

# **The Reserve Bank Of India (Board For Financial Supervision) Regulations, 1994**

UNION OF INDIA

India

## **The Reserve Bank Of India (Board For Financial Supervision) Regulations, 1994**

### **Rule**

### **THE-RESERVE-BANK-OF-INDIA-BOARD-FOR-FINANCIAL-SUPERVISION of 1994**

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### **21.**

/957In exercise of the powers conferred by section 58 of the Reserve Bank of India Act, 1934 (2 of 1934), the Central Board of the Reserve Bank of India, with the previous sanction of the Central Government, is pleased to make the following regulations, namely:-

## **Chapter I**

### **Introductory**

**1. Short title and commencement .-(1) These regulations may be called The Reserve Bank of India (Board for Financial Supervision) Regulations, 1994.**

(2)These regulations shall come into force on the date of their publication in the Official Gazette.

**2. Regulations not in derogation of the General Regulations, 1949.-The provisions of these regulations shall be in addition to and not in derogation of the Reserve Bank of India Regulation, 1949, save as hereinafter expressly provided in these regulations.**

In case of inconsistency, the provisions of these regulations shall have overriding effect.

**3. Definitions .-In these regulations, unless there is anything repugnant in the subject or context-**

(a)"Act" means the Reserve Bank of India Act, 1934 (2 of 1934);(b)"the Bank" means the Reserve Bank of India constituted by the Act;(c)"the banking company" means a banking company as defined in section 5(c) of the Banking Regulation Act, 1949 (10 of 1949), and shall include a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), the State Bank of India constituted under the State Bank of India Act, 1955 (33 of 1955), and a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959);(d)"Board" means the Committee known as the Board of Financial Supervision constituted under regulation 4;(e)"Central Board" means the Central Board of Directors of the bank constituted under section 8 of the Act;(f)"Director" means director of the Central Board nominated under section 8(1)(b) or section 8(1)(c) of the Act;(g)"Executive Committee" means a sub-committee known as the Executive Committee constituted under sub-regulation (1) of regulation 12;(h)"General Regulations" means the Reserve Bank of India General Regulation, 1949;(i)"member" means a member of the Board;(j)"notified" means notified in the Official Gazette;(k)"Vice-Chairman" means the Deputy Governor designated as Vice-Chairman of the Board;(l)Other expressions used but not defined in these regulations and defined in the Act shall have the meanings respectively assigned to them in the Act.

**4. Composition of the Board .-(1) There shall be a Committee to be known as the "Board for Financial Supervision" (hereinafter referred to as the Board).**

(2)The Board shall consist of the following members, namely:-(a)Governor, Reserve Bank of India, who shall be the Chairman of the Board;(b)Deputy Governor, Reserve Bank of India of whom one Deputy Governor shall be nominated by the Governor as full time Vice-Chairman;(c)Four directors from the Central Board of Reserve Bank of India to be nominated by the Governor as members.

**5. Functions and powers of the Board .-(1) The Board shall perform the functions and exercise the powers of supervision and inspection under the Act and under the Banking Regulation Act, 1949 (10 of 1949), in relation to different sectors of the financial system such as banking companies, financial institutions and non-banking institutions.**

(2) It shall also perform such other functions and exercise such other powers, as may be notified by the Central Board, from time to time.

**6. Assistance to the Board .-**The Board shall be assisted by the Department of Supervision constituted from the staff of the Bank which shall report directly to the Board and wherever necessary personnel from outside either on deputation or through direct recruitment or on contract or tenure basis, may be taken by the Board.

**7. Nominations .-**All nominations to the Board shall be made by the Governor in consultation with the Central Board for such terms as may be specified.

**8. Vacation of offices .-**A member shall cease to hold office if he absents himself without the leave of the Chairman from three consecutive meetings of the Board convened under regulation 11.

**9. Powers on behalf of the Board by whom to be exercised .-**Notwithstanding anything contained in sub-regulation (1) of regulation 17 of the General Regulations, but subject to the provisions of the Act, any regulation made by the Central Board in regard to expenditure to be incurred by or on behalf of the Bank and any direction which may be given by the Central Board generally or in particular with regard to the conduct of the business of the Bank;

(1) The Board is authorised to exercise the powers of supervision and inspection under the Act and under the Banking Regulation Act, 1949 (10 of 1949), in relation to the banking companies, financial institutions and the non-banking institutions and such other powers and functions as may be notified by the Central Board from time to time; (2) The Chairman, the Vice-Chairman and the members shall jointly and severally exercise such powers as may be specified from time to time by the Central Board; (3) Any other officer of the Department of Supervision of the Bank not below the rank of an officer in Grade 'D' may, if authorised and to the extent that he is so authorised by the Board with prior approval of the Central Board, exercise all the powers in relation to matters pertaining to the Department of Supervision and in relation to such matters do all acts and things which may be exercised or done by the Bank provided, that power exercised or action taken under this sub-regulation shall be exercised or taken subject to such directions, if any, as may be given by any higher officer or authority in this behalf.

**10. Applicability of the General Regulations .-**The following provision of the General Regulations shall apply mutatis mutandis as specified below:-

(a) regulations 3, 4, 7, 13 and 24 of the General Regulations shall apply to the members of the Board; (b) regulations 3 and 24 shall apply to the members of the Advisory Council and the Sub-Committee; (c) regulations 16, 18 and 19 shall apply to the officers of the Department of Supervision.

**11. Meetings of the Board and quorum .-(1) The Board shall ordinarily meet at least one a month at the office of the Bank or any other place in the area in which the Governor or in his absence the Vice-Chairman has his headquarters for the time being, to attend to the current business of the Board.**

Sufficient notice shall be given to the members to enable them to attend. (2) Three members of whom one shall be the chairman or the Vice-Chairman shall form a quorum for the transaction of business of the Board. (3) Save as otherwise provided in these regulations, the provisions of the Act and the General Regulations shall apply to meetings of the Board, as if they were meetings of the Central Board.

**12. Constitution of Sub-Committees .-(1) The Board shall have the power to constitute Sub-Committees as may be deemed necessary to assist it in its work from time to time. From such committees, one Sub-Committee shall be known as the Executive Committee.**

(2) The Executive Committee shall comprise of the Vice-Chairman who shall be the ex officio Chairman and not less than two members of the Board.

**13. Functions and meetings of Executive Committee .-(1) The Executive Committee constituted under regulation 12(1) shall carry on such functions as may be specified by the Board from time to time.**

(2) The Executive Committee shall meet as frequently as may be necessary.

**14. Functions and meetings of Advisory Council .-(1) Subject to the provisions of the Act or regulations made thereunder, the Governor may constitute an Advisory Council from time to time which shall consist of not less than five persons having special knowledge of accountancy, law, economics, banking, finance and management.**

(2) The Advisory Council shall tender advice to the Board on such matters relating to supervision and inspection of financial system, as may be deemed fit by the Board. (3) The Governor shall whenever present preside over the meetings of the Advisory Council and the Vice-Chairman and the members of the Board shall be permanent invitees to the meetings. In the absence of the Governor,

the members of the Advisory Council who are present may elect one amongst themselves to preside over the meeting of the Advisory Council.

**15. Report to the Central Board .-The Board shall submit a report to the Central Board half-yearly.**