

CONTENTS

No. of Act	Short Title	PAGE
1.	The Life Insurance Corporation (Amendment) Act, 1981	1
2.	The Appropriation (Vote on Account) Act, 1981	3
3.	The Appropriation Act, 1981	10
4.	The Appropriation (No. 2) Act, 1981	15
5.	The Appropriation (No. 3) Act, 1981	17
6.	The Delhi Sikh Gurdwaras (Amendment) Act, 1981	19
✓ 7.	The Special Bearer Bonds (Immunities and Exemptions) Act, 1981	20
8.	The Appropriation (Railways) Act, 1981	23
9.	The Appropriation (Railways) No. 2 Act, 1981	25
10.	The Appropriation (Railways) No. 3 Act, 1981	27
11.	The Appropriation (Railways) No. 4 Act, 1981	29
12.	The Manipur Appropriation (Vote on Account) Act, 1981	31
13.	The Manipur Appropriation Act, 1981	34
✓ 14.	The Air (Prevention and Control of Pollution) Act, 1981	37
15.	The Appropriation (No. 4) Act, 1981	64
16.	The Finance Act, 1981	71
17.	The Oil and Natural Gas Commission (Amendment) Act, 1981	129
✓ 18.	The Essential Commodities (Special Provisions) Act, 1981	131
19.	The Prevention of Black marketing and Maintenance of Supplies of Essential Commodities (Amendment) Act, 1981	136
20.	The Assam Appropriation Act, 1981	137
21.	The Salary, Allowances and Pension of Members of Parliament (Amendment) Act, 1981	142
22.	The Income-tax (Amendment) Act, 1981	143
23.	The Compulsory Deposit Scheme (Income-tax-Payers) Amendment Act, 1981	150
24.	The Customs Tariff (Amendment) Act, 1981	152
25.	The Coal Mines Labour Welfare Fund (Amendment) Act, 1981	153
26.	The High Court at Bombay (Extension of Jurisdiction to Goa, Daman and Diu) Act, 1981	154

From 1-1
here

No. of Act	Short Title	PAGE
27.	The Delhi University (Amendment) Act, 1981	158
✓ 28.	The Export-Import Bank of India Act, 1981	159
✓ 29.	The British India Corporation Limited (Acquisition of Shares) Act, 1981	181
✓ 30.	The Cine-workers welfare Cess Act, 1981	189
✓ 31.	The Dalmia Dabri Cement Limited (Acquisition and Transfer of Undertakings) Act, 1981	193
32.	The Victoria Memorial (Amendment) Act, 1981	208
✓ 33.	The Cine-workers welfare Fund Act, 1981	211
34.	The Appropriation (Railways) No. 5 Act, 1981	215
35.	The State of Nagaland (Amendment) Act, 1981	217
36.	The Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions (Amendment) Act, 1981	218
37.	The Appropriation (No. 5) Act, 1981	220
38.	The Income-tax (Second Amendment) Act, 1981	223
39.	The Assam State Legislature (Delegation of Powers) Act, 1981	226
✓ 40.	The Essential Services Maintenance Act, 1981	227
✓ 41.	The Burmah Oil Company [Acquisition of Shares of Oil India Limited and of the Undertakings in India of Assam Oil Company Limited and the Burmah/Oil Company (India Trading) Limited] Act, 1981	234
✓ 42.	The Maritime Zones of India (Regulation of Fishing by Foreign Vessels) Act, 1981	245
43.	The Merchant Shipping (Amendment) Act, 1981	257
44.	The Sugar Undertaking (Taking Over of Management) Amendment Act, 1981	259
45.	The Oil Industry (Development) Amendment Act, 1981	260
46.	The Economic Offences (Inapplicability of Limitation) Amendment Act, 1981	261
✓ 47.	The Beedi Workers Welfare Cess (Amendment) Act, 1981	262
✓ 48.	The Anti-Apartheid (United Nations Convention) Act, 1981	264
✓ 49.	The Cinematograph (Amendment) Act, 1981	267
✓ 50.	The Cine-workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981	275
51.	The Khuda Bakhsh Oriental Public Library (Amendment) Act, 1981	287
52.	The Rampur Raza Library (Amendment) Act, 1981	288
53.	The Kerala Appropriation (No. 4) Act, 1981	289
54.	The Appropriation (Railways) No. 6 Act, 1981	291
55.	The Appropriation (Railways) No. 7 Act, 1981	293
55.	The Appropriation (No. 6) Act, 1981	295
57.	The Appropriation (No. 7) Act, 1981	297
58.	The Plantations Labour (Amendment) Act, 1981	300
59.	The Indian Iron and Steel Company (Acquisition of Shares) Amendment Act, 1981	308
✓ 60.	The Assam Appropriation (No. 2) Act, 1981	310
✓ 61.	The National Bank for Agriculture and Rural Development Act, 1981	312
62.	The Aligarh Muslim University (Amendment) Act, 1981	349
	INDEX	360

TABLE SHOWING EFFECT OF PARLIAMENTARY LEGISLATION OF 1981

PART I. — CENTRAL ACTS AMENDED, REPEALED OR OTHERWISE AFFECTED

Year of Act	No. of Act	Short title of Act	How affected	No. and Section of 1981 Act by which affected
1	2	3	4	5
1903	10	Victoria Memorial Act, 1903	Ss. 2 and 5 amended S. 6 inserted	32, ss. 2 and 3. <i>Ibid.</i> , s. 4.
1920	40	Aligarh Muslim University Act, 1920	Long title and preamble amended (w.e.f. 10-2-1982) Ss. 2, 5, 16, 17, 18, 21, 22, 26, 27, 29, 31 and 34 amended (w.e.f. 10-2-1982) Ss. 8, 23, 28 and 35 substituted (w.e.f. 10-2-1982) Ss. 20A and 26A inserted (w.e.f. 10-2-1982) Statutes amended (w.e.f. 10-2-1982)	62, s. 2. <i>Ibid.</i> , ss. 3, 4, 6, 7, 8, 10, 11, 13, 15, 17, 18 and 19. <i>Ibid.</i> , ss. 5, 12, 16 and 20. <i>Ibid.</i> , ss. 9 and 14. <i>Ibid.</i> , s. 21.
1922	8	Delhi University Act, 1922	S. 5 amended (w.e.f. 9-6-1981)	27, s. 2.
1934	2	Reserve Bank of India Act, 1934	Ss. 2, 17, 42 and 46C amended (w.e.f. 1-1-1982) Ss. 2, 8, 17, 33 and 42 amended (w.e.f. 12-7-1982) Ss. 45 and 54 substituted (w.e.f. 12-7-1982) Ss. 46A and 46B Substituted (w.e.f. 12-7-1982)	28, s. 40 and Second Schedule. 61, s. 61 and Second Schedule, Part I. <i>Ibid.</i> <i>Ibid.</i>
1944	1	Central Excises and Salt Act, 1944	First Schedule amended	16, s. 48 and Third Schedule.
1947	14	Industrial Disputes Act, 1947	S. 2 amended	28, s. 40 and Second Schedule. 61, Second Schedule, Part III.
1947	32	Coal Mines Labour Welfare Fund Act, 1947	S. 10 amended	25, s. 2.
1949	10	Banking Regulation Act, 1949	Ss. 18, 34A, 36AD and 56 amended Ss. 5, 23, 24, 25, 26, 27, 31, 34A, 35, 36AD, 47 and 56 amended (w.e.f.) S. 28 substituted (w.e.f.) Throughout the Act the words "Agricultural Refinance Corporation" substituted (w.e.f.)	28, s. 40 and Second Schedule. 61, s. 61 and Second Schedule, Part II. <i>Ibid.</i> <i>Ibid.</i>

THE EXPORT-IMPORT BANK OF INDIA ACT, 1981

No. 28 OF 1981

[11th September, 1981.]

An Act to establish a corporation to be known as the Export-Import Bank of India for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for co-ordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade and for matters connected therewith or incidental thereto.

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

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Export-Import Bank of India Act, 1981.

Short title,
extent and
commencement

(2) It extends to the whole of India.

(3) It shall come into force on such date¹ as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

2. In this Act, unless the context otherwise requires,—

Definitions.

(a) "Board" means the Board of Directors of the Exim Bank referred to in section 6;

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

18 of 1964.

¹1st January 1982, vide Notification No.S.O. 919 (E), dated 29-12-1981, (except section 26).

1. 1.3.1982. Vide Nofign. ¹⁶¹No. 8.0. 91 (E) dt. 23.2.82 (in r/o. 8.26)

(c) "Exim Bank" means the Export-Import Bank of India established under section 3;

(d) "export" and "import" mean, respectively, export from or import into India or any other country of goods or services, or both;

(e) "goods" includes all materials, commodities and articles in a solid, liquid or gaseous state and all forms of energy;

(f) "notification" means a notification published in the Official Gazette;

(g) "prescribed" means prescribed by regulations made under this Act;

(h) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934;

2 of 1934,

(i) "scheduled bank" means a bank, for the time being, included in the Second Schedule to the Reserve Bank of India Act, 1934;

2 of 1934,

(j) "services" includes,—

(I) providing personnel (including skilled or unskilled workmen and persons for rendering technical or other services) for the purposes of any work or project (by whatever name called) or any activity;

(II) transferring of technology, including transferring, or securing the transfer of rights, knowhow, expertises or other skill with respect to any patent, invention, model, design, secret formula or process or similar property;

(III) furnishing any information, blueprints, plans, or advice with respect to any matter; and

(IV) making available any other resources.

CHAPTER II

ESTABLISHMENT OF THE EXPORT-IMPORT BANK OF INDIA AND INCORPORATION THEREOF

3. (1) With effect from such date¹ as the Central Government may, by notification, appoint, there shall be established for the purposes of this Act a corporation to be known as the Export-Import Bank of India.

Establishment and incorporation of Export-Import Bank of India.

(2) The Exim Bank shall be a body corporate with the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may, by that name, sue or be sued.

¹1st January 1982, vide Notification No.S.O. 920 (E), dated 29-12-81, Gazette of India, Extraordinary, pt.II, sec.3(ii), page 1593.

(3) The head office of the Exim Bank shall be at Bombay or at such other place as the Central Government may, by notification, specify.

(4) The Exim Bank may establish offices, branches or agencies at such places in or outside India as it may consider necessary.

4. (1) The authorised capital of the Exim Bank shall be two hundred crores of rupees: Authorised capital.

Provided that the Central Government may, by notification, increase the said capital up to five hundred crores of rupees.

(2) The issued capital of the Exim Bank shall be wholly subscribed by the Central Government.

CHAPTER III

MANAGEMENT OF THE EXIM BANK

5. (1) The general superintendence, direction and management of the affairs and business of the Exim Bank shall vest in the Board, which may exercise all powers and do all acts and things which may be exercised or done by the Exim Bank. Management.

(2) Save as otherwise provided in the regulations made under this Act,—

(a) the chairman, if he is a whole-time director or if he is holding offices both as the chairman and the managing director, or

(b) the managing director, if the chairman is not a whole-time director, or, if the chairman being a whole-time director, is absent,

shall also have powers of general superintendence, direction and management of the affairs and business of the Exim Bank and may also exercise all powers and do all acts and things which may be exercised or done by the Exim Bank.

(3) Subject to the provisions of this Act, the Board in discharging its functions shall act on business principles with due regard to public interest.

(4) In the discharge of its functions under this Act, the Exim Bank shall be guided by such directions in matters of policy involving public interest as the Central Government may give to it in writing.

6. (1) The Board of Directors of the Exim Bank shall consist of the following, namely:— Constitution of Board.

(a) a chairman and a managing director appointed by the Central Government:

Provided that the same person may be appointed to function both as chairman and as managing director;

(b) one director nominated by the Reserve Bank;

(c) one director nominated by the Development Bank;

(d) one director nominated by the Export Credit and Guarantee Corporation Limited, being a Government Company within the meaning of section 617 of the Companies Act, 1956;

1 of 1956.

(e) not more than twelve directors nominated by the Central Government of whom—

(i) five directors shall be officials of the Central Government;

(ii) not more than three directors shall be from the scheduled banks;

(iii) not more than four directors shall be persons who have special knowledge of, or professional experience in, export or import or financing thereof.

(2) The chairman and the managing director shall hold office for such term, not exceeding three years, as the Central Government may specify in this behalf and any person so appointed shall be eligible for re-appointment.

(3) Notwithstanding anything contained in sub-section (1), the Central Government shall have the right to terminate the term of office of the chairman or the managing director, as the case may be, at any time before the expiry of the term specified under sub-section (2), by giving him notice of not less than three months in writing or three months' salary and allowances in lieu thereof, and the chairman or the managing director, as the case may be, shall also have the right to relinquish his office at any time before the expiry of the term specified under sub-section (2) by giving to the Central Government notice of not less than three months in writing or three months' salary and allowances in lieu thereof.

(4) The chairman and the managing director shall receive such salary and allowances as may be determined by the Central Government.

(5) The Central Government may, at any time, remove the chairman or the managing director, as the case may be, from office:

Provided that no person shall be removed from his office under this sub-section unless he has been given an opportunity of showing cause against his removal.

(6) Any director nominated under sub-clause (iii) of clause (e) of sub-section (1) shall hold office for a period of two years.

(7) Any other director nominated under this section shall hold office during the pleasure of the authority nominating him.

(8) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

(9) The chairman or, if for any reason he is unable to attend a meeting of the Board, the managing director or, in the event of both the chairman and the managing director being unable to attend a meeting, any other director nominated by the chairman in this behalf and in the absence of such nomination any director elected by the directors present from among themselves, shall preside at the meeting.

(10) All questions which come up before any meeting of the Board shall be decided by a majority of votes of the directors present and voting, and in the event of an equality of votes, the chairman, or in his absence, the managing director, or in the absence of both the chairman and the managing director, the person presiding, shall have and exercise a second or casting vote.

(11) Save as otherwise provided in sub-section (10), every director of the Board shall have one vote.

7. (1) The Board may constitute such Committees whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons for such purpose or purposes as it may think fit.

Committees.

(2) Any Committee constituted under sub-section (1) shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

8. The directors and the members of a Committee shall be paid such fees and allowances as may be prescribed for attending the meetings of the Board or of any Committee constituted in pursuance of this Act and for attending to any other work of the Exim Bank:

Fees and allowances of directors and members of Committees.

Provided that no fees shall be payable to the chairman, if he is appointed as a whole-time chairman, or to the managing director or to any other director or member who is an official of the Government, the Reserve Bank or the Development Bank.

9. No person shall be a director of the Board constituted under this Act, who—

Disqualifications.

(a) is, or at any time has been, adjudged insolvent, or

(b) is of unsound mind and has been so declared by a competent court, or

(c) is, or has been, convicted of an offence which, in the opinion of the Central Government, involves moral turpitude, or

(d) has, in the opinion of the Central Government, so abused his position as a director, as to render his continuance on the Board detrimental to the interests of the general public, or

(e) has been, for any reason, removed from the Board.

CHAPTER IV

BUSINESS OF THE EXIM BANK

Business of Exim Bank.

10. (1) The Exim Bank may grant in or outside India loans and advances by itself or in participation with any bank or financial institution whether in or outside India for the purposes of export or import and shall also function as the principal financial institution for co-ordinating the working of institutions engaged in financing of the export and import in such manner as it may deem appropriate.

(2) The Exim Bank may also carry on and transact all or any of the following kinds of business, namely:—

(a) granting loans and advances to a scheduled bank or any other bank or financial institution notified in the Official Gazette by the Central Government in this behalf by way of refinance of loans and advances granted by it for purposes of export or import;

(b) underwriting the issue of stocks, shares, bonds or debentures of any company engaged in export or import;

(c) issuing bid bonds or guarantees in or outside India by itself or in participation with any government, bank or financial institution in or outside India;

(d) accepting, collecting, discounting, re-discounting, purchasing, selling or negotiating in or outside India, bills of exchange or promissory notes arising out of transactions relating to export or import and granting of loans and advances in or outside India against such bills or promissory notes;

(e) granting, opening, issuing, confirming or endorsing letters of credit and negotiating or collecting bills and other documents drawn thereunder;

(f) undertaking any transaction involving a combination of government to government and commercial credit for purposes of export or import;

(g) granting lines of credit to the government of any foreign State or any financial institution or person outside India for purposes of export or import;

(h) granting loans and advances outside India for any Indian joint venture;

(i) granting loans and advances to any person in India in connection with his equity contribution in any joint venture in any country outside India;

(j) financing export or import of machinery and equipment on lease basis;

(k) subscribing to, or investing in, or purchasing of, stocks, shares, bonds or debentures of any development bank or Export-Import Bank of any country outside India;

(l) buying or selling of, or entering into such other dealings in, foreign exchange, as may be necessary for the discharge of its functions;

(m) opening of any account in any bank in or outside India or the making of any agency arrangement with, or acting as an agent or correspondent of, any bank or other institution in or outside India;

(n) transferring, for consideration, any instrument relating to loans and advances granted by it;

(o) issuing participation certificates;

(p) subscribing to, or investing in, or purchasing of stocks, shares, bonds or debentures to the extent necessary for the enforcement of a lien, pledge or other contractual right;

(q) undertaking and financing of research, surveys, techno-economic or any other study in connection with the promotion and development of international trade;

(r) providing technical, administrative and financial assistance of any kind for export or import;

(s) planning, promoting, developing and financing export-oriented concerns;

(t) forming or conducting subsidiaries for carrying out its functions;

(u) acting as agent of the Central Government, any State Government, the Reserve Bank, the Development Bank or any other person as the Central Government may authorise;

(v) collecting, compiling and disseminating market and credit information in respect of international trade;

(w) doing any other kind of business which the Central Government may authorise;

(x) generally doing such other acts and things as may be incidental to, or consequential upon, the exercise of its powers or the discharge of its duties under this Act or any other law for the time being in force, including sale or transfer of any of its assets.

(3) The Exim Bank may receive in consideration of any of the services mentioned in sub-sections (1) and (2) such commission, brokerage, interest, remuneration or fees as may be agreed upon.

(4) The Exim Bank shall not grant any loan or advance or other financial accommodation on the security of its own bonds or debentures.

CHAPTER V

RESOURCES OF THE EXIM BANK

Loans by
Central
Govern-
ment.

11. The Central Government may, after due appropriation made by Parliament by law in this behalf, advance to the Exim Bank—

(a) a loan of twenty crores of rupees at a rate of interest of five and a quarter per cent. per annum repayable in fifteen equal annual instalments, commencing on the expiry of a period of fifteen years from the date of receipt of the loan; and

(b) such further sums of money by way of loan on such terms and conditions as may be agreed upon:

Provided that the Central Government may, on a request being made to it by the Exim Bank, increase the number of instalments or alter the amount of any instalment or vary the date on which any instalment is payable under clause (a).

Borrow-
ings and
acceptance
of deposits
by Exim
Bank.

12. (1) The Exim Bank may, for the purposes of carrying out its functions under this Act,—

(a) issue and sell bonds and debentures with or without the guarantee of the Central Government;

(b) borrow money from the Reserve Bank—

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

(ii) against bills of exchange or promissory notes arising out of *bona fide* commercial or trade transactions and bearing two or more good signatures and maturing within five years from the date of the borrowing;

(iii) out of the National Industrial Credit (Long Term Operations) Fund established under section 46C of the Reserve Bank of India Act, 1934 for any of the purposes specified in that section; 2 of 1934.

(c) borrow money from such other authority, organisation or institution in India as may generally or specially be approved by the Central Government;

(d) accept deposits repayable after the expiry of a period which shall not be less than twelve months from the date of the making of the deposit on such terms as may generally or specially be approved by the Reserve Bank.

(2) The Central Government may, on a request being made to it by the Exim Bank, guarantee the bonds and debentures issued by that Bank as to the repayment of principal and the payment of interest at such rate as may be fixed by that Government.

46 of 1973.

13. Notwithstanding anything contained in the Foreign Exchange Regulation Act, 1973 or in any other law for the time being in force relating to foreign exchange, the Exim Bank may, for the purpose of granting loans and advances under this Act, borrow, with the previous consent of the Central Government, foreign currency from any foreign State or from any bank or financial institution in any foreign country or otherwise.

Loans in foreign currency.

14. The Exim Bank may receive gifts, grants, donations or benefactions from Government or any other source in or outside India.

Grants, donations, etc., to Exim Bank.

CHAPTER VI

EXPORT DEVELOPMENT FUND

15. With effect from such date as the Central Government may, by notification, appoint, the Exim Bank shall establish a special fund to be called the Export Development Fund.

Export Development Fund.

16. To the Export Development Fund shall be credited—

Credits to Export Development Fund.

(a) all amounts received for the purposes of that Fund by way of loans, gifts, grants, donations or benefactions from Government or any other source in or outside India;

(b) repayments or recoveries in respect of loans, advances or other facilities granted from the Fund;

(c) income or profits from investments made from the Fund; and

(d) income accruing or arising to the Fund by way of interest or otherwise, on account of the application of the Fund in accordance with the provisions of section 17.

17. (1) Where the Exim Bank considers it necessary or desirable so to do, it may, subject to the provisions of sub-sections (2) and (3), disburse or spend from the Export Development Fund any amount on account or in consequence of the grant of any loan or advance, or on account or in consequence of entering into any arrangement under sub-section (1) or clause (b) or clause (c) or clause (d) or clause (q) or Clause (r) or clause (s) or clause (w) or clause (x) of sub-section (2) of section 10:

Utilisation of Export Development Fund.

Provided that before granting any such loan or advance or entering into any such arrangement, the Exim Bank shall obtain the prior approval of the Central Government.

(2) Before seeking the approval of the Central Government under sub-section (1), the Exim Bank shall satisfy itself that banking or other financial institutions or other agencies are not likely to grant such loan or advance, or to enter into any such arrangement in the ordinary course of business.

(3) The Central Government shall, before giving its approval, satisfy itself that such loan, advance or arrangement is necessary as a matter of priority in the interests of the international trade of the country.

(4) For the removal of doubts, it is hereby declared that nothing contained in this section shall be deemed to preclude the Exim Bank from granting any loan or advance or from entering into any arrangement under sub-section (1) or clause (b) or clause (c) or clause (d) or clause (q) or clause (r) or clause (s) or clause (w) or clause (x) of sub-section (2) of section 10 without the approval of the Central Government, if no amount in respect thereof is to be disbursed or spent from the Export Development Fund.

Debits
to Export
Develop-
ment
Fund.

18. (1) To the Export Development Fund shall be debited—

(a) such amounts as may from time to time be disbursed or spent under sub-section (1) of section 17;

(b) such amounts as may be required for discharging the liabilities in respect of loans received for the purposes of that Fund;

(c) any loss arising on account of investment made out of that Fund; and

(d) such expenditure arising out of, or in connection with, the administration and application of the Fund as may be determined by the Board.

(2) No amount shall be debited to the Export Development Fund except as provided for in sub-section (1).

Accounts
and audit
of Export
Develop-
ment
Fund.

19. (1) The balance-sheet and accounts of the Export Development Fund shall be prepared in such form and manner as may be prescribed.

(2) The Board shall cause the books and accounts of the Export Development Fund to be closed and balanced as on the 31st day of December each year.

(3) The Export Development Fund shall be audited by one or more auditors appointed by the Central Government under section 24 who shall make a separate report thereon.

(4) The provisions of sub-sections (2), (3), (4) and (6) of section 24 shall, so far as may be, apply in relation to the audit of the Export Development Fund.

(5) The Exim Bank shall furnish to the Central Government, within four months from the date on which the accounts of the Export Development Fund are closed and balanced, a copy of the balance-sheet and accounts together with a copy

of the auditors' report and a report on the operation of the Fund during the relevant year and the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament.

20. The Export Development Fund shall not be closed or wound up save by order of the Central Government and in such manner as that Government may direct.

Liquida-
tion of
Export
Develop-
ment
Fund.

CHAPTER VII

GENERAL FUND, ACCOUNTS AND AUDIT

21. All receipts of the Exim Bank other than those which are to be credited to the Export Development Fund under this Act shall be credited to a Fund to be called the General Fund and all payments by the Exim Bank, other than those which are to be debited to the Export Development Fund, shall be made out of the General Fund.

General
Fund.

22. (1) The balance-sheet and accounts of the Exim Bank shall be prepared in such form and manner as may be prescribed.

Prepara-
tion of
accounts
and
balance-
sheet.

(2) The Board shall cause the books and accounts of the Exim Bank to be closed and balanced as on the 31st day of December each year.

23. (1) The Exim Bank may establish a Reserve Fund to which may be transferred such sums as that Bank may deem fit out of the annual profits accruing to the General Fund.

Disposal
of profits
accruing
to General
Fund.

(2) After making provision for bad and doubtful debts, depreciation of assets and for all other matters for which provision is necessary or expedient or which is usually provided for by bankers and for the Reserve Fund referred to in sub-section (1), the Exim Bank shall transfer the balance of the net profits to the Central Government.

24. (1) The accounts of the Exim Bank shall be audited by auditors duly qualified to act as auditors under sub-section (1) of section 226 of the Companies Act, 1956, who shall be appointed by the Central Government for such term and on such remuneration as the Central Government may fix.

Audit.

(2) The auditors shall be supplied with a copy of the annual balance-sheet of the Exim Bank and it shall be their duty to examine it together with the accounts and vouchers relating thereto and they shall have a list delivered to them of all books kept by the Exim Bank and shall at all reasonable times have access to the books, accounts, vouchers and other documents of the Exim Bank.

(3) The auditors may, in relation to such accounts, examine any director or any officer or other employee of the Exim Bank and shall be entitled to require from the Board or officer or other employee of the Exim Bank such information and explanation as they may think necessary for the performance of their duties.

(4) The auditors shall make a report to the Exim Bank upon the annual balance-sheet and accounts examined by them and in every such report they shall state whether in their opinion the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the state of affairs of the Exim Bank and in case they had called for any explanation or information from the Board or any officer or other employee of the Exim Bank whether it has been given and whether it is satisfactory.

(5) The Exim Bank shall furnish to the Central Government within four months from the date on which its accounts are closed and balanced, a copy of its balance-sheet and accounts together with a copy of the auditors' report and a report of the working of the Exim Bank during the relevant year, and the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament.

(6) Without prejudice to anything contained in the preceding sub-sections, the Central Government may, at any time, appoint the Comptroller and Auditor-General of India to examine and report upon the accounts of the Exim Bank and any expenditure incurred by him in connection with such examination and report shall be payable by the Exim Bank to the Comptroller and Auditor-General of India.

Saving.

25. Save as otherwise provided in sub-section (4) of section 19, nothing contained in this Chapter shall apply to the Export Development Fund.

CHAPTER VIII

TRANSFER OF PART OF BUSINESS OF DEVELOPMENT BANK

Transfer
of part
of busi-
ness of
Develop-
ment Bank.

26. (1) On such date as the Central Government may, by notification, appoint, all business, property, assets and liabilities, rights, interests, privileges and obligations of whatever nature of the Development Bank in so far as they relate to the export financing functions of that Bank shall stand transferred to, and vest in, the Exim Bank.

(2) For the transfer to, and vesting in, the Exim Bank under sub-section (1), the Exim Bank shall pay to the Development Bank such amount in such manner and in such number of instalments as may be determined by the Central Government.

(3) All contracts, deeds, bonds, agreements, powers-of-attorney, grants of legal representation and other instruments of whatever nature of the Development Bank which relate to the export financing functions of that Bank and which are subsisting or having effect immediately before the date referred to in sub-section (1) and to which the said Bank is a party or which are in favour of that Bank shall,—

(a) if they relate exclusively to the export financing functions of that Bank, be of full force and effect against

or in favour of the Exim Bank, as the case may be, and may be enforced and acted upon as fully and effectively as if instead of the Development Bank the Exim Bank had been a party thereto or as if they had been issued in favour of the Exim Bank; and

(b) if they relate not only to the export financing functions of the Development Bank but also to any of the other functions of that Bank, be of full force and effect against or in favour of both the Development Bank and the Exim Bank and may be enforced or acted upon as fully and effectively as if in addition to the Development Bank the Exim Bank had also been a party thereto or as if they had been issued in favour of the Development Bank and also the Exim Bank.

(4) If, on the date referred to in sub-section (1), any suit, appeal or other legal proceeding of whatever nature relating to the export financing functions of the Development Bank is pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the Exim Bank of the business of the Development Bank or of anything contained in this Act, but the suit, appeal or other proceeding may,—

(a) where it relates exclusively to the export financing functions of the Development Bank, be continued, prosecuted and enforced by or against the Exim Bank; and

(b) where it relates not only to the export financing functions of the Development Bank but also to any of the other functions of that Bank, be continued, prosecuted and enforced by or against the Development Bank and the Exim Bank or, if the Central Government by special order in writing so directs, by or against such one of the said two Banks, as may be specified in such order.

(5) If any question arises as to whether any contract, deed, bond, agreement, powers-of-attorney, grant of legal representation or other instrument referred to in sub-section (3) or any suit, appeal or other legal proceeding referred to in sub-section (4) relates or relates exclusively to the export financing functions of the Development Bank, it shall be referred to the Central Government for decision and the decision of the Central Government thereon shall be final.

(6) The provisions of this section shall have effect notwithstanding anything contained in the Industrial Development Bank of India Act, 1964 or any other law or any instrument having force by virtue of the said Act or other law.

18 of 1964.

CHAPTER IX

MISCELLANEOUS

27. (1) The Exim Bank may appoint such number of officers and other employees as it considers necessary or desirable for the efficient performance of its functions and determine the terms and conditions of their appointment and service.

Staff of
Exim
Bank.

(2) Without prejudice to the provisions of sub-section (1), it shall be lawful for the Exim Bank to utilise, and for the Development Bank to make available the services of, such staff of the Development Bank having experience relating to export financing functions on such terms and conditions as may be agreed upon between the Exim Bank and the Development Bank.

(3) The duties and conduct, terms and conditions of service and the establishment and maintenance of a provident Fund or any other Fund for the benefit of the officers and other employees of the Exim Bank shall be such as may be prescribed.

Delegation of powers.

28. The Board may, by general or special order, delegate to any director or any officer or other employee of the Exim Bank, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under this Act as it may deem necessary.

Returns.

29. The Exim Bank shall furnish, from time to time, to the Central Government such returns as the Central Government may require.

Obligation as to fidelity and secrecy.

30. (1) The Exim Bank shall not, except as otherwise required by this Act or any other law, divulge any information relating to, or to the affairs of, its constituents except in circumstances in which it is, in accordance with the law or practice and usage customary among bankers, necessary or appropriate for the Exim Bank to divulge such information.

(2) The Exim Bank may, for the purpose of efficient discharge of its functions under this Act, collect from, or furnish to, the Central Government, the Development Bank or any scheduled bank or such other financial institution, as may be notified in the Official Gazette by the Central Government in this behalf, credit information or other information as it may consider useful for the purpose, in such manner and at such times, as it may think fit.

Explanation.—For the purpose of this sub-section, the expression "credit information" shall have the same meaning as in clause (c) of section 45A of the Reserve Bank of India Act, 1934, subject to the modification that "banking company" referred to therein shall mean the Development Bank, any scheduled bank or other financial institution as aforesaid.

2 of 1934.

(3) Every director, member of a committee, auditor or officer or other employee of the Exim Bank or of the Development Bank whose services are utilised by the Exim Bank under the provisions of this Act, shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the First Schedule.

Defects in appointments not to invalidate acts, etc.

31. (1) No act or proceeding of the Board or of any committee of the Exim Bank shall be questioned on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Board or the committee, as the case may be.

(2) No act done by any person acting in good faith as a director shall be deemed to be invalid merely on the ground that he was disqualified to be a director or that there was any other defect in his appointment.

32. (1) Where any arrangement entered into by the Exim Bank with a company provides for the appointment by the Exim Bank of one or more directors of such company, such provision and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law for the time being in force or in the memorandum, articles of association or any other instrument relating to the company, and any provision regarding share qualification, age-limit, number of directorships, removal from office of directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any director appointed by the Exim Bank in pursuance of the arrangement as aforesaid.

Arrangement with Exim Bank on appointment of directors to prevail.

1 of 1956.

(2) Any director appointed as aforesaid shall—

(a) hold office during the pleasure of the Exim Bank and may be removed or substituted by any person by order in writing of the Exim Bank;

(b) not incur any obligation or liability by reason only of his being a director or for anything done or omitted to be done in good faith in the discharge of his duties as a director or anything in relation thereto;

(c) not be liable to retirement by rotation and shall not be taken into account for computing the number of directors liable to such retirement.

33. (1) Every director shall be indemnified by the Exim Bank against all losses and expenses incurred by him, in, or in relation to, the discharge of his duties, except such as are caused by his own wilful act or default.

Indemnity of directors.

(2) A director shall not be responsible for any other director or for any officer or other employee of the Exim Bank or for any loss or expenses resulting to the Exim Bank from the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of the Exim Bank or the insolvency or wrongful act of any debtor or any person under obligation to the Exim Bank or anything done in good faith in the execution of the duties of his office or in relation thereto.

Protection of action taken in good faith.

34. No suit or other legal proceeding shall lie against the Exim Bank or any director or any officer or other employee of the Exim Bank or any other person authorised by the Exim Bank to discharge any functions under this Act for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act or any other law or provision having the force of law.

Act 18 of 1891 to apply in relation to Exim Bank.

35. The Bankers' Books Evidence Act, 1891 shall apply in relation to the Exim Bank as if it were a Bank as defined in section 2 of that Act.

Section 34A and section 36AD only of Act 10 of 1949 to apply to Exim Bank.

36. Nothing contained in the Banking Regulation Act, 1949, except section 34A and section 36AD thereof, shall apply to the Exim Bank.

Act 43 of 1961 and Act 7 of 1964 not to apply to Exim Bank.

37. Notwithstanding anything contained in the Income-tax Act, 1961, or the Companies (Profits) Surtax Act, 1964 or any other enactment for the time being in force relating to tax on income, profits or gains, the Exim Bank shall not be liable to pay income-tax, surtax or any other tax in respect of—

(a) any income, profits or gains accruing to the Export Development Fund or any amount received to the credit of that Fund; and

(b) any income, profits or gains derived, or any amount received, by the Exim Bank.

Liquidation of Exim Bank.

38. No provision of any law relating to the winding up of companies or corporations shall apply to the Exim Bank and the Exim Bank shall not be placed in liquidation save by an order of the Central Government and in such manner as it may direct.

Power to make regulations.

39. (1) The Board may, with the previous approval of the Central Government, make regulations not inconsistent with this Act to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

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

(a) the times and places of the meetings of the Board or of any committee constituted under this Act and the procedure to be followed at such meetings including the quorum necessary for the transaction of business;

(b) the fees and allowances that may be paid to the directors and the members of a committee;

(c) the form and manner in which the balance-sheets and the account of the Export Development Fund and the Exim Bank shall be prepared;

(d) the duties and conduct, and the terms and conditions of service of the officers and other employees of the Exim Bank;

(e) the establishment and maintenance of provident fund or any other fund for the benefit of the officers and other employees of the Exim Bank; and

(f) any other matter which is to be, or may be, prescribed.

(3) Every regulation made by the Board under this Act shall be laid, as soon as may be after it is made, 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.

40. The enactments specified in the Second Schedule shall be amended in the manner directed in the first column thereof and such amendments shall take effect on the dates specified in the second column of that Schedule.

Amend-
ment of
certain
enact-
ments.

41. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, do anything, not inconsistent with such provisions, for the purpose of removing the difficulty:

Power to
remove
difficulty.

Provided that no such order shall be made after the expiration of three years from the date on which this Act receives the assent of the President.

THE FIRST SCHEDULE

[See section 30(3)]

DECLARATION OF FIDELITY AND SECRECY

I, do hereby declare that I will faithfully, truly and to the best of my skill and ability execute and perform the duties required of me as director, member ofcommittee, auditor, officer or other employee (as the case may be) of the Export-Import Bank of India and which properly relate to the office or position held by me in or in relation to the said Exim Bank.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the Export-Import Bank of India or to the affairs of any person having any dealing with the said Exim Bank, nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the said Exim Bank and relating to the business of the said Exim Bank or the business of any person having any dealing with the said Exim Bank.

(Signature)

Signed before me.

THE SECOND SCHEDULE

(See section 40)

Amendments of certain enactments

PART I

AMENDMENTS TO THE RESERVE BANK OF INDIA ACT, 1934

(2 OF 1934)

Amendments	Date on which amendments shall take effect
(1)	(2)
1. In section 2, after clause (bviii), insert the following clause, namely:— ‘(bviiiia) “Exim Bank” means the Export-Import Bank of India established under the Export-Import Bank of India Act, 1981.’	The date of establishment of the Exim Bank.
2. In section 17,— (a) in clause (4G), after the words “the Development Bank”, insert the words “or the Exim Bank”;	Do.
(b) in clause (4-I), after the words “Development Bank”, insert the words “, the Exim Bank”;	

Amendments	Date on which amendments shall take effect
(1)	(2)
(c) after clause (4-I), insert the following clause, namely:— “(4f) 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 <i>bona fide</i> commercial or trade transactions bearing two or more good signatures and maturing within five years from the date of such loan or advance;”; (d) in clause (12B), after the words “the Development Bank”, insert the words “, the Exim Bank”.	The date of establishment of the Exim Bank.
3. In section 42, in sub-clause (c) of the <i>Explanation</i> under the proviso to sub-section (1), after the words “or from the Development Bank”, insert the words “or from the Exim Bank”.	Do.
4. In section 46C, in sub-section (2), after clause (b), insert the following clauses, namely:— “(c) the making to the Exim Bank of loans and advances for the purposes of any business of the Exim Bank; (d) the purchasing of bonds and debentures issued by the Exim Bank.”.	Do.]

PART II

AMENDMENT TO THE INDUSTRIAL DISPUTES ACT, 1947 (14 OF 1947)

Amendment	Date on which amendment shall take effect
(1)	(2)
In section 2, in clause (bb), after the words “and includes”, insert the words “the Export-Import Bank of India,”.	The date of establishment of the Exim Bank.

Export-Import Bank of India
PART III

[ACT 28 OF 1981]

AMENDMENTS TO THE BANKING REGULATION ACT, 1949
(10 OF 1949)

Amendments	Date on which amendments shall take effect
(1)	(2)
1. In section 18, in the <i>Explanation</i> , in clause (b), after the words "the Industrial Development Bank of India", insert the words "or from the Export-Import Bank of India".	The date of establishment of the Exim Bank.
2. In section 34A, in sub-section (3), after the word "includes", insert the words "the Export-Import Bank of India,".	Do.
3. In section 36AD, in sub-section (3), after the word "includes", insert the words "the Export-Import Bank of India,".	Do.
4. In section 56, in clause (b) of the <i>Explanation</i> under clause (j), after the words "the Industrial Development Bank of India," insert the words "the Export-Import Bank of India,".	Do.

THE NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ACT, 1981

No. 61 OF 1981

[30th December, 1981.]

An Act to establish a bank to be known as the National Bank for Agriculture and Rural Development for providing credit for the promotion of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas, and for matters connected therewith or incidental thereto.

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

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the National Bank for Agriculture and Rural Development Act, 1981.

(2) It extends to the whole of India.

(3) It shall come into force on such date¹ as the Central Government may, by notification in the Official Gazette, appoint, and different dates² may be appointed for different provisions of this Act, and any reference in any provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. In this Act, unless the context otherwise requires,—

(a) “agriculture” includes horticulture, animal husbandry, forestry, dairy and poultry farming, pisciculture, and other allied activities, whether or not undertaken jointly with agriculture and the expression “agricultural operations” shall be construed accordingly.

Explanation.—For the purposes of this clause, “pisciculture” includes the development of fisheries, both inland and marine, catching of fish and all activities connected therewith or incidental thereto;

¹1st May 1982, *vide* Notification No. S.O. 278 (E), dated 21-4-1982, (except sections 3, 16 and 18).

²12th July 1982, *vide* Notification No. S.O. 484 (E), dated 6-7-1982, (in respect of sections 3, 16 and 18).

Short
title,
extent and
com-
mence-
ment.

Defini-
tions.

(b) "Agricultural Refinance and Development Corporation" means the Corporation established under section 3 of the Agricultural Refinance and Development Corporation Act, 1963, and renamed under section 3A of that Act as the Agricultural Refinance and Development Corporation;

10 of 1963.

(c) "Board" means the Board of Directors of the National Bank;

(d) "central co-operative bank" means the principal co-operative society in a district in a State, the primary object of which is the financing of other co-operative societies in that district:

Provided that in addition to such principal society in a district, or where there is no such principal society in a district, the State Government may declare any one or more co-operative societies carrying on the business of financing other co-operative societies in that district to be also or to be a central co-operative bank or central co-operative banks within the meaning of this definition;

(e) "Chairman" means the Chairman of the Board appointed under section 6;

(f) "co-operative society" means a society registered, or deemed to be registered, under the Co-operative Societies Act, 1912 or any other law relating to co-operative societies for the time being in force in any State;

2 of 1912.

(g) "crops" includes products of agricultural operations;

(h) "director" means a director appointed under section 6;

(i) "industry in the tiny and decentralised sector" means industrial concerns in the tiny and decentralised sector and "industrial concern in the tiny and decentralised sector" means an industrial concern in which the investment in machinery and plant is not in excess of rupees two lakhs or such higher amount as the Central Government may specify by notification in this behalf having regard to trends in industrial development and other relevant factors;

(j) "Managing Director" means the Managing Director appointed under section 6;

(k) "marketing of crops" includes the processing of crops prior to marketing by any agricultural producers or any organisation of such producers;

(l) "National Bank" means the National Bank for Agriculture and Rural Development established under section 3;

(m) "notification" means a notification published in the Official Gazette;

(n) "primary rural credit society" means a co-operative society, by whatever name called,—

(1) which has as its object or business the provision of financial accommodation to its members for agriculture or agricultural operations or for the marketing of crops, or for rural development; and

(2) the bye-laws of which do not permit admission of any other co-operative society as member;

Provided that this sub-clause shall not apply to the admission, as a member, of a co-operative society, which is a State co-operative bank or a central co-operative bank by reason of such bank subscribing to the share capital of the co-operative society out of funds provided by the State Government for the purpose;

(o) "prescribed" means prescribed by regulations made under this Act;

21 of 1976.

(p) "regional rural bank" means a regional rural bank established under section 3 of the Regional Rural Banks Act, 1976;

(q) "rural development" means development of rural areas through any activities conducive to such development.

Explanation.—For the purposes of this clause,—

(a) activities conducive to development of rural areas include activities relating to production of goods or provision of services in rural areas and activities for the promotion of cottage and village industries, industry in the tiny and decentralised sector and small-scale industry and handicrafts and other rural crafts;

(b) "rural area" means the area comprised in any village and includes the area comprised in any town, the population of which does not exceed ten thousand or such other figure as the Reserve Bank may specify from time to time;

2 of 1934.

(r) "Reserve Bank" means the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934;

2 of 1934.

(s) "scheduled bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934;

(t) "small-scale industry" means industrial concerns in the small scale sector and "industrial concern in the small scale sector" means an industrial concern—

(i) in which the investment in machinery and plant is not in excess of rupees twenty lakhs or such higher amount as the Central Government may specify by notification in this behalf having regard to trends in industrial development and other relevant factors, and

(ii) which is not an industrial concern in the tiny and decentralised sector;

(u) "State co-operative bank" means the principal co-operative society in a State, the primary object of which is the financing of other co-operative societies in the State

Provided that in addition to such principal society in a State, or where there is no such principal society in a State, the State Government may declare any one or more co-operative societies carrying on business in that State to be also or to be a State co-operative bank or State co-operative banks within the meaning of this definition;

(v) "State land development bank" means the co-operative society which is the principal land development bank (by whatever name called) in a State and which has as its primary object the providing of long-term finance for agricultural development:

Provided that, in addition to such principal land development bank in a State, or where there is no such bank in a State, the State Government may declare any co-operative society carrying on business in that State and authorised by the bye-laws of such co-operative society to provide long-term finance for agricultural development to be also or to be a State land development bank within the meaning of this definition;

(w) words and expressions used herein and not defined but defined in the Reserve Bank of India Act, 1934, shall have the meanings respectively assigned to them in that Act;

2 of 1934.

(x) words and expressions used herein and not defined either in this Act or in the Reserve Bank of India Act, 1934, but defined in the Banking Regulation Act, 1949, shall have the meanings respectively assigned to them in the Banking Regulation Act, 1949.

2 of 1934.

10 of 1949.

CHAPTER II

ESTABLISHMENT OF THE NATIONAL BANK FOR AGRICULTURE AND RURAL
DEVELOPMENT AND CAPITAL THEREOF

Establishment and incorporation of National Bank for Agriculture and Rural Development.

3. (1) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint, there shall be established for the purposes of this Act, a bank to be known as the National Bank for Agriculture and Rural Development.

(2) The Bank shall be a body corporate with the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may by that name sue and be sued.

(3) The head office of the National Bank shall be at Bombay or at such other place as the Central Government may, by notification, specify.

(4) The National Bank may establish offices, branches or agencies at any place in India, and with the previous approval of the Central Government and in consultation with the Reserve Bank, at any place outside India.

Capital.

4. (1) The capital of the National Bank shall be one hundred crores of rupees:

Provided that the Central Government may, in consultation with the Reserve Bank and by notification, increase the said capital up to five hundred crores of rupees.

(2) The capital of the National Bank shall be subscribed to by the Central Government and the Reserve Bank in equal proportions.

CHAPTER III

MANAGEMENT OF THE NATIONAL BANK

Management.

5. (1) The general superintendence, direction and management of the affairs and business of the National Bank shall vest in a Board of Directors, which shall exercise all powers and do all acts and things which may be exercised or done by the National Bank.

(2) Subject to the provisions of this Act, the Board in discharging its functions, shall act on business principles with due regard to public interest.

(3) Subject to the provisions of sub-section (1) and save as otherwise provided in the regulations made under this Act, the Managing Director shall also have powers of general superintendence, direction and management of the affairs and business of the National Bank and may also exercise all powers and do all acts and things which may be exercised or done by the National Bank.

(4) Any whole-time director appointed under sub-section (3) of section 6 shall assist the Managing Director in the discharge of his functions under sub-section (3) and perform such duties as the Board may entrust or delegate to him.

(5) In the discharge of his powers and functions under sub-section (3), the Managing Director shall follow such directions as the Chairman may give.

(6) In the discharge of its functions under this Act, the National Bank shall be guided by such directions in matters of policy involving public interest as the Central Government, in consultation with the Reserve Bank, or the Reserve Bank, may give in writing.

6. (1) The Board of Directors of the National Bank shall consist of the following, namely:— Board of Directors.

(a) a Chairman;

(b) two directors from amongst experts in rural economics, rural development, handicrafts and other rural crafts, village and cottage industries and small-scale industries or in any other matter, the special knowledge or professional experience in which is considered by the Central Government as useful to the National Bank;

(c) three directors out of whom two shall be persons with experience in the working of co-operative banks and one shall be a person with experience in the working of commercial banks;

(d) three directors from out of the directors of the Reserve Bank;

(e) three directors from amongst the officials of the Central Government;

(f) two directors from amongst the officials of the State Governments;
and

(g) a Managing Director.

(2) The Chairman and other directors shall be appointed by the Central Government in consultation with the Reserve Bank:

Provided that the Central Government shall also consult the Board with regard to any appointment (except appointment to the first Board) to the office of Managing Director.

(3) Where the Central Government is satisfied, in consultation with the Reserve Bank and the Board, that it is necessary so to do, it may appoint one or more whole-time directors with such designations as may be deemed appropriate by that Government and any whole-time director so appointed shall also be a member of the Board:

Provided that consultation with the Board shall not be necessary in the case of the appointment of a whole-time director to the first Board.

Term of
office of
Chairman
and other
directors,
retirement
and pay-
ment of
fees.

7. (1) The Chairman shall hold office for such term not exceeding five years and shall receive such salary and allowances as the Central Government may, at the time of appointment, specify:

Provided that the Chairman shall notwithstanding the expiration of his term continue to hold office until his successor enters upon his office.

(2) The directors appointed under clauses (b) to (f) of sub-section (1) of section 6 shall hold office for a term of three years:

Provided that such director shall notwithstanding the expiration of his term continue to hold office until his successor enters upon his office.

(3) The Central Government may, in consultation with the Reserve Bank, remove the Chairman or any other director referred to in sub-section (2) at any time before the expiry of his term of office after giving him a reasonable opportunity of showing cause against the proposed removal.

(4) The Chairman and the directors referred to in sub-section (2) shall be paid such fees and allowances as may be prescribed for attending the meetings of the Board or of any of its committees and for attending to any other work of the National Bank:

Provided that no such fee shall be payable to the Chairman or any other director, who is an officer of the Government or an officer of the Reserve Bank.

Term of
office of
Manag-
ing
Director
and
whole-
time
directors,
condi-
tions of
service,
etc.

8. (1) The Managing Director and any whole-time director appointed under sub-section (3) of section 6 shall,—

(a) hold office for such term not exceeding five years as the Central Government may, at the time of appointment, specify;

(b) receive such salary and allowances and be governed by such terms and conditions of service as the Board may, with the previous approval of the Central Government and in consultation with the Reserve Bank, determine:

Provided that the Managing Director and any such whole-time director appointed to the first Board shall receive such salary and allowances and be governed by such terms and conditions of service as the Central Government may, in consultation with the Reserve Bank, determine.

(2) The Central Government may, in consultation with the Reserve Bank, remove the Managing Director or any whole-time director appointed under sub-section (3) of section 6 at any time before the expiry of his term of office, after giving him a reasonable opportunity of showing cause against the proposed removal.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the Central Government shall have the right to terminate the term of office of the Managing Director or of any whole-time director appointed under sub-section (3) of section 6 at any time before the expiry of the term fixed under sub-section (1) by giving him notice of not less than three months in writing or three months' salary and allowances in lieu of such notice:

Provided that the Central Government shall, before terminating the term of office of the Managing Director or any whole-time director appointed under sub-section (3) of section 6, consult the Reserve Bank.

9. (1) No person shall be a director who—

Disqual-
fications.

(a) is of unsound mind and stands so declared by a competent court;
or

(b) is or has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude; or

(c) is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors.

(2) The appointment as director of any person who is a Member of Parliament or the Legislature of any State shall, unless within two months of the date of his appointment he ceases to be such member, be void on the expiry of the said period of two months and if any director is elected or nominated as a Member of Parliament or of any State Legislature he shall cease to be a director as from the date of such election or nomination, as the case may be.

10. (1) If a director—

Vacation
and
resigna-
tion of
office by
directors.

(a) becomes subject to any of the disqualifications mentioned in section 9; or

(b) is absent without leave of the Board for more than three consecutive meetings thereof,

his seat shall thereupon become vacant.

(2) Any director may resign his office by giving notice thereof in writing to the Central Government, and on his resignation being accepted by the Central Government or if his resignation is not sooner accepted, on the expiry of three months from the receipt thereof by the Central Government, he shall be deemed to have vacated his office.

11. If the Managing Director is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise, in circumstances not involving the vacation of his appointment, the Central Government may, after consultation with the Reserve Bank and the Board, appoint another person to act in his place as Managing Director during his absence.

Casual
vacancy
in the
office of
Managing
Director

12. (1) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

Meetings
of Board

(2) The Chairman of the Board, or, if for any reason he is unable to attend any meeting, any other director nominated by the Chairman in this behalf, and in the absence of such nomination, any other director elected by the directors present at the meeting, shall preside at the meeting of the Board.

(3) All questions which come up before any meeting of the Board shall be decided by a majority of votes of the directors present and voting, and in the event of an equality of votes, the Chairman, or, in his absence, the person presiding, shall have a second or casting vote.

13. (1) The Board may constitute an Executive Committee consisting of such number of directors as may be prescribed.

Commit-
tees of
National
Bank.

(2) The Executive Committee shall discharge such functions as may be prescribed or may be delegated to it by the Board.

(3) The Board may constitute such other committees, whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons as it thinks fit and for such purposes as it may decide and every committee so constituted shall discharge such functions as may be delegated to it by the Board.

(4) The Executive Committee shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings, as may be prescribed.

(5) The times and places at which any committee constituted under sub-section (3) shall meet, the rules of procedure which such committee shall observe in regard to the transaction of business at its meetings, and the fees and allowances which may be paid to the members of such committee for attending the meetings of the committee and for attending to any other work of the National Bank shall be such as may be specified by that Bank.

Advisory
Council.

14. (1) The Board shall constitute an Advisory Council consisting of such number of directors and such other persons who, in the opinion of the Board, have special knowledge of agriculture, agricultural credit, co-operation and rural economics, small-scale industries, village and cottage industries and handicrafts and other rural crafts or have special knowledge and appreciation of the country's overall developmental policies and in particular overall monetary and credit policies, which is considered by the Board as useful to the National Bank.

(2) The Advisory Council shall advise the National Bank in such matters as may be referred to the Advisory Council by the National Bank and may discharge such other functions as may be entrusted or delegated to the Advisory Council by the National Bank.

(3) A member of the Advisory Council shall hold office for such term not exceeding five years as the National Bank may fix, and receive such fees and allowances as may be prescribed for attending the meetings of the Advisory Council and for attending to any other work of the National Bank.

(4) The Advisory Council shall meet at such times and places and shall observe such rules of procedure in regard to transaction of business at its meetings as may be prescribed.

Member
of
Board
or Com-
mittee
thereof
not to
partici-
pate in
meetings
in certain
cases.

15. A director of the Board or a member of a Committee, who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the Board or a Committee thereof, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting, and the disclosure shall be recorded in the minutes of the Board, or the Committee, as the case may be, and the director or member shall not take any part in any deliberation or decision of the Board or the Committee with respect to that matter.

CHAPTER IV

TRANSFER OF BUSINESS TO THE NATIONAL BANK

Transfer
of assets
and
liabili-
ties
of Agri-
cultural
Refinance
and
Develop-
ment
Corpora-
tion.

16. (1) On such date as the Central Government, in consultation with the Reserve Bank may, by notification, appoint, the entire undertaking of the Agricultural Refinance and Development Corporation (hereafter in this Chapter referred to as the "Corporation") including all business, property, assets and liabilities, rights, interests, privileges and obligations of whatever nature, shall stand transferred to and vest in the National Bank.

(2) As compensation for the transfer of the undertaking of the Corporation to the National Bank under sub-section (1), the National Bank shall within six months from the date appointed under that sub-section (hereafter in this sec-

tion referred to as the appointed date) pay to the shareholders of the Corporation a sum equal to the total paid-up capital of the Corporation as on the date immediately preceding the appointed date.

(3) The amount of compensation payable under sub-section (2) to the shareholders of the Corporation shall be apportioned among the shareholders in proportion to their contributions to the paid-up capital of the Corporation as on the date immediately preceding the appointed date.

Explanation.—For the purposes of this sub-section, “shareholders of the Corporation” means shareholders of the Corporation whose names appear on the register of shareholders maintained under section 8 of the Agricultural Refinance and Development Corporation Act, 1963, on the date immediately preceding the appointed date.

10 of 1963.

(4) The National Bank shall also pay to the shareholders of the Corporation referred to in sub-section (2) an amount calculated at the rate at which the shares of the Corporation were guaranteed as to the payment of minimum dividend under section 6 of the Agricultural Refinance and Development Corporation Act, 1963, for the period, if any, that has expired in the accounting year of the Corporation before the appointed date and this amount the National Bank shall distribute to the shareholders of the Corporation referred to in sub-section (2) in proportion to the shares held by such shareholders on the date immediately preceding the appointed date and at the rate at which such shares were guaranteed as to the payment of minimum dividend.

10 of 1963.

(5) All contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature subsisting or having effect immediately before the appointed date and to which the Corporation is a party, or which are in favour of the Corporation, shall be of as full force and effect against or in favour of the National Bank, as the case may be, and may be enforced or acted upon as fully and effectually as if instead of the Corporation the National Bank had been a party thereto, or as if they had been in favour of the National Bank.

(6) If, immediately before the appointed date, any suit, appeal or other legal proceeding of whatever nature, is pending, by or against the Corporation, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the National Bank of the undertaking of the Corporation, or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted and enforced, by or against the National Bank.

17. On the date appointed under sub-section (1) of section 16,—

(a) the Corporation shall stand dissolved; and

(b) the Agricultural Refinance and Development Corporation Act, 1963, shall stand repealed.

18. (1) On such date as the Central Government may, in consultation with the Reserve Bank, by notification, appoint, the assets and liabilities with the Reserve Bank relating to—

(a) the National Agricultural Credit (Long Term Operations) Fund established and maintained under section 46A of the Reserve Bank of India Act, 1934; and

2 of 1934.

Dissolu-
tion of
the Cor-
poration
and
repeal
of Act
10 of
1963.
Transfer
of
business
from
Reserve
Bank.

(b) the National Agricultural Credit (Stabilisation) Fund established and maintained under section 46B of the Reserve Bank of India Act, 1934, shall stand transferred to the National Bank and form part of the National Rural Credit (Long Term Operations) Fund referred to in section 42 and the National Rural Credit (Stabilisation) Fund referred to in section 43, respectively.

2 of 1934

(2) With effect from such date as the Central Government may, in consultation with the Reserve Bank, by notification, appoint, the loans and advances which the Reserve Bank has granted to State co-operative banks and regional rural banks under section 17 [except sub-clause (a) of clause (4)] of the Reserve Bank of India Act, 1934, and which the Reserve Bank may specify by a general or special order, shall, as far as may be, become and be deemed to be loans and advances granted by the National Bank under section 21, and the National Bank shall repay to the Reserve Bank, the amount of such loans and advances on such terms and conditions as the Central Government may specify, in consultation with the Reserve Bank.

2 of 1934

(3) All rights, liabilities, interests, privileges and obligations of whatever nature (including the rights and obligations arising by way of purchase, sale and rediscount of any bills of exchange and promissory notes) of the Reserve Bank in relation to any asset or liability referred to in sub-section (1) or any loan or advance referred to in sub-section (2) shall stand transferred to and vest in the National Bank on the date on which such asset or liability stands transferred to the National Bank under sub-section (1) or, as the case may be, such loan or advance becomes under sub-section (2) a loan or advance granted by the National Bank.

(4) All contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature relating to any asset or liability referred to in sub-section (1) and subsisting or having effect immediately before the date appointed under that sub-section or relating to any loan or advance referred to in sub-section (2) and subsisting or having effect immediately before the date appointed under that sub-section shall be of as full force and effect against, or in favour of, the National Bank, as the case may be, and may be enforced or acted upon as fully and effectually as if instead of the Reserve Bank, the National Bank had been a party thereto, or as if they had been in favour of the National Bank.

(5) If, immediately before the date appointed under sub-section (1) or sub-section (2), as the case may be, any suit, appeal or other legal proceedings of whatever nature relating to any asset or liability referred to in sub-section (1) or any loan or advance referred to in sub-section (2) is pending, by or against the Reserve Bank, the same shall not abate, be discontinued, or be in any way prejudicially affected by reason of the transfer to the National Bank of such asset or liability under sub-section (1), or as the case may be, such loan or advance becoming under sub-section (2) a loan or advance granted by the National Bank, or of anything contained in this Act, but the suit, appeal or other proceedings may be continued, prosecuted and enforced, by or against the National Bank.

CHAPTER V

BORROWINGS BY THE NATIONAL BANK

Borrow-
ings by
the
National
Bank.

19. The National Bank may, for the purpose of carrying out its functions under this Act,—

(a) issue and sell bonds and debentures carrying interest, which bonds and debentures shall be guaranteed by the Central Government as to the repayment of principal and payment of interest at such rates as may be

fixed by the Central Government in consultation with the Reserve Bank at the time the bonds or debentures are issued;

(b) borrow money from the Reserve Bank repayable on demand or on the expiry of fixed periods not exceeding eighteen months from the date of the making of the loan or advance, on such terms and conditions including the terms relating to security and purpose as may be specified by the Reserve Bank;

(c) borrow money from the Central Government and from any other authority or organisation or institution approved by that Government, on such terms and conditions as may be agreed upon;

(d) accept from the Central Government, a State Government, a local authority, a State land development bank, a State co-operative bank or a scheduled bank or any person approved by the Central Government in this behalf, deposits repayable after the expiry of a period which shall not in any case be less than twelve months from the making of such deposit and on such other terms as the National Bank may, with the prior approval of the Reserve Bank fix; and

(e) receive gifts, grants, donations or benefactions from Government or any other source.

46 of 1973.

20. (1) Notwithstanding anything contained in the Foreign Exchange Regulation Act, 1973, or in any other law for the time being in force relating to foreign exchange, the National Bank may borrow, with the previous approval of the Central Government and in consultation with the Reserve Bank, foreign currency from any bank or financial institution in India or elsewhere. Borrowings in foreign currency.

(2) The Central Government may guarantee loans taken by the National Bank under sub-section (1) as to the repayment of principal and the payment of interest thereon and other incidental charges.

CHAPTER VI

CREDIT FUNCTIONS OF THE NATIONAL BANK

21. (1) The National Bank may provide by way of refinance, loans and advances, repayable on demand or on the expiry of fixed periods not exceeding eighteen months, to State co-operative banks, regional rural banks, or to any financial institution or to any class of financial institutions, which are approved by the Reserve Bank in this behalf, for financing— Production and marketing credit.

(i) agricultural operations or the marketing of crops, or

(ii) the marketing and distribution of inputs necessary for agriculture or rural development, or

(iii) any other activity for the promotion of or in the field of agriculture or rural development, or

(iv) *bona fide* commercial or trade transactions, or

(v) the production or marketing activities of artisans or of small-scale industries, industries in the tiny and decentralised sector, village and cottage industries or of those engaged in the field of handicrafts and other rural crafts.

(2) The National Bank may make loans and advances under sub-section (1) against the security of—

(i) 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;

(ii) promissory notes supported by documents of title to goods, such documents having been transferred, assigned or pledged to the borrowing institution as security for a loan or advance made for any of the purposes specified in sub-section (1):

Provided that the National Bank may, whenever it considers it necessary so to do, accept, in lieu of the actual assignment of any such security in favour of the National Bank, a declaration in writing from the borrowing institution,—

(a) stating that it holds such documents of title to goods as may be set out in the declaration; and

(b) containing such other particulars as may be required by the National Bank.

(3) Notwithstanding anything contained in sub-section (2), the National Bank may in its discretion grant a loan or advance—

(a) to any State co-operative bank if the loan or advance is fully guaranteed for repayment of principal and interest by Government;

(b) to any State co-operative bank which is a scheduled bank, if the loan or advance is secured either by a bill of exchange or promissory note executed by the central co-operative bank and assigned in favour of the State co-operative bank.

(4) Notwithstanding anything contained in sub-sections (2) and (3), the National Bank may also make loans and advances repayable on demand or on the expiry of fixed periods not exceeding eighteen months against promissory notes of a State co-operative bank or a regional rural bank or an institution approved under sub-section (1):

Provided that the borrowing institution furnishes a declaration in writing, setting out the purpose for which it has made loans and advances and such other particulars as may be required by the National Bank.

Conver-
sion loan
for pro-
duction
credit.

22. Where the National Bank is satisfied that owing to drought, famine or other natural calamities, military operations or enemy action, any State co-operative bank, regional rural bank or any such financial institution or any financial institution falling under any such class of financial institutions, as may be approved by the Reserve Bank in this behalf, requires assistance under this section, it may provide to such bank or institution such financial assistance as it may deem fit by way of making loans and advances repayable on the expiry of fixed periods not exceeding seven years and on such terms and conditions as may be specified in this behalf by the National Bank:

Provided that loans and advances may be made under this section only for the purpose of enabling the borrowing bank or institution,—

(i) to pay any dues to the National Bank for credit extended for financing agricultural operations or the marketing of crops under clause (i) of sub-section (1) of section 21, or

(ii) to make to central co-operative banks or primary rural credit societies, loans or advances repayable on the expiry of fixed periods not being less than eighteen months and not exceeding seven years, by way of reimbursement of loans and advances made by such co-operative banks or

societies for agriculture or agricultural operations or for reimbursement of such loans or advances which have been converted into loans or advances repayable on expiry of fixed periods not being less than eighteen months and not exceeding seven years from the date of conversion:

Provided further that no loan or advance shall be made under this section to a State co-operative bank unless such loan or advance is fully guaranteed as to the repayment of the principal and payment of interest, by the State Government.

23. Where the National Bank is satisfied that owing to unforeseen circumstances the rescheduling of any loans and advances made to artisans, small-scale industries, industries in the tiny and decentralised sector, village and cottage industries and those engaged in the field of handicrafts and other rural crafts, by any State co-operative bank, regional rural bank or any such financial institution or any financial institution falling under such class of financial institutions as may be approved by the Reserve Bank in this behalf, has become necessary, it may provide to such bank or institution such financial assistance as it may deem fit by way of loans and advances repayable on the expiry of fixed periods not being less than eighteen months and not exceeding seven years against such securities as may be specified in this behalf by the National Bank:

Resche-
duling of
loans to
artisans,
small-
scale
indus-
tries, etc.

Provided that no loan or advance shall be made under this section to a State co-operative bank unless such loan or advance is fully guaranteed as to the repayment of the principal and payment of interest, by the State Government but such guarantee may be waived by the National Bank if other security to the satisfaction of the National Bank is furnished, or if, for reasons to be recorded by it in writing, the National Bank is satisfied that the guarantee or other security is not necessary.

24. The National Bank shall provide such financial assistance as it may consider necessary by way of making to State co-operative banks, regional rural banks, loans and advances repayable on the expiry of fixed periods not being less than eighteen months and not exceeding seven years against such securities as may be specified, in this behalf, by the National Bank and such loans or advances may be made for agriculture, rural development or such other purposes as the National Bank may, from time to time, determine:

Invest-
ment
credit—
medium
term.

Provided that no loan or advance shall be made under this section to a State co-operative bank unless such loan or advance is fully guaranteed as to the repayment of the principal and payment of interest, by the State Government but such guarantee may be waived by the National Bank, if other security to the satisfaction of the National Bank is furnished, or if, for reasons to be recorded by it in writing, the National Bank is satisfied that the guarantee or other security is not necessary.

25. (1) The National Bank may provide such financial assistance as it may consider necessary for promoting agriculture and rural development by—

Other in-
vestment
credit.

(a) making loans and advances, by way of refinance, on such terms and conditions as the National Bank may think fit to impose, to a State land development bank or a State co-operative bank or a scheduled bank or any other financial institution approved by the Reserve Bank in this behalf, and also rescheduling the payment of such loans and advances:

Provided that the maximum period for which any such loan or advance may be granted, whether originally or by rescheduling the payment thereof, shall not exceed twenty-five years;

(b) purchasing or selling, or subscribing to the bonds or debentures issued by any bank or institution referred to in clause (a) and repayable within a period not exceeding twenty-five years from the dates on which they are issued;

(c) making loans and advances on such terms and conditions as the National Bank may think fit to impose, to a State co-operative bank or a scheduled bank for the purpose of enabling such bank to make loans or advances to artisans, small-scale industries, industries in the tiny and decentralised sector, village and cottage industries and those engaged in the field of handicrafts and other rural crafts and also rescheduling the payment of such loans and advances:

Provided that the maximum period for which any such loan or advance may be granted, whether originally or by rescheduling the payment thereof, shall not exceed twenty-five years;

(d) making, where it is considered necessary so to do in connection with any financial assistance under clause (a) or clause (b) or clause (c) to a State land development bank or a State co-operative bank or a scheduled bank, loans and advances repayable on demand or on the expiry of a fixed period not exceeding eighteen months, by way of refinance to such bank and also rescheduling the payment of such loans and advances for such period as the National Bank may deem fit.

(2) The provisions of this section shall be in addition to, and not in derogation of, the provisions of section 21 and section 24.

Purchase
and
sale of
shares.

26. The National Bank may contribute to the share capital of, or purchase and sell shares of, or invest in the securities of, any institution concerned with agriculture and rural development, which the Central Government may notify, in consultation with the Reserve Bank.

Loans to
State
Govern-
ments for
share
capital
contribu-
tion.

27. The National Bank may make loans and advances to State Governments, repayable on the expiry of fixed periods not exceeding twenty years from the date of making such loans and advances, from the National Rural Credit (Long Term Operations) Fund established under section 42 for enabling them to subscribe directly or indirectly to the share capital of a co-operative credit society.

Security
for
credit.

28. (1) No accommodation shall be granted by the National Bank under clause (a) or clause (c) of sub-section (1) of section 25 or section 30 or section 32 to an institution other than a scheduled bank unless it is fully and unconditionally guaranteed by the Government as to the repayment of principal and payment of interest:

Provided that no such guarantee shall be required in cases in which security to the satisfaction of the Board is furnished by the borrowing institution.

(2) No accommodation shall be granted by the National Bank under clause (a) or clause (c) of sub-section (1) of section 25 or section 32 to any scheduled bank unless security to the satisfaction of the Board is furnished by such scheduled bank.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), no guarantee or security referred to therein shall be required in any case

in which the Board, for reasons to be recorded by it in writing, decides having regard to the nature and scope of the scheme or schemes for which accommodation is granted by the National Bank that such security or guarantee is not necessary.

29. (1) Any sums received by a borrowing institution in repayment or realisation of loans and advances refinanced either wholly or partly by the National Bank shall, to the extent of the accommodation granted by the National Bank and remaining outstanding, be deemed to have been received by the borrowing institution in trust for the National Bank, and shall accordingly be paid by such institution to the National Bank, as per the repayment schedule fixed by the National Bank.

Amounts
and
securities
to be
held in
trust.

(2) Where an accommodation has been granted to a borrowing institution, all securities held, or which may be held, by such borrowing institution, on account of any transaction in respect of which such accommodation has been granted by the National Bank, shall be held by such institution in trust for the National Bank.

30. The National Bank may make loans and advances otherwise than by way of refinance to any institution approved in this behalf by the Central Government on such terms and conditions (including security) and repayable within such period not exceeding twenty-five years as the National Bank may deem fit.

Direct
loans.

31. The National Bank may receive, for the rendering of any of the services mentioned in this Chapter or Chapter VII, such commission or other consideration as may be agreed upon.

Commis-
sion.

32. The National Bank may guarantee, with the prior approval of the Central Government and on such terms and conditions as may be agreed upon, deferred payments in connection with the purchase of capital goods—

Issue of
guaran-
tees.

(i) due from a co-operative society approved by the Reserve Bank in this behalf or such other institutions which may, on the recommendation of the Reserve Bank, be approved by the Central Government in this behalf, or

(ii) due from any other person and guaranteed to the National Bank by a State land development bank or a State co-operative bank or a scheduled bank.

33. In entering into any transaction under this Chapter with a borrowing institution, the National Bank may impose such conditions as it may think necessary or expedient for protecting the interests of the National Bank.

Power
to impose
condi-
tions for
accom-
modation.

34. Notwithstanding anything to the contrary contained in any agreement, the National Bank may, by notice in writing, require any borrowing institution to which it has granted any loan or advance to discharge forthwith in full its liabilities to the National Bank—

Power to
call for
repay-
ment
before
agreed
period.

(a) if it appears to the Board that false or misleading information in any material particular was given in the application for the loan or advance; or

(b) if the borrowing institution has failed to comply with any of the terms of its contract with the National Bank in the matter of the loan or advance; or

*National Bank for Agriculture and
Rural Development*

(c) if there is a reasonable apprehension that the borrowing institution is unable to pay its debts or that proceedings for liquidation may be commenced in respect thereof; or

(d) if for any reason, it is necessary so to do to protect the interests of the National Bank.

National
Bank to
have
access to
records.

35. (1) The National Bank shall have free access to all such records of any institution which seeks to avail of any credit facilities from the National Bank and to all such records of any such person who seeks to avail of any credit facilities from such institution, perusal whereof may appear to the National Bank to be necessary in connection with the providing of finance or other assistance to such institution or the refinancing of any loan or advance made to such person by the borrowing institution.

(2) The National Bank may require any institution or person referred to in sub-section (1) to furnish to it copies of any of the records referred to in that sub-section and the institution or the person, as the case may be, shall be bound to comply with such requisition.

Validity
of loan
or
advance
not to
be ques-
tioned.

36. Notwithstanding anything to the contrary contained in any other law for the time being in force, the validity of any loan or advance granted by the National 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 section shall render valid any loan or advance obtained by any company or co-operative society where such company or co-operative society is not empowered by its memorandum to obtain loans or advances.

National
Bank
not to
grant
loans or
advances
against
its own
bonds or
deben-
tures.

37. The National Bank shall not grant any loan or advance on the security of its own bonds or debentures.

CHAPTER VII

OTHER FUNCTIONS OF THE NATIONAL BANK

Other
functions
of
National
Bank.

38. The National Bank—

(i) shall co-ordinate its operations and the operations of various institutions engaged in the field of rural credit and maintain expert staff to study all problems relating to agriculture and rural development and be available for consultation to the Central Government, the Reserve Bank, the State Governments and the other institutions engaged in the field of rural development;

(ii) may act as the agent for the Central Government or a State Government or the Reserve Bank in the transaction of any business in respect of loans and advances granted or to be granted, or bonds or debentures purchased or subscribed for, or to be purchased or subscribed for;

(iii) may provide facilities for training, for dissemination of information and the promotion of research including the undertaking of studies, researches, techno-economic and other surveys in the field of rural banking, agriculture and rural development and it may for the said purposes make grants including grants by way of provision for fellowships and chairs to any institution.

39. The National Bank may also do all such things as may be necessary or incidental to or consequential upon the exercise of its powers, discharge of its functions and the performance of its duties, under this Act, or under any other law for the time being in force. Incidental powers.

40. The National Bank may invest its funds in promissory notes, stocks or securities of the Central Government or keep the moneys deposited with the Reserve Bank or with any agency of the Reserve Bank or, in consultation with the Reserve Bank, with a State co-operative bank or a scheduled bank. Deposits and investments.

41. The National Bank may, for the purpose of the efficient discharge of its functions under this Act, collect from or furnish to the Central Government, the Reserve Bank or any banking company or such other financial institution as may be notified by the Central Government in this behalf, credit information or other information. Credit information.

Explanation.—For the purposes of this section, the expressions “banking company” and “credit information” shall have the same meanings as in section 45A of the Reserve Bank of India Act, 1934.

2 of 1934.

CHAPTER VIII

FUNDS, ACCOUNTS AND AUDIT

42. (1) The National Bank shall establish and maintain a Fund to be known as the National Rural Credit (Long Term Operations) Fund. National Rural Credit (Long Term Operations) Fund.

(2) The Fund shall (in addition to assets and liabilities transferred under section 18) include,—

(a) such sums of money as the Central Government and the State Governments may contribute from time to time;

(b) such sums of money as the Reserve Bank may contribute every year; and

(c) such further sums of money as the Board may contribute every year.

(3) The amount in the said Fund shall be applied by the National Bank only to provide financial assistance by way of loans and advances under section 23, section 24, sub-section (1) of section 25 or section 27 or for the purposes of section 26.

43. (1) The National Bank shall establish and maintain a Fund to be known as the National Rural Credit (Stabilisation) Fund. National Rural Credit (Stabilisation) Fund.

(2) The Fund shall (in addition to assets and liabilities transferred under section 18) include,—

(a) such sums of money as the Central Government and the State Governments may contribute from time to time;

(b) such sums of money as the Reserve Bank may contribute every year; and

(c) such further sums of money as the Board may contribute every year.

(3) The amounts in the said Fund shall be applied by the National Bank only to provide loans and advances under section 22.

Research
and
Develop-
ment
Fund.

44. (1) The National Bank shall establish and maintain a Fund to be known as the Research and Development Fund, to which shall be credited—

(a) such sums of money as are transferable to this Fund in accordance with section 47;

(b) such sums of money as the Board may contribute every year to this Fund from out of its annual profits; and

(c) such gifts, grants, donations or benefactions which the National Bank may receive and which the Board may earmark for this purpose.

(2) The Research and Development Fund shall be expended on matters of importance to agriculture, agricultural operations and rural development, including the provision of training and research facilities and the making of grants under clause (iii) of section 38.

Reserve
Fund
and
other
Funds.

45. The National Bank shall establish a Reserve Fund and such other Funds as the Board may consider necessary by transferring such sums as it may deem fit, out of its annual profits and out of receipts from gifts, grants, donations or benefactions, which it may receive.

Prepara-
tion of
balance-
sheet, etc.,
of
National
Bank.

46. (1) The balance-sheet and accounts of the National Bank shall be prepared and maintained in such form and manner as may be prescribed.

(2) The Board shall cause the books and accounts of the National Bank to be balanced and closed as on the thirtieth day of June, each year.

Disposal
of
surplus.

47. After making provision for bad and doubtful debts, depreciation of assets and all other matters for which provision is necessary or expedient or which is usually provided for by bankers, and for the Funds referred to in sections 42, 43 and 45, the National Bank shall transfer—

(i) for a period of fifteen years, following the accounting year during which the National Bank is established, the amount remaining (hereafter in this section referred to as surplus) to the Research and Development Fund under section 44; and

(ii) after the expiry of the said period of fifteen years the National Bank shall, after making provision for the Fund referred to in clause (i), transfer half of the balance of surplus to the Central Government and the other half to the Reserve Bank.

Audit.

48. (1) The accounts of the National Bank shall be audited by auditors duly qualified to act as auditors under sub-section (1) of section 226 of the Companies Act, 1956, who shall be appointed by the Central Government in consultation with the Reserve Bank, for such term and on such remuneration as the Central Government may fix.

(2) The auditors shall be supplied with a copy of the annual balance-sheet of the National Bank and it shall be their duty to examine it together with the accounts and vouchers relating thereto and they shall have a list delivered to them of all books kept by the National Bank and shall at all reasonable times have access to the books, accounts, vouchers and other documents of the National Bank.

(3) The auditors may, in relation to the accounts of the National Bank, examine any director of the Board or any officer or other employee of the National Bank and shall be entitled to require from the Board or officers or employees of the National Bank such information and explanation as they may think necessary for the performance of their duties.

(4) The auditors shall make a report to the National Bank upon the annual balance-sheet and accounts examined by them and in every such report, they shall state whether in their opinion the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the state of affairs of the National Bank and in case they had called for any explanation or information from the Board or any officer or other employee of the National Bank, whether it has been given and whether it is satisfactory.

(5) The National Bank shall furnish to the Central Government and the Reserve Bank within four months from the date on which the annual accounts of the National Bank are closed and balanced, a copy of its balance-sheet as on the close of that year together with a copy of the profit and loss account for the year and a copy of the auditors' report and a report of the working of the National Bank during the relevant year, and the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament and cause the copies of the said balance-sheet, profit and loss account and auditors' report to be published in the Official Gazette.

(6) Without prejudice to anything contained in the preceding sub-sections, the Central Government may, at any time, appoint the Comptroller and Auditor General of India to examine and report upon the accounts of the National Bank and any expenditure incurred by him in connection with such examination and report shall be payable by the National Bank to the Comptroller and Auditor General of India.

49. The National Bank shall furnish, from time to time, to the Central Government and to the Reserve Bank, such returns as the Central Government or the Reserve Bank may require.

Returns.

CHAPTER IX

STAFF

50. (1) The National Bank may appoint such number of officers and other employees as it considers necessary or desirable for the efficient performance of its functions and determine the terms and conditions of their appointment and service.

Staff
of
National
Bank.

(2) Without prejudice to the provisions of sub-section (1), it shall be lawful for the National Bank to utilise, and for the Reserve Bank to make available, the services of such staff of the Reserve Bank on such terms and conditions as may be agreed upon between the National Bank and the Reserve Bank.

(3) Subject to the provisions of sub-section (6), at any time before the expiry of six months from the appointed day, the Reserve Bank may, in public interest, transfer to the National Bank, such members of the staff of Reserve Bank whom the Reserve Bank considers as engaged, or as suitable to be engaged, in attending to the work of a nature which is same or similar to that which the National Bank may require for its efficient functioning, and upon such transfer they shall be deemed to be appointed by the National Bank under sub-section (1) with effect from the date of such transfer:

Provided that every person so transferred may, before the expiry of a period of six months from the appointed day, or before the expiry of a period of thirty days from such transfer, whichever period expires later, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of eighteen months from the appointed day, take back such member of the staff and he shall be deemed to have been on deputation to the National Bank during the period he was a member of the staff of the National Bank.

(4) (a) Any member of the staff of the Reserve Bank who is not appointed under sub-section (3), may, if he so desires, make an application to the Reserve Bank within six months from the appointed day, to be considered for appointment as a member of the staff of the National Bank.

(b) The Reserve Bank may, in consultation with the National Bank, consider such application having regard to the suitability of the person so applying, the availability of vacancies in the National Bank, the exigencies of service in the Reserve Bank and the National Bank and such other factors as may be considered relevant in this regard, and, if the Reserve Bank is satisfied having regard to these factors, that such applicant is suitable for being so appointed recommend his appointment to the National Bank.

(c) The National Bank may thereupon, within eighteen months from the appointed day, appoint such a person applying under this sub-section, as a member of the staff of the National Bank, and on such appointment, such a person shall be deemed to have been appointed in the National Bank under sub-section (3):

Provided that the proviso to sub-section (3) and the proviso to sub-section (5) shall not apply in respect of such a person.

(5) Notwithstanding anything contained elsewhere in this Act or in any other law or in any contract, for the time being in force, at any time before the expiry of six months from the appointed day, the Reserve Bank may, if it considers it necessary in consultation with the National Bank so to do in the interest of the National Bank, transfer on promotion any member of the staff of the National Bank to the Reserve Bank, and on such transfer to the Reserve Bank, each such member of the staff shall be deemed to be a member of the staff of the Reserve Bank and shall be entitled to the same salary, emoluments and other conditions of service to which he was entitled immediately before the date of such transfer, including benefits, if any, arising directly out of such promotion:

Provided that every member of the staff who is transferred as aforesaid may, before the expiry of a period of six months from the appointed day or within thirty days from such transfer, whichever period expires later, elect to go back

to the National Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the National Bank shall, before the expiration of a period of eighteen months from the appointed day, take back such member of the staff and he shall be deemed to have been on deputation to the Reserve Bank during the period he was a member of the staff of the Reserve Bank.

(6) Every person,—

(a) who, immediately before the date appointed under sub-section (1) of section 16, is a member of the staff of the Agricultural Refinance and Development Corporation; or

(b) who is a member of the staff of the Reserve Bank but whose services are being utilised immediately before that date by the said Corporation,

shall be deemed to be appointed by the National Bank under sub-section (1) on the said date:

Provided that every member of the staff of the Reserve Bank, who is so deemed to be appointed, and who was not recruited specifically for utilisation in the Agricultural Refinance and Development Corporation, may, before the expiry of a period of six months from the appointed day or within a period of thirty days from the date appointed under sub-section (1) of section 16, whichever period expires later, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of eighteen months from the appointed day, take back such member of the staff and he shall be deemed to have been on deputation to the National Bank during the period he was a member of the staff of the National Bank.

(7) Notwithstanding anything contained in any other law or in any agreement, for the time being in force, no member of the staff shall be entitled to claim any compensation for, or in relation to any matter concerning, his transfer, appointment or as the case may be, return, under sub-sections (3), to (6) and no claim in respect thereof shall be entertained by any court, tribunal or other authority.

(8) Subject to the provisions of sub-section (10) and sub-section (11), every member of the staff of the Agricultural Refinance and Development Corporation or of the Reserve Bank who is deemed to be appointed as a member of the staff of the National Bank under this section, shall be deemed to have been appointed by the National Bank on the same salary, emoluments and other terms and conditions of service to which he was entitled immediately before his appointment in the National Bank.

(9) The provisions relating to superannuation benefits, namely, the regulations relating to provident fund and the rules relating to payment of gratuity and compassionate gratuity and any other provision relating to superannuation as are applicable to the staff of the Reserve Bank on the appointed day shall, so far as may be, apply to the staff of the National Bank, unless and until the National Bank alters or amends the same:

Provided that after the appointed day, any such alteration or amendment may be effected by the National Bank as regards provident fund regulations

in accordance with section 60, and as regards the other rules in the manner they would have been altered or amended but for this sub-section:

Provided further that after the expiry of six months from the appointed day, the balances held in the Reserve Bank of India Employees' Provident Fund to the credit of any member of the staff of the Reserve Bank whose services are transferred under this section to the National Bank and who does not opt to go back to the Reserve Bank, shall be transferred to, and held in, the Provident Fund of the National Bank on same or similar terms subject to which those balances were held earlier in the Reserve Bank of India Employees' Provident Fund.

(10) Notwithstanding anything contained in any other law, settlement, or agreement, every person employed by the National Bank or whose services have been transferred to the National Bank under this Act, shall be liable to serve anywhere in India.

(11) Notwithstanding anything contained in the Industrial Disputes Act, 1947, or any other law for the time being in force, or in any award, judgment, decree, decision or order of any Industrial Tribunal, Court or other authority, or any settlement or agreement, made or entered into before the date of transfer to the National Bank of the services of any person under this section, the National Bank shall be free to alter, amend or repeal in such manner and to such extent it may consider necessary, any of the terms and conditions of service applicable to such persons whose services are so transferred to the National Bank and who are appointed in the National Bank under this section except that the National Bank shall not alter to their prejudice the terms relating to payment of salary and other emoluments, retirement benefits and eligibility for leave.

14 of 1947.

Explanation.—For the purposes of this section, “appointed day” means the date of establishment of the National Bank under section 3.

CHAPTER X

MISCELLANEOUS

Obliga-
tion as to
fidelity
and
secrecy.

51. (1) The National Bank shall not, except as otherwise required by this Act or any other law, divulge any information relating to, or to the affairs of, its constituents except in circumstances in which it is, in accordance with the law or practice and usage customary among bankers, necessary or appropriate for the National Bank to divulge such information.

(2) Every director, member of a committee, auditor, officer or other employee of the National Bank or of the Reserve Bank, whose services are utilised by the National Bank under the provisions of this Act, shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the First Schedule to this Act.

Defects
in appoint-
ment not
to invali-
date acts,
etc.

52. (1) No act or proceeding of the Board or of any committee of the National Bank shall be questioned on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Board or the committee, as the case may be.

(2) No act done by any person acting in good faith as a director of the Board or as a member of a committee of the National Bank shall become

invalid merely on the ground that he was disqualified to be a director or that there was any other defect in his appointment.

53. No suit or other legal proceeding shall lie against the National Bank or any director or any officer or other employee of the National Bank or any other person authorised by the National Bank to discharge any functions under this Act for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act or of any other law or provision having the force of law.

Protection
of
action
taken
under
the Act.

54. (1) Every director shall be indemnified by the National Bank against all losses and expenses incurred by him in, or in relation to, the discharge of his duties, except such as are caused by his own wilful act or default.

Indem-
nity of
direc-
tors.

(2) A director shall not be responsible for any other director or for any officer or other employee of the National Bank or for any loss or expenses resulting to the National Bank from the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of the National Bank or the insolvency or wrongful act of any debtor or any person under obligation to the National Bank or anything done in good faith in the execution of the duties of his office in relation thereto.

43 of 1961.
7 of 1964.

55. Notwithstanding anything contained in the Income-tax Act, 1961, or the Companies (Profits) Surtax Act, 1964, or any other enactment for the time being in force relating to tax on income, profits or gains, the National Bank shall not be liable to pay income-tax, surtax or any other tax in respect of any income, profits or gains derived or any amount received by the National Bank.

Exemp-
tion from
income-
tax, etc.

56. (1) Whoever in any return, balance-sheet, or other document or in any information required or furnished by or under or for the purposes of any provision of this Act, 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.

Penalties.

(2) If any person fails to produce any book, account or other document, or to furnish any statement or information which, under the provisions of this Act, it is his duty to produce or furnish, he shall be punishable with a fine which may extend to two thousand rupees in respect of each offence and in the case of a continuing failure, with an additional fine which may extend to one hundred rupees for every day during which the failure continues after conviction for the first such failure.

57. (1) Where an offence has been committed by a company, every person who, at the time the offence 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 offence and shall be liable to be proceeded against and punished accordingly:

Offences
by
compa-
nies.

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(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 offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

Bankers’
Books
Evidence
Act,
1891, to
apply in
relation
to
National
Bank.

58. The Bankers’ Books Evidence Act, 1891, shall apply in relation to the National Bank as if it were a bank as defined in section 2 of that Act.

18 of 189

Liquida-
tion of
National
Bank.

59. No provision of law relating to the winding up of companies shall apply to the National Bank and the National Bank shall not be placed in liquidation save by order of the Central Government and in such manner as it may direct.

Power of
Board
to make
regula-
tions.

60. (1) The Board may, with the previous approval of the Central Government and in consultation with the Reserve Bank, by notification, make regulations not inconsistent with this Act to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

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

(a) the fees or allowances that may be paid to the directors or members of the Advisory Council;

(b) the times and places of the meetings of the Board or the Executive Committee or the Advisory Council and the procedure to be followed at such meetings including the quorum necessary for the transaction of business;

(c) the number of directors constituting the Executive Committee and the functions that such Committee shall discharge;

(d) the manner and terms of issue and redemption of bonds and debentures by the National Bank;

(e) the conditions which the National Bank may impose in granting loans and advances;

(f) the manner and conditions subject to which the National Bank may borrow in foreign currency;

(g) The form and manner in which the balance-sheets and the accounts of the National Bank shall be prepared or maintained;

(h) the forms of returns and statements which the National Bank may require under this Act;

(i) the duties and conduct, salaries, allowances and conditions of service of officers and other employees;

(j) the establishment and maintenance of provident or other benefit funds for employees of the National Bank; and

(k) such other matters for which the Board may consider it expedient or necessary to provide for by way of regulations.

(3) Any regulation which may be made by the Board under this Act may be made by the Reserve Bank, in consultation with the Central Government, before the expiry of three months from the date of establishment of the National Bank, and any regulation so made may be altered and rescinded by the Board in the exercise of its powers under this Act.

(4) The power to make regulations conferred by this section shall include the power to give retrospective effect to the regulations or any of them from a date not earlier than the date of commencement of this Act, but no retrospective effect shall be given to any regulation so as to prejudicially affect the interests of any person to whom such regulation may be applicable.

(5) The Central Government shall cause every regulation made under this Act to be laid, as soon as may be after it is made, 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.

61. The enactments specified in the Second Schedule to this Act shall be amended in the manner provided therein and unless otherwise provided in that Schedule, such amendments shall take effect on and from the date of establishment of the National Bank under section 3.

Amend-
ment of
certain en-
actments.

62. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty:

Power to
remove
difficulty.

Provided that no such order shall be made after the expiry of a period of three years from the commencement of this Act.

THE FIRST SCHEDULE

[See section 51(2)]

DECLARATION OF FIDELITY AND SECRECY

I do hereby declare that I will faithfully, truly and to the best of my skill and ability execute and perform the duties required of me as director, auditor, officer or other employee (as the case may be) of the National Bank for Agri-

culture and Rural Development and which properly relate to the office or position held by me in the said National Bank.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the National Bank for Agriculture and Rural Development or to the affairs of any person having any dealing with the said National Bank nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the National Bank for Agriculture and Rural Development and relating to the business of the said National Bank or the business of any person having any dealing with the said National Bank.

Signed before me

(Signature)

THE SECOND SCHEDULE

(See section 61.)

AMENDMENTS TO CERTAIN ENACTMENTS

PART I

AMENDMENTS TO THE RESERVE BANK OF INDIA ACT, 1934

(2 OF 1934)

Amendments

1. In section 2,—

(a) clauses (a), (ai), (bi), (bii), (biii), (biv), (bv), (bviii), (ci), (cia), (cii), (ciii), (civ), (cv) and (f) shall be omitted;

(b) after clause (cc), the following clause shall be inserted, namely:—

“(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;”

(c) after clause (g), the following clauses shall be inserted, namely:—

“(h) “agricultural operations”, “central co-operative bank”, “co-operative society”, “crops”, “marketing of crops”, “pisciculture”, “regional rural bank” and “State co-operative bank” shall have the meanings respectively assigned to them in the National Bank for Agriculture and Rural Development Act, 1981;

(i) “co-operative bank”, “co-operative credit society”, “director”, “primary agricultural credit society”, “primary co-operative bank” and “primary credit society” shall have the meanings respectively assigned to them in Part V of the Banking Regulation Act, 1949;”

2. In section 8, in sub-section (2), after the existing proviso, the following proviso shall be inserted, namely:—

“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. In section 17,—

(a) for clause (4AA), the following clause shall be substituted, namely:—

“(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;”;

(b) for clause (4E), the following clause shall be substituted, namely:—

“(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;”;

(c) in clause (8A), for the expression “Agricultural Refinance and Development Corporation”, the expression “National Bank” shall be substituted.

4. For sub-section (3) of section 33, the following sub-section shall be substituted, namely:—

“(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.”.

5. In section 42,—

(a) in the *Explanation* occurring after sub-section (1), in sub-clause (ii) of clause (c), for the expression “Agricultural Refinance and Development Corporation”, the expression “National Bank” shall be substituted;

(b) after sub-section (6), the following sub-section shall be inserted, namely:—

“(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."

6. For section 45, the following section shall be substituted, namely:—

Appoint-
ment of
agents.

"45. (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.

5 of 1970.

40 of 1980.

38 of 1959.

(2) When any bank is appointed by the Bank as its agent under sub-section (1) to receive on behalf of the Bank any payment required to be made into the Bank, or any bill, hundies or 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."

7. On and from the date appointed under sub-section (1) of section 18 of the National Bank for Agriculture and Rural Development Act, 1981, for sections 46A and 46B, the following section shall be substituted, namely:—

Contribu-
tion to
National
Rural
Credit
(Long
Term Ope-
rations)
Fund and
National
Rural
Credit
(Stabilisa-
tion)
Fund.

"46A. 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."

8. For section 54, the following section shall be substituted, namely:—

Rural
Credit
and
Develop-
ment.

"54. The Bank may maintain expert staff to study various aspects of rural credit and development and in particular it may,—

(a) tender expert guidance and assistance to the National Bank;

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

PART II

AMENDMENTS TO THE BANKING REGULATION ACT, 1949

(10 OF 1949)

Amendments:

1. In section 5,—

(i) after clause (h), the following clause shall be inserted, namely:—

“(ha) “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;”

(ii) after clause (j), the following clause shall be inserted, namely:—

“(ja) “regional rural bank” means a regional rural bank established under section 3 of the Regional Rural Banks Act, 1976;”

21 of 1976.

2. In section 23, after sub-section (4), the following sub-section shall be inserted, namely:—

“(4A) Any regional rural bank requiring the permission of the Reserve Bank under this section shall forward its application to the Reserve Bank through the National Bank which shall give its comments on the merits of the application and send it to the Reserve Bank:

Provided that the regional rural bank shall also send an advance copy of the application directly to the Reserve Bank.”

3. In section 24, to sub-section (3), the following proviso shall be added, namely:—

“Provided that every regional rural bank shall also furnish a copy of the said return to the National Bank.”

4. In section 25, to sub-section (2), the following proviso shall be added, namely:—

“Provided that every regional rural bank shall also furnish a copy of the said return to the National Bank.”

5. In section 26, after the existing proviso, the following proviso shall be inserted, namely:—

“Provided further that every regional rural bank shall also furnish a copy of the said return to the National Bank.”

6. In section 27, after sub-section (2), the following sub-section shall be inserted, namely:—

“(3) Every regional rural bank shall submit a copy of the return which it submits to the Reserve Bank under sub-section (1) also to the National Bank and the powers exercisable by the Reserve Bank under sub-section (2) may also be exercised by the National Bank in relation to regional rural banks.”

Power to
publish
infor-
mation.

7. For section 28, the following section shall be substituted, namely:—

“28. The Reserve Bank or the National Bank, or both, if they consider it in the public interest so to do, may publish any information obtained by them under this Act in such consolidated form as they think fit.”

8. In section 31, after the existing proviso, the following proviso shall be inserted, namely:—

“Provided further that a regional rural bank shall furnish such returns also to the National Bank.”

9. In sub-section (3) of section 34A, after the words “the Industrial Development Bank of India,” the words “the National Bank” shall be inserted.

10. In section 35, after sub-section (5), the following sub-section shall be inserted, namely:—

“(6) The powers exercisable by the Reserve Bank under this section in relation to regional rural banks may (without prejudice to the exercise of such powers by the Reserve Bank in relation to any regional rural bank whenever it considers necessary so to do) be exercised by the National Bank in relation to the regional rural banks, and accordingly, sub-sections (1) to (5) shall apply in relation to regional rural banks as if every reference therein to the Reserve Bank included also a reference to the National Bank.”

11. In sub-section (3) of section 36AD, after the words “the Industrial Development Bank of India,” the words “the National Bank” shall be inserted.

12. In section 47, for the words “the Reserve Bank”, wherever they occur, the words “the Reserve Bank or, as the case may be, the National Bank” shall be substituted.

13. In section 56,—

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

“(i) after clause (cc), the following clauses shall be inserted, namely:—

“(cci) “co-operative bank” means a state co-operative bank, a central co-operative bank and a primary co-operative bank;

(ccii) “co-operative credit society” means a co-operative society, the primary object of which is to provide financial accommodation to its members and includes a co-operative land mortgage bank;

(cciii) "director", in relation to a co-operative society, includes a member of any committee or body for the time being vested with the management of the affairs of that society;

(cciv) "primary agricultural credit society" means a co-operative society,—

(1) the primary object or principal business of which is to provide financial accommodation to its members for agricultural purposes or for purposes connected with agricultural activities (including the marketing of crops); and

(2) the bye-laws of which do not permit admission of any other co-operative society as a member:

Provided that this sub-clause shall not apply to the admission of a co-operative bank as a member by reason of such co-operative bank subscribing to the share capital of such co-operative society out of funds provided by the State Government for the purpose;

(ccv) "primary co-operative bank" means a co-operative society, other than a primary agricultural credit society,—

(1) the primary object or principal business of which is the transaction of banking business;

(2) the paid-up share capital and reserves of which are not less than one lakh of rupees; and

(3) the bye-laws of which do not permit admission of any other co-operative society as a member:

Provided that this sub-clause shall not apply to the admission of a co-operative bank as a member by reason of such co-operative bank subscribing to the share capital of such co-operative society out of funds provided by the State Government for the purpose;

(ccvi) "primary credit society" means a co-operative society, other than a primary agricultural credit society,—

(1) the primary object or principal business of which is the transaction of banking business;

(2) the paid-up share capital and reserves of which are less than one lakh of rupees; and

(3) the bye-laws of which do not permit admission of any other co-operative society as a member:

Provided that this sub-clause shall not apply to the admission of a co-operative bank as a member by reason of such co-operative bank subscribing to the share capital of such co-operative society out of funds provided by the State Government for the purpose.

Explanation.—If any dispute arises as to the primary object or principal business of any co-operative society

referred to in clauses (cciv), (ccv) and (ccvi), a determination thereof by the Reserve Bank shall be final;

(ccvii) "central co-operative bank", "co-operative society", "primary rural credit society" and "state co-operative bank" shall have the meanings respectively assigned to them in the National Bank for Agriculture and Rural Development Act, 1981;";

(ii) in clause (p),—

(a) for the words, figures and brackets "in section 23, for sub-section (1), the following sub-section shall be substituted, namely", the following shall be substituted, namely:—

"in section 23,—

(i) for sub-section (1), the following sub-section shall be substituted, namely";

(b) after sub-clause (i), the following sub-clause shall be inserted, namely:—

'(ii) after sub-section (4), the following sub-section shall be inserted, namely:—

"(4A) Any co-operative bank requiring the permission of the Reserve Bank under this section shall forward its application to the Reserve Bank through the National Bank which shall give its comments on the merits of the application and send it to the Reserve Bank:

Provided that the co-operative bank shall also send an advance copy of the application directly to the Reserve Bank."';

(iii) in clause (q), after sub-clause (ii), the following sub-clause shall be inserted, namely:—

"(iii) to sub-section (3), the following proviso shall be added, namely:—

'Provided that every co-operative bank, other than a primary co-operative bank, shall also furnish a copy of the said return to the National Bank.'";

(iv) after clause (r), the following clauses shall be inserted, namely:—

'(ri) in the second proviso to section 26, for the expression "regional rural bank", the expression "co-operative bank, other than a primary co-operative bank" shall be substituted;

(rii) in section 27, for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) Every co-operative bank, other than a primary co-operative bank, shall submit a copy of the return which it submits to the Reserve Bank, under sub-section (1) also to the National Bank and the powers exercisable by the Reserve Bank under sub-section (2) may also be exercised by the National Bank in relation to co-operative banks, other than primary co-operative banks."';

(v) for clause (t), the following clause shall be substituted, namely:—

‘(t) in section 31,—

(i) for the words “within three months” and “of three months”, the words “within six months” and “of six months” shall, respectively, be substituted;

(ii) for the second proviso, the following proviso shall be substituted, namely:—

“Provided further that a co-operative bank, other than a primary co-operative bank, shall furnish such returns also to the Nationalised Bank.”;

(vi) in clause (w), existing sub-clause (iii) shall be re-numbered as sub-clause (iv) and before sub-clause (iv) as so re-numbered, the following sub-clause shall be inserted, namely:—

‘(iii) in sub-section (6), for the expressions “regional rural banks” and “regional rural bank”, wherever they occur, the expressions “co-operative banks other than primary co-operative banks” and “co-operative bank other than a primary co-operative bank” shall, respectively, be substituted.’;

(vii) after clause (zj), the following clause shall be inserted, namely:—

‘(zji) in section 54, after the expression “Reserve Bank”, wherever it occurs, the expression “or the National Bank” shall be inserted.’;

(viii) in the Third Schedule as substituted by clause (zl), after the expression “Reserve Bank”, wherever it occurs, the expression “the National Bank” shall be inserted.

10 of 1949.

14. In the Banking Regulation Act, 1949, for the words “Agricultural Refinance Corporation”, wherever they occur, the words “National Bank” shall be substituted.

PART III

AMENDMENT TO THE INDUSTRIAL DISPUTES ACT, 1947

(14 OF 1947)

Amendment

10 of 1963.

*In section 2, in clause (a), for the words and figures “the Agricultural Refinance Corporation established under section 3 of the Agricultural Refinance Corporation Act, 1963”, the words and figures “the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981” shall be substituted.

PART IV

AMENDMENT TO THE DEPOSIT INSURANCE AND CREDIT GUARANTEE
CORPORATION ACT, 1961

(47 OF 1961)

Amendment

In section 2, for clause (q), the following clauses shall be substituted, namely:—

“(q) the expressions “central co-operative bank”, “co-operative society” and “State co-operative bank” shall have the meanings respectively assigned to them in the National Bank for Agriculture and Rural Development Act, 1981;

“(r) the expressions “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.”

10 of 1949.

PART V

AMENDMENT TO THE PAYMENT OF BONUS ACT, 1965

(21 OF 1965)

Amendment

In section 32, for sub-clause (d) of clause (ix), the following sub-clause shall be substituted, namely:—

“(d) the National Bank for Agriculture and Rural Development.”