 42(6) of this Act from time to time is reproduced here.

20. Australia and New Zealand Banking Group Limited
21. Axis Bank
22. Bandhan Bank Ltd
23. Bangiya Gramin Vikash Bank
24. Bank Of America
25. Bank Of Bahrain And Kuwait
26. Bank Of Baroda
27. Bank Of Ceylon
28. Bank Of India
29. Bank Of Maharashtra
30. Bank Of Nova Scotia
31. Barclays Bank
32. Baroda Gujarat Gramin Bank
33. Baroda Rajasthan Kshetriya Gramin Bank
34. Baroda Uttar Pradesh Gramin Bank
35. Bassein Catholic Co-operative Bank Ltd.
36. Bharat Co-operative Bank (Mumbai) Ltd.,
37. Bharati Sahakari Bank Limited.
38. Bihar Gramin Bank
39. Bihar State Co-operative Bank
40. BNP Paribas
41. Bombay Mercantile Co-operative Bank Limited
42. Canara Bank
43. Capital Small Finance Bank Ltd
44. Catholic Syrian Bank Ltd.
45. Central Bank Of India
46. Central Madhya Pradesh Gramin Bank
47. Chaitanya Godavari GB
48. Chhatisgarh Rajya Sahakari Bank Maryadit
49. Chhattisgarh Rajya Gramin Bank
50. Citi Bank N A

51. Citizen Credit Co-operative Bank Ltd., Mumbai
52. City Union Bank Ltd.
53. Co-operative Rabobank U A
54. Corporation Bank
55. Cosmos Co-operative Bank Ltd
56. Credit Agricole Corporate And Investment Bank
57. Credit Suisse AG
58. CTBC Bank Co. Ltd.
59. DBS Bank ltd
60. DCB Bank Limited
61. Dena Bank
62. Dena Gujarat Gramin Bank
63. Deutsche Bank
64. Dhanlaxmi Bank Limited
65. Doha Bank Q.P.S.C
66. Dombivli Nagari Sahakari Bank Ltd.
67. Ellaquai Dehati Bank
68. Emirates NBD Bank (P.J.S.C)
69. Equitas Small Finance Bank Ltd
70. ESAF Small Finance Bank Ltd.
71. Federal Bank Ltd.
72. First Abu Dhabi Bank PJSC
73. First Rand Bank Ltd.
74. Goa State Co-operative Bank
75. Goa Urban Co-operative Bank Limited.
76. Gopinath Patil Parsik Janata Sahakari Bank Ltd.,
77. Gramin Bank of Aryavart
78. Greater Bombay Co-operative Bank Limited
79. GS Mahanagar Co-operative Bank Ltd., Mumbai
80. Gujarat State Co-operative Bank
81. Haryana Rajya Sahakari Bank

82. HDFC Bank Ltd.
83. Himachal Pradesh Gramin Bank
84. Himachal Pradesh State Co-operative Bank
85. Hongkong And Shanghai Bkg.Corpn.
86. ICICI Bank Ltd
87. IDBI Bank Ltd.
88. IDFC BANK LIMITED
89. Indian Bank
90. Indian Mercantile Co-operative Bank Ltd.
91. Indian Overseas Bank
92. Indusind Bank Ltd
93. Industrial and Commercial Bank of China Limited
94. INDUSTRIAL BANK OF KOREA
95. J&K Grameen Bank
96. Jalgaon Janata Sahakari Bank Ltd.
97. Jalgaon People's Co-operative Bank Ltd.
98. Jammu And Kashmir Bank Ltd.
99. Janakalyan Sahakari Bank Ltd., Mumbai
100. Janalaxmi Co-operative Bank Ltd., Nashik
101. Janata Sahakari Bank Ltd., Pune.
102. Jharkhand Gramin Bank
103. JP Morgan Chase Bank
104. JSC VTB Bank
105. Kallappa Anna Awade Ichalkaranji Janata Sahakari Bank Ltd.
106. Kalapur Commercial Coop.Bank Ltd.
107. Kalyan Janata Sahakari Bank Ltd., Kalyan
108. Kapol Co-operative Bank Ltd., Mumbai
109. Karad Urban Co-operative Bank Ltd.
110. Karnataka Bank Ltd.
111. Karnataka State Co-operative Apex Bank
112. Karnataka Vikas Grameena Bank

113. Karur Vysya Bank Ltd.
114. Kashi Gomti Samyut Gramin Bank
115. Kaveri Grameena Bank
116. KEB Hana Bank
117. Kerala Gramin Bank
118. Kerala State Co-operative Bank
119. Khamgaon Urban Co-operative Bank Ltd., Khamgaon.
120. Kotak Mahindra Bank Ltd.
121. Krung Thai Bank
122. Lakshmi Vilas Bank Ltd.
123. Langpi Dehangi GB
124. Madhya Bihar Gramin Bank
125. Madhya Pradesh Rajya Sahakari Bank Maryadit
126. Madhyanchal Gramin Bank
127. Maharashtra GB
128. Maharashtra State Co-operative Bank
129. Malwa Gramin Bank
130. Manipur Rural Bank
131. Mapusa Urban Co-operative Bank of Goa Ltd,
132. Mashreq Bank
133. Meghalaya Rural Bank
134. Mehsana Urban Co-Op Bank Ltd.
135. Mizoram Rural Bank
136. Mizuho Bank Ltd.
137. MUFG Bank, Ltd.
138. Nagaland Rural Bank
139. Nagar Urban Co-operative Bank Ltd.,
140. Nagpur Nagrik Sahakari Bank Ltd.
141. Nainital Bank Ltd.
142. Narmada Jhabua Gramin Bank
143. Nasik Merchant's Co-operative Bank Ltd.

144. National Australia Bank
145. New India Co-operative Bank Ltd., Mumbai
146. NKGSB Co-operative Bank Ltd., Mumbai
147. Nutan Nagarik Sahakari Bank Ltd., Ahmedabad
148. Odisha Gramya Bank
149. Oriental Bank Of Commerce
150. Orissa State Co-operative Bank
151. Pallavan Grama Bank
152. Pandyan Grama Bank
153. Paschim Banga Gramin Bank
154. Pondicherry State Co-operative Bank
155. Pragathi Krishna Gramin Bank
156. Prathama Bank
157. Pravara Sahakari Bank Ltd.
158. PT Bank Maybank Indonesia TBK
159. Puduvai Bharathiar Grama Bank
160. Punjab & Maharashtra Co-operative Bank Ltd.
161. Punjab And Sind Bank
162. Punjab Gramin Bank
163. Punjab National Bank
164. Punjab State Co-operative Bank
165. Purvanchal Gramin Bank
166. Qatar National Bank (Q.P.S.C.)
167. Rajarambapu Sahakari Bank Ltd.
168. Rajasthan Marudhara Gramin Bank
169. Rajasthan State Co-operative Bank
170. Rajkot Nagrik Sahakari Bank Ltd.
171. RBL Bank Limited
172. Royal Bank of Scotland plc
173. Rupee Co-operative Bank Ltd.
174. Sangli Urban Co-operative Bank Ltd., Sangli

175. Saptagiri Grameena Bank
176. Saraswat Co-operative Bank Ltd., Bombay
177. Sarva Haryana Gramin Bank
178. Sarva UP Gramin Bank
179. Saurashtra Gramin Bank
180. Sberbank
181. SBM Bank (India) Ltd
182. SBPP Co-operative Bank Ltd., Killa Pardi, Dist
183. Shamrao Vithal Co-operative Bank Ltd.
184. Shikshak Sahakari Bank Ltd., Nagpur.
185. Shinhan Bank
186. Societe Generale
187. Solapur Janata Sahakari Bank Ltd.
188. Sonali Bank Ltd
189. South Indian Bank Ltd.
190. Standard Chartered Bank
191. State Bank Of India
192. Sumitomo Mitsui Banking Corporation
193. Surat Peoples Coop Bank Ltd.
194. Suryodaya Small Finance Bank Ltd.
195. Sulej Gramin Bank
196. Syndicate Bank
197. Tamil Nadu State Apex Co-operative Bank
198. Tamilnad Mercantile Bank Ltd.
199. Telangana Grameena Bank
200. Telangana State Cooperative Apex Bank
201. Thane Bharat Sahakari Bank Ltd.
202. TJSB Sahakari Bank
203. Tripura Gramin Bank
204. Tripura State Co-operative Bank
205. UCO Bank

206. Ujjivan Small Finance Bank Ltd
207. Union Bank Of India
208. United Bank Of India
209. United Overseas Bank Ltd
210. Utkal Grameen Bank
211. Utkarsh Small Finance Bank Ltd.
212. Uttar Bihar Gramin Bank
213. Uttar Pradesh Co-operative Bank
214. Uttarakhand Gramin Bank
215. Uttarakhand State Co-operative Bank
216. UttarBanga Kshetriya Gramin Bank
217. Vananchal Gramin Bank
218. Vasai Vikas Sahakari Bank Ltd.
219. Vidharbha Konkan Gramin Bank
220. Vijaya Bank
221. West Bengal State Co-operative Bank
222. Westpac Banking Corporation
223. Woori Bank
224. Yes Bank
225. Zoroastrian Co-operative Bank Ltd., Bombay