

Bill No. 110 of 2024

THE BANKING LAWS (AMENDMENT) BILL, 2024

A

BILL

further to amend the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, the State Bank of India Act, 1955, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.

BE it enacted by Parliament in the Seventy-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

- 5 1. (1) This Act may be called the Banking Laws (Amendment) Act, 2024.
 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:

Short title and commencement.

Provided that different dates may be appointed for different provisions of this Act, and any reference in any such provision to the commencement of this Act, shall be construed as a reference to the coming into force of that provision.

CHAPTER II

AMENDMENT TO THE RESERVE BANK OF INDIA ACT, 1934

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Amendment of section 42.

2. In the Reserve Bank of India Act, 1934, in section 42,—

2 of 1934.

(a) in sub-section (1), in the *Explanation*, for clause (b), the following clause shall be substituted, namely:—

‘(b) “fortnight” means the period from the first day to the fifteenth day of each calendar month or sixteenth day to the last day of each calendar month, both days inclusive;’;

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(b) in sub-section (2),—

(i) in the long line,—

(A) for the words “each alternate Friday”, the words “the last day of each fortnight” shall be substituted;

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(B) for the words “seven days”, the words “five days” shall be substituted;

(ii) in the second proviso,—

(A) for the words “such alternate Friday”, the words “the last day of any such fortnight” shall be substituted;

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(B) for the words “that Friday”, the words “the last day of that fortnight” shall be substituted;

(iii) the third proviso shall be omitted;

(c) sub-section (2A) shall be omitted.

CHAPTER III

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AMENDMENTS TO THE BANKING REGULATION ACT, 1949

Amendment of section 5.

3. In the Banking Regulation Act, 1949 (hereafter in this Chapter referred to as the Banking Regulation Act of 1949), in section 5, in clause (ne), in sub-clause (i), for the words “five lakhs of rupees”, the words “two crore rupees or such other amount as may be notified in the Official Gazette by the Central Government” shall be substituted.

10 of 1949.

Amendment of section 10A.

4. In the Banking Regulation Act of 1949, in section 10A, in sub-section (2A), in clause (i), after the words “eight years”, the words “and ten years in case of a co-operative bank” shall be inserted.

Amendment of section 16.

5. In the Banking Regulation Act of 1949, in section 16, in sub-section (3), after the words “Reserve Bank”, the following shall be inserted, namely:—

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“or the director of a central co-operative bank elected to the Board of the state co-operative bank in which he is a member”.

Amendment of section 18.

6. In the Banking Regulation Act of 1949, in section 18,—

(a) in sub-section (1),—

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(i) for the words “last Friday”, the words “last day” shall be substituted;

(ii) for the words “alternate Fridays”, the words “the last day of the fortnight” shall be substituted;

(iii) for the words “such Fridays or if any such Friday”, the words “the last day of the fortnight or if the last day of any such fortnight” shall be substituted;

5 (b) in the *Explanation*, for clause (b), the following clause shall be substituted, namely:—

‘(b) “fortnight” shall mean the period from the first day to the fifteenth day of each calendar month or sixteenth day to the last day of each calendar month, both days inclusive;’.

7. In the Banking Regulation Act of 1949, in section 24,—

Amendment of section 24.

10 (a) in sub-section (2A), for the word “Friday”, the word “day” shall be substituted;

(b) in sub-section (3), for the words “each alternate Friday during the month, or if any such Friday”, the words “the last day of each fortnight during the month, or if the last day of any such fortnight” shall be substituted;

15 (c) in sub-section (4),—

(i) in clause (a), for the words “any alternate Friday or, if such Friday”, the words “the last day of any fortnight or, if the last day of any such fortnight” shall be substituted;

(ii) for clause (b), the following clause shall be substituted, namely:—

20 “(b) if the default occurs again on the last day of the next succeeding fortnight, or, if the last day of such fortnight is a public holiday, on the preceding working day, and continues on the last day of the succeeding fortnights or preceding working days, as the case may be, the rate of penal interest shall be increased to a rate
25 of five per cent. per annum above the bank rate on each such shortfall in respect of last day of that fortnight and last day of each succeeding fortnight or preceding working day, if last day of such fortnight is a public holiday, on which the default continues.”;

(d) in sub-section (7),—

30 (i) for the words “next succeeding alternate Friday, or if such Friday is a public holiday”, the words “last day of the next succeeding fortnight, or if the last day of such fortnight is a public holiday” shall be substituted;

35 (ii) for the words “subsequent alternate Friday”, the words “last day of every subsequent fortnight” shall be substituted.

8. In the Banking Regulation Act of 1949, in section 25,—

Amendment of section 25.

(a) in sub-section (1), for the words “last Friday of every quarter or, if that Friday”, the words “last day of every quarter or, if that day” shall be substituted;

40 (b) in sub-section (2), for the words “last Friday of the previous quarter, or, if that Friday”, the words “last day of the previous quarter, or, if that day” shall be substituted.

9. In the Banking Regulation Act of 1949, in section 27, in sub-section (1), for the words “last Friday of every month or if that Friday”, the words “last day of every
45 month, or, if that day” shall be substituted.

Amendment of section 27.

10. In the Banking Regulation Act of 1949, in section 45ZA,—

Amendment of section 45ZA.

(a) in sub-section (1), for the words “one person”, the words “one or more persons not exceeding four, either successively or simultaneously” shall be substituted;

(b) after sub-section (I), the following sub-sections shall be inserted, namely:—

“(IA) Where the nomination is made successively in favour of more than one person under sub-section (I), the nomination shall be effective only in favour of one person in the order of priority specified in section 45ZG. 5

(IB) Where the nomination is made simultaneously in favour of more than one person under sub-section (I), the nomination shall be effective in favour of all such persons in proportion to which it is declared, and the following terms and conditions shall apply, namely:— 10

(a) the nomination shall not be made in favour of more than four persons;

(b) the nomination shall explicitly state the proportion of amount of deposit in percentage in favour of each nominee;

(c) the nomination shall be made in respect of the whole amount of deposit; 15

(d) if any nominee dies before receiving deposit from the banking company, the nomination in respect of such nominee alone shall become ineffective and the amount of deposit purported to be nominated in favour of deceased nominee shall be treated as if nomination had not been made in respect of that portion of deposit, 20

and any nomination which does not comply with any of the terms and conditions specified in clauses (a) to (c), shall be invalid, as if nomination had not been made by the depositor or all the depositors together, as the case may be.”. 25

Amendment of section 45ZC.

11. In the Banking Regulation Act of 1949, in section 45ZC, in sub-section (I), for the words “one person”, the words “one or more persons not exceeding four, successively,” shall be substituted.

Amendment of section 45ZE.

12. In the Banking Regulation Act of 1949, in section 45ZE, for sub-section (I), the following sub-section shall be substituted, namely:— 30

“(I) Where one or more individuals hire a locker from a banking company, whether such locker is located in the safe deposit vault of such banking company or elsewhere, the individual or, as the case may be, all the individuals together, may nominate one or more persons not exceeding four, successively, to whom, in the event of the death of the sole hirer or the death of all the hirers, the banking company may give access to the locker and liberty to remove the contents of the locker.”. 35

Insertion of new section 45ZG.

13. In the Banking Regulation Act of 1949, after section 45ZF, the following section shall be inserted, namely:— 40

Priority of successive nominations.

“45ZG. (I) Where the nomination is made in favour of more than one person successively under sub-section (I) of section 45ZA or sub-section (I) of section 45ZC or sub-section (I) of section 45ZE, the nomination shall be effective only in favour of one person in the following order of priority, namely:— 45

(a) nomination of the first nominee shall be effective if that nominee survives the person or persons who made the nomination;

(b) nomination of the second nominee shall become effective only after the death of the first nominee;

(c) nomination of any nominee lower in the order of nomination shall become effective only after the death of all the nominees whose names are higher in the order of nomination.

5 (2) Where the order of nomination is not mentioned, persons shall be deemed to have been nominated in the order in which their names appear in the nomination.

(3) The provisions of this section shall not apply to the nominations made simultaneously in favour of more than one person under sub-section (1) of section 45ZA.”.

10 **14.** In the Banking Regulation Act of 1949, in section 56,—

Amendment of section 56.

(a) in clause (c), for sub-clause (ii), the following sub-clause shall be substituted, namely:—

“(ii) clause (nb) shall be omitted;”;

(b) in clause (j) relating to substitution of section 18, in sub-section (1),—

15 (i) for the words “last Friday”, the words “last day” shall be substituted;

(ii) for the words “alternate Friday”, the words “the last day of the fortnight” shall be substituted;

20 (iii) for the words “such Fridays or if any such Friday”, the words “the last day of the fortnight or if the last day of any such fortnight” shall be substituted;

(iv) in the *Explanation*, for clause (b), the following clause shall be substituted, namely:—

25 ‘(b) “fortnight” shall mean the period from the first day to the fifteenth day of each calendar month or sixteenth day to the last day of each calendar month, both days inclusive;’.

CHAPTER IV

AMENDMENTS TO THE STATE BANK OF INDIA ACT, 1955

23 of 1955.

15. In the State Bank of India Act, 1955, in section 38A,—

Amendment of section 38A.

30 (a) in the marginal heading, for the word “dividend”, the word “money” shall be substituted;

(b) for sub-section (3), the following sub-sections shall be substituted, namely:—

18 of 2013.

35 “(3) The State Bank shall transfer, in accordance with the rules made under section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund established under section 125 of the said Act,—

40 (i) any money which remains unpaid or unclaimed for a period of seven years from the date of its transfer in the Unpaid Dividend Account of the State Bank;

(ii) all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, along with a statement thereof containing the details specified in the said rules;

45 (iii) any interest or redemption amount upon any bond issued by the State Bank which remain unpaid or unclaimed for a period of seven years from the date such interest or such redemption amount became due for payment.

(4) Any person whose shares or unclaimed or unpaid money has been transferred to the Investor Education and Protection Fund under sub-section (3), shall be entitled to claim the transfer or refund from the said Fund, in accordance with the rules made under section 124 and section 125 of the Companies Act, 2013. 5 18 of 2013.

(5) The money transferred under sub-section (3) to the Investor Education and Protection Fund shall be utilised for the purposes and in the manner specified in section 125 of the Companies Act, 2013.”. 18 of 2013.

Amendment of section 41.

16. In the State Bank of India Act, 1955, in section 41,— 23 of 1955.

(a) in sub-section (1), for the words and figures “section 226 of the Companies Act, 1956”, the words and figures “section 141 of the Companies Act, 2013” shall be substituted; 10 1 of 1956. 18 of 2013.

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) The auditors shall receive such remuneration as the State Bank may fix.”. 15

CHAPTER V

AMENDMENTS TO THE BANKING COMPANIES

(ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1970

Amendment of section 10.

17. In the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (hereafter in this Chapter referred to as the Act of 1970), in section 10, in sub-section (2),— 20 5 of 1970.

(a) for the words and figures “section 226 of the Companies Act, 1956”, the words and figures “section 141 of the Companies Act, 2013” shall be substituted; 1 of 1956. 18 of 2013.

(b) for the words “Reserve Bank may fix in consultation with the Central Government”, the words “corresponding new bank may fix” shall be substituted. 25

Amendment of section 10B.

18. In the Act of 1970, in section 10B,—

(a) in the marginal heading, for the words “dividend to Unpaid Dividend Account”, the word “money” shall be substituted; 30

(b) for sub-section (3), the following sub-sections shall be substituted, namely:—

“(3) The corresponding new bank shall transfer, in accordance with the rules made under section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund established under section 125 of the said Act,— 35 18 of 2013.

(i) any money which remains unpaid or unclaimed for a period of seven years from the date of its transfer in the Unpaid Dividend Account of the corresponding new bank;

(ii) all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, along with a statement thereof containing the details specified in the said rules; 40

(iii) any interest or redemption amount upon any bond issued by the corresponding new bank which remain unpaid or unclaimed for a period of seven years from the date such interest or such redemption amount became due for payment. 45

18 of 2013. 5 (3A) Any person whose shares or unclaimed or unpaid money has been transferred to the Investor Education and Protection Fund under sub-section (3), shall be entitled to claim the transfer or refund from the said Fund, in accordance with the rules made under section 124 and section 125 of the Companies Act, 2013.”;

1 of 1956. 18 of 2013. (c) in sub-section (4), for the words, figures and letter “section 205C of the Companies Act, 1956”, the words and figures “section 125 of the Companies Act, 2013” shall be substituted.

CHAPTER VI

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AMENDMENTS TO THE BANKING COMPANIES

(ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1980

40 of 1980. **19.** In the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (hereafter in this Chapter referred to as the Act of 1980), in section 10, in sub-section (2),—

Amendment of section 10.

1 of 1956. 18 of 2013. 15 (a) for the words and figures “section 226 of the Companies Act, 1956”, the words and figures “section 141 of the Companies Act, 2013” shall be substituted;

20 (b) for the words “Reserve Bank may fix in consultation with the Central Government”, the words “corresponding new bank may fix” shall be substituted.

20. In the Act of 1980, in section 10B,—

Amendment of section 10B.

(a) in the marginal heading, for the words “dividend to Unpaid Dividend Account”, the word “money” shall be substituted;

25 (b) for sub-section (3), the following sub-sections shall be substituted, namely:—

18 of 2013. “(3) The corresponding new bank shall transfer, in accordance with the rules made under section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund established under section 125 of the said Act,—

30 (i) any money which remains unpaid or unclaimed for a period of seven years from the date of its transfer in the Unpaid Dividend Account of the corresponding new bank;

35 (ii) all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, along with a statement thereof containing the details specified in the said rules;

(iii) any interest or redemption amount upon any bond issued by the corresponding new bank which remain unpaid or unclaimed for a period of seven years from the date such interest or such redemption amount became due for payment.

40 18 of 2013. (3A) Any person whose shares or unclaimed or unpaid money has been transferred to the Investor Education and Protection Fund under sub-section (3), shall be entitled to claim the transfer or refund from the said Fund, in accordance with the rules made under section 124 and section 125 of the Companies Act, 2013.”;

1 of 1956. 18 of 2013. 45 (c) in sub-section (4), for the words, figures and letter “section 205C of the Companies Act, 1956”, the words and figures “section 125 of the Companies Act, 2013” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

As the banking sector has evolved over the years and with a view to improve bank governance and investor's protection, it has become necessary to make certain amendments in the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949 (the "BR Act"), the State Bank of India Act, 1955, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.

2. The proposed Bill seeks, *inter alia*, to improve governance standards, provide consistency in reporting by banks to the Reserve Bank of India, ensure better protection for depositors and investors, improve audit quality in public sector banks, bring customer convenience in respect of nominations and to provide for increase in the tenure of the directors in co-operative banks.

3. Therefore, it is felt necessary to amend the said enactments and for that purpose to introduce the Banking Laws (Amendment) Bill, 2024 in Parliament. The salient features of the amendments proposed in the said Bill, *inter alia*, are—

(a) to amend clause (ne) of section 5 of the BR Act so as to redefine "substantial interest", increasing the threshold for shareholding of a beneficial interest by an individual, etc., from five lakhs rupees to two crore rupees, to reflect the present value, as the same was last fixed in 1968;

(b) to amend clause (i) of sub-section (2A) of section 10A of the BR Act, increasing the tenure of directors (excluding the chairman and whole-time director) in co-operative banks from eight years to ten years, so as to align with the Constitution (Ninety-Seventh Amendment) Act, 2011;

(c) to amend sub-section (3) of section 16 of the BR Act, so as to allow a director of a central co-operative bank to serve on the board of a state co-operative bank;

(d) to amend sections 18, 24, 25 and section 56 of the BR Act, to revise the reporting dates for the submission of statutory reports by banks to the Reserve Bank of India, so as to align them to the last day of the fortnight or month or quarter, to ensure consistency in reporting;

(e) to amend sections 45ZA, 45ZC, and 45ZE of the BR Act, so as to allow for the nomination of up to four persons, including provisions for simultaneous and successive nominations, to ease services for depositors and their nominees, particularly regarding deposits, articles in safe custody, and safety lockers;

(f) to amend section 38A of the State Bank of India Act, 1955, section 10B of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and section 10B of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, so as to provide for the transfer of unclaimed dividends, shares, and interest or redemption of bonds to the Investor Education and Protection Fund, and allow individuals to claim transfers or refunds from that fund;

(g) to amend section 41 of the State Bank of India Act, 1955, section 10 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and section 10 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, so as to provide discretion to public sector banks in the matter of remuneration of auditors.

4. The Bill seeks to achieve the above objectives.

NEW DELHI;

NIRMALA SITHARAMAN.

The 6th August, 2024.

ANNEXURE

EXTRACT FROM THE RESERVE BANK OF INDIA ACT, 1934

(2 OF 1934)

* * * * *

42. (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 such percent. 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:

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

* * * * *

Explanation.—For the purposes of this section,—

* * * * *

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

* * * * *

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

(a) the amount of its demand and time liabilities and the amount of its borrowings from banks in India, classifying them into demand and time liabilities,

(b) the total amount of legal tender notes and coins held by it in India,

(c) the balance held by it at the Bank in India,

(d) the balances held by it at other banks in current account and the money at call and short notice in India,

(e) the investments (at book value) in Central and State Government securities including treasury bills and treasury deposit receipts,

(f) the amount of advances in India,

(g) the inland bills purchased and discounted in India and foreign bills purchased and discounted,

at the close of business on each alternate Friday, and every such return shall be sent not later than seven days after the date to which it relates:

* * * * *

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

26 of 1881.

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

(i) to furnish a provisional return for the fortnight within the period aforesaid to be followed by a final return not later than twenty days after the date to which it relates, or

(ii) to furnish *in lieu* of a fortnightly return a monthly return to be sent not later than twenty days after the end of the month to which it relates giving the details specified in this sub-section in respect of such bank at the close of business for the month.

(2A) Where the last Friday of a month is not an alternate Friday for the purpose of sub-section (2), every scheduled bank shall send to the Bank, a special return giving the details specified in sub-section (2) as at the close of business on such last Friday or where such last Friday is a public holiday under the Negotiable Instruments Act, 1881 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.

26 of 1881.

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EXTRACTS FROM THE BANKING REGULATION ACT, 1949
(10 OF 1949)

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Interpretation.

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

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(*ne*) “substantial interest”,—

(*i*) in relation to a company, means the holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together in the shares thereof, the amount paid-up on which exceeds five lakhs of rupees or ten per cent. of the paid-up capital of the company, whichever is less;

* * * * *

Board of directors to include persons with professional or other experience.

10A. (*I*) (2A) Notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law for the time being in force,—

(*i*) no director of a banking company, other than its chairman or whole-time director, by whatever name called, shall hold office continuously for a period exceeding eight years;

* * * * *

1 of 1956.

Prohibition of common directors.

16. (*I*) (3) Nothing in sub-section (*I*) shall apply to, or in relation to, any director appointed by the Reserve Bank.

* * * * *

Cash reserve.

18. (*I*) Every banking company, not being a scheduled bank, shall maintain in India on a daily basis by way of cash reserve with itself or by way of balance in a current account with the Reserve Bank, or by way of net balance in current accounts or in one or more of the aforesaid ways, a sum equivalent to such per cent. of the total of its demand and time liabilities in India as on the last Friday of the second preceding fortnight as the Reserve Bank may specify, by notification in the Official Gazette, from time to time, having regard to the needs of securing the monetary stability in the country and shall submit to the Reserve Bank before the twentieth day of every month a return showing the amount so held on alternate Fridays during a month with particulars of its demand and time liabilities in India on such Fridays or if any such Friday is a public holiday under the Negotiable Instruments Act, 1881, at the close of business on the preceding working day.

26 of 1881.

Explanation.—In this section, and in section 24,—

* * * * *

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

* * * * *

Maintenance of a percentage of assets.

2 of 1934.

24. (2A) A scheduled bank, in addition to the average daily balance which it is, or may be, required to maintain under section 42 of the Reserve Bank of India Act, 1934 and every other banking company, in addition to the cash reserve which it is required to maintain under section 18, shall maintain in India, assets, the value of which shall not be less than such percentage not exceeding forty percent. of the total of its demand and time liabilities in India as on the last Friday of the second preceding fortnight as the Reserve Bank may, by notification in the Official Gazette, specify from time to time and such assets shall be maintained, in such form and manner, as may be specified in such notification.

(3) For the purpose of ensuring compliance with the provisions of this section, every banking company shall, not later than twenty days after the end of the month to which it relates, furnish to the Reserve Bank in the prescribed form and manner a monthly return showing particulars of its assets maintained in accordance with this section, and its demand and time liabilities in India at the close of business on each alternate Friday during the month, or if any such Friday is a public holiday, at the close of business on the preceding working day:

Provided that every Regional Rural Bank shall also furnish a copy of the said return to the National Bank.

(4) (a) If on any alternate Friday or, if such Friday is a public holiday, on the preceding working day, the amount maintained by a banking company at the close of business on that day falls below the minimum prescribed by or under sub-section (2A), such banking company shall be liable to pay to the Reserve Bank in respect of that day's default, penal interest for that day at the rate of three per cent. per annum above the bank rate on the amount by which the amount actually maintained falls short of the prescribed minimum or that day; and

(b) if the default occurs again on the next succeeding alternate Friday, or, if such Friday is a public holiday, on the preceding working day, and continues on succeeding alternate Fridays or preceding working days, as the case may be, the rate of penal interest shall be increased to a rate of five per cent. per annum above the bank rate on each such shortfall in respect of that alternate Friday and each succeeding alternate Friday or preceding working day, if such Friday is a public holiday, on which the default continues.

* * * * *

(7) When under the provisions of clause (b) of sub-section (4), penal interest at the increased rate of five per cent. above the bank rate has become payable by a banking company, if thereafter the amount required to be maintained on the next succeeding alternate Friday, or if such Friday is a public holiday, the next preceding working day, is still below the prescribed minimum, every director, manager or secretary of the banking company, 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 alternate Friday or the preceding working day, as the case may be, on which the default continues.

* * * * *

26 of 1881.

25. (1) The assets in India of every banking company at the close of business on the last Friday of every quarter or, if that Friday is a public holiday under the Negotiable Instruments Act, 1881, at the close of the business on the preceding working day, shall not be less than seventy-five per cent. of its demand and time liabilities in India.

Assets in India.

26 of 1881.

(2) Every banking company shall, within one month from the end of every quarter, submit to the Reserve Bank a return in the prescribed form and manner of the assets and liabilities referred to in sub-section (1) as at the close of business on the last Friday of the previous quarter, or, if that Friday is a public holiday under the Negotiable Instruments Act, 1881, at the close of business on the preceding working day:

Provided that every Reginal Rural Bank shall also furnish a copy of the said return to the National Bank.

* * * * *

Monthly returns and power to call for other returns and information.

27. (I) Every banking company shall, before the close of the month succeeding that to which it relates, submit to the Reserve Bank a return in the prescribed form and manner showing its assets and liabilities in India as at the close of business on the last Friday of every month or if that Friday is a public holiday under the Negotiable Instruments Act, 1881, at the close of business on the preceding working day.

26 of 1881.

* * * * *

Nomination for payment of depositors' money.

45ZA. (I) Where a deposit is held by a banking company to the credit of one or more persons, the depositor or, as the case may be, all the depositors together, may nominate, in the prescribed manner, 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 banking company.

* * * * *

Nomination for return of articles kept in safe custody with banking company.

45ZC. (I) Where any person leaves any article in safe custody with a banking company, such person may nominate, in the prescribed manner, one person to whom, in the event of the death of the person leaving the article in safe custody, such article may be returned by the banking company.

* * * * *

Release contents of safety Release of lockers.

45ZE. (I) Where an individual is the sole hirer of a locker from a banking company, whether such locker is located in the safe deposit vault of such banking company or elsewhere, such individual may nominate one person to whom, in the event of the death of such individual, the banking company may give access to the locker and liberty to remove the contents of the locker.

* * * * *

PART V

APPLICATION OF THE ACT TO CO-OPERATIVE BANKS

Act to apply to co-operative societies subject to modifications.

56. Notwithstanding anything contained in any other law for the time being in force, the provisions of this Act, shall apply to, or in relation to, co-operative societies as they apply to, or in relation to, banking companies subject to the following modifications, namely:—

* * * * *

(c) in section 5,—

* * * * *

(ii) clauses (ff), (h) and (nb) shall be omitted;

* * * * *

(j) for section 18, the following section shall be substituted:—

Cash reserve.

18. (I) Every co-operative bank, not being a co-operative bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934 (hereinafter referred to as a “scheduled State Co-operative Bank”), shall maintain in India by way of cash reserve with itself or by way of balance in a current account with the Reserve Bank or the State Co-operative Bank of the State concerned or by way of net balance in current accounts, or, in the case of a primary co-operative bank, with the central co-operative bank of the district concerned, or in one or more of the aforesaid ways, a sum equivalent to such per cent. of the total of its demand and time liabilities in India, as on the last Friday of the second preceding fortnight as the Reserve Bank may specify, by notification in the official Gazette, from time to time having regard to the needs for securing the monetary stability in the country and shall submit to the Reserve Bank before the fifteenth day of every month a return showing

2 of 1934.

the amount so held on alternate Friday during a month with particulars of its demand and time liabilities in India on such Fridays or if any such Friday is a public holiday under the Negotiable Instruments Act, 1881, at the close of business on the preceding working day.

Explanation.—In this section and in section 24—

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

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EXTRACTS FROM THE STATE BANK OF INDIA ACT, 1955
(23 OF 1955)

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38A. (1) * * * * *

Transfer of unpaid or unclaimed dividend.

(3) Any money transferred to the unpaid dividend account of the State Bank, in pursuance of this section which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the State Bank to the Investor Education and Protection Fund established under sub-section (1) of section 205C of the Companies Act, 1956 for being utilised for the purpose and in the manner specified in that section.

1 of 1956.

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41. (1) The affairs of the State Bank shall be audited by two or more auditors duly qualified to act as auditors of companies under section 226 of the Companies Act, 1956, who shall be appointed by the State Bank with the previous approval of the Reserve Bank.

Audit.

1 of 1956.

(2) The auditors shall receive such remuneration as the Reserve Bank may fix in consultation with the Central Government.

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EXTRACTS FROM THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1970
(5 OF 1970)

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CHAPTER V
MISCELLANEOUS

10. (1) * * * * *

Closure of accounts and disposal of profits.

(2) Every auditor of a corresponding new bank shall be a person who is qualified to act as an auditor of a company under section 226 of the Companies Act, 1956, and shall receive such remuneration as the Reserve Bank may fix in consultation with the Central Government.

1 of 1956.

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10B. (1) * * * * *

Transfer of unpaid or unclaimed dividend to Unpaid Dividend Account.

(3) Any money transferred to the Unpaid Dividend Account of a corresponding new bank in pursuance of this section which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the corresponding new bank to the Investor Education and Protection Fund established under sub-section (1) of section 205C of the Companies Act, 1956.

1 of 1956.

(4) The money transferred under sub-section (3) to the Investor Education and Protection Fund shall be utilised for the purposes and in the manner specified in section 205C of the Companies Act, 1956.

1 of 1956.

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EXTRACTS FROM THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1980

(40 OF 1980)

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CHAPTER V

MISCELLANEOUS

Closure of accounts and disposal of profits.

10. (1) * * * * *

(2) Every auditor of a corresponding new bank shall be a person who is qualified to act as an auditor of a company under section 226 of the Companies Act, 1956 and shall receive such remuneration as the Reserve Bank may fix in consultation with the Central Government.

1 of 1956.

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Transfer of unpaid or unclaimed dividend to Unpaid Dividend Account.

10B. (1) * * * * *

(3) Any money transferred to the Unpaid Dividend Account of a corresponding new bank in pursuance of this section which remains Unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the corresponding new bank to the Investor Education and Protection Fund established under sub-section (1) of section 205C of the Companies Act, 1956.

1 of 1956.

(4) The money transferred under sub-section (3) to the Investor Education and Protection Fund shall be utilised for the purposes and in the manner specified in section 205C of the Companies Act, 1956.

1 of 1956.

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further to amend the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, the State Bank of India Act, 1955, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.

(Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs.)