

The Reserve Bank Of India General Regulations, 1949

UNION OF INDIA

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/956In exercise of the powers conferred by section 58 of the Reserve Bank of India Act, 1934 (2 of 1934) and in supersession of the Reserve Bank of India General Regulations, 1935, 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 .-These regulations may be called The Reserve Bank of India General Regulations, 1949.

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

(a)"the Act" means the Reserve Bank of India Act, 1934 (2 of 1934);(b)"Director" means Director of the Central Board of the Reserve Bank;(c)"Member" means member of a Local Board;(d)Other expressions used but not defined in these regulations and used in the Act have the meanings respectively assigned to them in the Act.

Chapter II

Obligations And Immunities Of Directors And Members Of Local Boards

3. Declaration of fidelity and secrecy .-Every Director and every member shall, before entering upon his duties, sign a declaration in the form set out in the Schedule pleading himself to observe strict secrecy respecting all transactions of the Bank with its customers and all matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required or authorised to do so by the Board or by law.

4. No Director or Member to deal with matters with which he is personally concerned .-(i) Every Director and every member who is directly or indirectly concerned or interested in any contract or arrangement entered into by or on behalf of the Bank shall disclose the nature of his interest at the meeting of the Central Board or the Local Board, as the case may be, at which the contract or arrangement is determined on, if his interest then exists, or in any other case at the next meeting of the Central Board or the Local Board, as the case may be, after the acquisition of his interest or the making of the contract or arrangement.

(ii) No Director, no member and no member of the committee of the Central Board shall, as such, vote on any contract or arrangement in which he is either directly or indirectly concerned or interested and if he does so his vote shall not be counted.

5. Obligation of Director or Member of Local Board to give information of disqualification .-A member or Director nominated under clause (b) or (c) of sub-section (1) of the section 8 or under section 12(3) or 12(4) of the Act shall, as soon as may be, inform the Local Board or the Central Board as the case may be, if he becomes subject to any of the disqualifications set out in the Act.

6. Central Board to inform Central Government regarding disqualifications .-The Central Board shall forthwith inform the Central Government, if it comes to the notice of the Central Board, that any director or a member has become subject to any of the disqualifications specified in sub-section (1) or

sub-section (2) of section 10 of the Act.

7. Indemnity of Directors and Members of Local Boards .-(i) Every Director and every member shall be indemnified by the Bank against all losses and expenses incurred by him in or about the discharge of his duties, except such as may happen from his own wilful act or default.

(ii) Neither a Director nor a member shall be responsible for any other Director or member or for any officer or servant of the Bank or for any loss or expense happening to the Bank by the insufficiency or deficiency of value of, or title to, any property or security acquired or taken on behalf of the Bank, or by the insolvency, bankruptcy or wrongful act of any customer or debtor of the Bank, or by anything done in the execution of the duties of his officer or in relation thereto, or otherwise than for his own wilful act or default.

Chapter III

Meetings Of Central And Local Boards And Of The Committee Of The Central Board

8. Meetings of the Central Board .-(i) Ordinarily not less than one clear month's notice shall be given of each meeting of the Central Board and such notice shall be sent to every Director to his registered address. Should it be found necessary to convene an emergency meetings sufficient notice shall be given to every Director who is at the time in India to enable him to attend.

(ii) No business other than that for which the meeting was convened shall be discussed at a meeting of the Central Board, except with the consent of the Chairman and a majority of the Directors present, unless one clear week's notice has been given of the same in writing to the Chairman. (iii) Four Directors of whom not less than three shall be directors nominated under section 8(1)(b) or 8(1)(c) or 12(4) of the Act shall form a quorum for the transaction of business. (iv) A copy of the proceedings of each Central Board meeting shall be circulated as soon as possible thereafter for the information of the Directors and shall be signed by the Chairman at that or the next succeeding meeting.

9. Meetings Local Boards .-(i) Meetings of Local Boards shall be convened from time to time as the Central Government may by general or special regulation direct.

(ii) Two members shall form a quorum for the transaction of business. (iii) At the first meeting of a Local Board after the incoming members have assumed office, the Local Board shall elect from amongst its members a chairman and a Vice-Chairman. They shall continue in their respective

offices until a fresh Board has been constituted on the expiry of their term of office unless such office is vacated by death, resignation or removal.(iv)The managers in charge of the offices of the Bank in Bombay, Calcutta, Delhi and Madras shall be ex officio secretaries of the Local Boards at these places. The officers in charge of the Department of Banking Operations and Development at the respective local offices shall be ex officio deputy secretaries provided that where there is no such officer or the officer is not available, the officer next senior in rank to the Manager shall be ex officio deputy secretary.(v)The Chairman or in his absence the Vice-Chairman shall preside at all meetings of the Local Board. In the event of the absence of both the Chairman and the Vice-Chairman through illness or other unavoidable cause, the members present at the meeting may elect one from amongst themselves to preside at the meeting. In the event of an equality of votes the person presiding shall have a second or casting vote.(vi)A copy of the proceedings of each Local Board meeting shall be circulated as soon as possible thereafter for the information of the members of the Local Board and shall be signed by the person presiding at that or the next succeeding meeting. A copy of the said proceedings shall also be submitted forthwith to the Central Board.

10. Committee of the Central Board .-(i) A Committee which shall be called the Committee of the Central Board, consisting of the members of the Central Board who may at the time be present in the area in which the meeting is held, shall ordinarily meet once a week at the office of the Bank or any other place in the area in which the Governor, or in his absence the Deputy Governor authorised by him under the proviso to sub-section (3) of section 8 of the Act, has his headquarters for the time being, to attend to the current business of the Bank. Sufficient notice shall be given to such Directors to enable them to attend.

(ii)Two directors of who one shall be a director nominated under section 8(1)(b) or 8(1)(c) or 12(4) of the Act shall form a quorum for the transaction of business.(iii)Save as otherwise provided in this regulation, the provisions of the Act and these regulations shall apply to meetings of the Committee of the Central Board as if they were meetings of the Central Board.

Chapter IV

General Provisions

11. Proceedings of Boards not invalidated by vacancies .-No act or proceeding of the Central or a Local Board or of the Committee of the Central Board shall be invalidated merely by reason of the existence of a vacancy or vacancies therein.

12. Acts of Directors and Members of Boards valid notwithstanding subsequent discovery of disqualification .-All acts done at any meeting of the Central or Local Board or the Committee of the Central Board or by any person acting as a Director or a member or as a member of the Committee of the Central Board shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of such person or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and duly qualified.

13. Delegation by Central Board to Local Boards .-A Local Board shall have power to transact such business as may be delegated to it from time to time by the Central Board provided that if at the time of consideration by a Local Board of any business a majority of the members present are directly or indirectly concerned or interested therein such business shall not be finally dealt with without the previous approval of the Committee of the Central Board.

14. Delegation to the Committee of the Central Board .-The Committee of the Central Board shall have full powers to transact all the usual business of the Bank except in such matters as are specifically reserved by the Act to the Central Government or the Central Board.

15. No advance to be made to officers of the Bank without sanction of Central Board .-An advance may be made to the Governor, Deputy Governor, Officer or other employee of the Bank with the sanction of the authority specified in the relative regulations, rules, or schemes made or approved by the Central Board or the Committee, in terms of which the advance is to be made and where no authority is specified in the relative regulations, rules or schemes, as the case may be, the advance may be sanctioned,-

(a) to the Governor, by the Committee; (b) to a Deputy Governor or an Executive Director, by the Governor; (c) to Officers and other employees, by a Deputy Governor or an Executive Director and subject to such general or special directions as may be issued by the Governor or a Deputy Governor, by the Chief Manager or the Chief Accountant.

16. Powers on behalf of the Bank by whom to be exercised .-(1) Subject to the provisions of the Act, any rules made by the Central Board in regard to expenditure to be incurred by or on behalf of the Bank and any directions,

which may be given by the Governor either generally or in any particular case in regard to the conduct of the business of the Bank, the Deputy Governors and Executive Directors are hereby severally empowered to exercise any or all the powers and do any or all acts and things, which may be exercised or done by the Bank.

(2) Any other officer not below the rank of a Staff Officer Grade II may, if authorised and to the extent that he is so authorised by the Governor in this behalf, exercise all the powers in relation to matters pertaining to the department or office in which he is employed, and in relation to such matters, do all acts and things which may be exercised or done by the Bank, subject however to the conditions hereinafter specified, namely:-(a) the power to sanction or incur any expenditure on behalf of the Bank shall be subject to rules made by the Central Board; (b) any other power exercised or action taken shall be exercised or taken subject to such directions if any as may be given by any higher officer or authority in this behalf. (3) No power exercised, function performed or act or thing done shall be deemed to be invalid or ineffective only on the ground that it is not a power exercised, function performed, or act or thing done by or on behalf of the Bank or that in the exercise of such power, performance of such function or the doing of any such act or thing, effect has not been given to any rule or direction referred to in sub-regulation (1) or in sub-regulation (2), or that any such rule or direction has been wrongly acted upon. (4) Nothing in these regulations shall be deemed to render invalid or ineffective the powers exercised, functions performed or acts or things done in the course of carrying out the authorised business of the Bank by any authority or authorities prior to the coming into force of these regulations.

17. Manner and form in which contracts binding on the Bank may be executed .-(1)(a) Contracts on behalf of the Bank may be made as follows:-

(i) Any contract which, if made between private would by law be required to be in writing and signed by the parties to be charged therewith, may be made on behalf of the Bank in writing and signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged. (ii) Any contract which, if made between private persons, would by law be valid although made by parole only and not reduced to writing may be made by parole on behalf of the Bank by any person acting under its authority; express or implied, and may in the same manner be varied or discharged. (b) All contracts made according to the provisions of this regulation shall be effectual in law and shall bind the Bank and all other parties there to and their legal representatives. (2) Accounts, receipts and documents of Bank by whom to be signed .-Without prejudice to the generality of the powers conferred by or under Regulation 17, the Chief Manager, Additional Chief Manager, Chief Accountant, Secretary to the Central Board, the Secretaries of Local Boards and such other Officers of the Bank as the Central Board has authorised or may authorise in this behalf by notification in the Gazette of India are hereby severally empowered for and on behalf of the Bank to execute lease deeds, transfers, conveyances, charges and other deeds relating to or affecting rights to or in immovable property, to endorse and transfer promissory notes, stock-receipts, stock-debentures, shares, securities and documents of title to goods, standing in the name of or held by the Bank, and to draw, accept and endorse bills of exchange and other

instruments in the current and authorised business of the bank to sign all other accounts receipts and documents connected with such business.

18. Complaints, etc., by whom to be signed .-Complaints, written statements, affidavits and all other documents connected with legal proceedings may be signed and verified on behalf of the Bank by any officer empowered by or under regulation to sign documents for and on behalf of the Bank, and such officer may appear in or before any Court, tribunal or other body as the recognised agent of the Bank for the purposes of the proceedings in that Court, tribunal or other body.

19. Seals of the Bank-Common seal .-(1) The common seal of the Bank shall not be affixed to any instrument except in the presence of the Governor or a Deputy Governor or an Executive Director who shall sign his name to the instrument in token of his presence, and such signing shall be independent of the signing of any person who may sign the instrument as a witness. Unless so signed as aforesaid such instrument shall be of no validity.

(2)Official seals .-The Bank shall have for use by the Local Boards at Bombay, Calcutta, Delhi and Madras official seals which shall be facsimiles of the common seal of the Bank with the addition of the name of the office where it is to be used.(3)An instrument to which an official seal is duly affixed shall bind the Bank as if it had been sealed with the common seal of the Bank.(4)The official seal shall not be affixed to any instrument except in the presence of at least two members of the Local Board and the Secretary or Deputy Secretary who shall sign their names to the instrument in token of their presence and such signing shall be independent of the signing of any person who may sign the instrument as a witness.(5)The official seal may be affixed by a Local Board to instruments of the following description in connection with business, at offices, branches or agencies under its jurisdiction, namely:- (i)Leases of office premises, godowns, houses and other property acquired in connection with the business of the Bank;(ii)Conveyances of property bought or sold by the Bank;(iii)Reconveyances or releases of property mortgaged to the Bank;(iv)Powers of attorney granted by the Bank.

20. Service of notice on Bank .-A notice may be served on the Bank by leaving it at, or sending it by Post to, any office of the Bank which is the headquarters of a Local Board.

21. Annual statement of account .-The Central Board shall cause the books of the Bank to be balanced on the last working day of the month of June in each year and the annual accounts shall be set out as follows:-

(i)A balance sheet in the form prescribed by the Central Government.(ii)A profit and loss account for the year in the following form and containing the particulars therein prescribed:-

INCOME

Amount brought forward

Interest, Discount, Exchange, Commission, etc.

EXPENDITURE

Establishment

Director's and Local Board Members'fees and expenses

Auditors' fees

Rent, Taxes, Insurance Lighting, etc.

Law charges

Postage and telegraph charges

Remittance ofTreasureStationary, etc.

Security printing (cheque, note forms, etc.)

Depreciation and repairs to Bank property

Agency charges

Contributions to staff and superannuation funds

Miscellaneous expenses

Surplus payable to the Central Government

Net available balance

(iii) The account of Reserve Fund in the following form:-

By balance on the 30th June

By transfer from Profit and Loss Account

Total Rs.

22. Valuation of investments .-(i) The investment of the Banking Department of the Bank in securities shall be held in an account styled "Bank's Investments Account" and the securities held in that account shall be valued yearly at rates not exceeding the market rates on the last working day of the month of June each year.

(ii)The investments of the Issue Department in securities shall be valued at rates not exceeding the market rates as at the close of business on every Friday and also on the last working day of the month of June every year, provided that any fall or reduction in the market price of a security may, to avoid petty adjustments, be disregarded if the extent of the fall or reduction is less than two percent of the holding price of the security.(iii)The market rate for the time being obtaining shall be that advised by the Bank's brokers as that obtaining on the valuation day.(iv)In valuing treasury bills of the Government of India or any other Government or bills of exchange the purchase price shall be deemed to be the market price.(v)The items in the account prescribed by the Central Government

under section 53 of the Act shall be valued to the nearest thousand rupees.

23. Remuneration of Directors and Members of Local Boards .-(i) Directors nominated under section 8(1)(b) and 8(1)(c) or 12(4) of the Act shall receive a fee of Rs. 200 for each Central Board meeting which they attend, and a fee of Rs. 50 for each committee meeting of the Central Board which they attend.

(ii)Members of a Local Board shall receive a fee of Rs. 50 for each Board meeting which they attend.(iii)In addition such Directors and Members shall be re-imbursed their travelling expenses, if any, on such scale as may be prescribed by the Central Board from time to time.

THE
SCHEDULE(See regulation 3)FORM OF DECLARATION OF FIDELITY AND SECRECYI,
on becoming a Director of the/Member of the Central Board/Local Board of the Reserve Bank of India do solemnly and sincerely declare that I will faithfully perform the duties of Director/Member and that I will to the best of my ability uphold the interests of the Reserve Bank of India and that I will observe strict secrecy respecting all transactions of the Bank and all matters relating thereto and that I will not directly or indirectly communicate or divulge any of the matters or any information which may come to my knowledge in the discharge of my duties as such Director/Member except when required or authorised to do so by the Central Board of the Bank or by law.(Signature).....