

The Banking Laws (Amendment) Act, 2025

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The Banking Laws (Amendment) Act, 2025

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An Act further to amend the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, the State Bank of India Act, 1955, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.BE it enacted by Parliament in the Seventy-sixth Year of the Republic of India as follows:-

Chapter I

Preliminary

1. Short title and commencement.

(1) This Act may be called the Banking Laws (Amendment) Act, 2025.(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:Provided that different dates may be appointed for different provisions of this Act, and any reference in any such provision to the commencement of this Act, shall be construed as a reference to the coming into force of that provision

Chapter II

Amendment to the Reserve Bank of India Act, 1934.

2. Amendment of section 42.

In the Reserve Bank of India Act, 1934, in section 42,—(a)in sub-section (1), in the Explanation, for clause (b), the following clause shall be substituted, namely:—'(b) “fortnight” means the period from the first day to the fifteenth day of each calendar month or sixteenth day to the last day of each calendar month, both days inclusive;’;(b)in sub-section (2),—(i)in the long line,—(A)for the words “each alternate Friday”, the words “the last day of each fortnight” shall be substituted;(B)for the words “seven days”, the words “five days” shall be substituted;(ii)in the second proviso,—(A)for the words “such alternate Friday”, the words “the last day of any such fortnight” shall be

substituted;(B)for the words “that Friday”, the words “the last day of that fortnight” shall be substituted;(iii)the third proviso shall be omitted;(c)sub-section (2A) shall be omitted.

Chapter III

Amendments to the Banking Regulation Act, 1949

3. Amendment of section 5.

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

4. Amendment of section 10A.

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

5. Amendment of section 16.

In the Banking Regulation Act of 1949, in section 16, in sub-section (3), after the words “Reserve Bank”, the following shall be inserted, namely:—“or the director of a central co-operative bank elected to the Board of the state co-operative bank in which he is a member”.

6. Amendment of section 18.

In the Banking Regulation Act of 1949, in section 18,—(a)in sub-section (1),—(i)for the words “last Friday”, the words “last day” shall be substituted;(ii)for the words “alternate Fridays”, the words “the last day of the fortnight” shall be substituted;(iii)for the words “such Fridays or if any such Friday”, the words “the last day of the fortnight or if the last day of any such fortnight” shall be substituted;(b)in the Explanation, for clause (b), the following clause shall be substituted, namely:—‘(b) “fortnight” shall mean the period from the first day to the fifteenth day of each calendar month or sixteenth day to the last day of each calendar month, both days inclusive;’

7. Amendment of section 24.

In the Banking Regulation Act of 1949, in section 24,—(a)in sub-section (2A), for the word “Friday”, the word “day” shall be substituted;(b)in sub-section (3), for the words “each alternate Friday during the month, or if any such Friday”, the words “the last day of each fortnight during the month, or if the last day of any such fortnight” shall be substituted;(c)in sub-section (4),—(i)in clause (a), for the words “any alternate Friday or, if such Friday”, the words “the last day of any fortnight or, if the last day of any such fortnight” shall be substituted;(ii)for clause (b), the following clause shall be

substituted, namely:-“(b) if the default occurs again on the last day of the next succeeding fortnight, or, if the last day of such fortnight is a public holiday, on the preceding working day, and continues on the last day of the succeeding fortnights or preceding working days, as the case may be, the rate of penal interest shall be increased to a rate of five per cent. per annum above the bank rate on each such shortfall in respect of last day of that fortnight and last day of each succeeding fortnight or preceding working day, if last day of such fortnight is a public holiday, on which the default continues.”;(d)in sub-section (7),—(i)for the words “next succeeding alternate Friday, or if such Friday is a public holiday”, the words “last day of the next succeeding fortnight, or if the last day of such fortnight is a public holiday” shall be substituted;(ii)for the words “subsequent alternate Friday”, the words “last day of every subsequent fortnight” shall be substituted.

8. Amendment of section 25.

In the Banking Regulation Act of 1949, in section 25,—(a)in sub-section (1), for the words “last Friday of every quarter or, if that Friday”, the words “last day of every quarter or, if that day” shall be substituted; (b)in sub-section (2), for the words “last Friday of the previous quarter, or, if that Friday”, the words “last day of the previous quarter, or, if that day” shall be substituted.

9. Amendment of section 27.

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

10. Amendment of section 45ZA.

In the Banking Regulation Act of 1949, in section 45ZA,—(a)in sub-section (1), for the words “one person”, the words “one or more persons not exceeding four, either successively or simultaneously” shall be substituted; (b)after sub-section (1), the following sub-sections shall be inserted, namely:—“(1A) Where the nomination is made successively in favour of more than one person under sub-section (1), the nomination shall be effective only in favour of one person in the order of priority specified in section 45ZG.(1B) Where the nomination is made simultaneously in favour of more than one person under sub-section (1), the nomination shall be effective in favour of all such persons in proportion to which it is declared, and the following terms and conditions shall apply, namely:—(a)the nomination shall not be made in favour of more than four persons;(b)the nomination shall explicitly state the proportion of amount of deposit in percentage in favour of each nominee;(c)the nomination shall be made in respect of the whole amount of deposit;(d)if any nominee dies before receiving deposit from the banking company, the nomination in respect of such nominee alone shall become ineffective and the amount of deposit purported to be nominated in favour of deceased nominee shall be treated as if nomination had not been made in respect of that portion of deposit, and any nomination which does not comply with any of the terms and conditions specified in clauses (a) to (c), shall be invalid, as if nomination had not been made by the depositor or all the depositors together, as the case may be.”

11. Amendment of section 45ZC.

In the Banking Regulation Act of 1949, in section 45ZC, in sub-section (1), for the words “one person”, the words “one or more persons not exceeding four, successively,” shall be substituted.

12. Amendment of section 45ZE.

In the Banking Regulation Act of 1949, in section 45ZE, for sub-section (1), the following sub-section shall be substituted, namely:—“(1) Where one or more individuals hire a locker from a banking company, whether such locker is located in the safe deposit vault of such banking company or elsewhere, the individual or, as the case may be, all the individuals together, may nominate one or more persons not exceeding four, successively, to whom, in the event of the death of the sole hirer or the death of all the hirers, the banking company may give access to the locker and liberty to remove the contents of the locker.”.

13. Insertion of new section 45ZG

In the Banking Regulation Act of 1949, after section 45ZF, the following section shall be inserted, namely:—“45ZG. (1) Priority of successive nomination. Where the nomination is made in favour of more than one person successively under sub-section (1) of section 45ZA or sub-section (1) of section 45ZC or sub-section (1) of section 45ZE, the nomination shall be effective only in favour of one person in the following order of priority, namely:—(a) nomination of the first nominee shall be effective if that nominee survives the person or persons who made the nomination; (b) nomination of the second nominee shall become effective only after the death of the first nominee; (c) nomination of any nominee lower in the order of nomination shall become effective only after the death of all the nominees whose names are higher in the order of nomination. (2) Where the order of nomination is not mentioned, persons shall be deemed to have been nominated in the order in which their names appear in the nomination. (3) The provisions of this section shall not apply to the nominations made simultaneously in favour of more than one person under sub-section (1) of section 45ZA.”.

14. Amendment of section 56.

In the Banking Regulation Act of 1949, in section 56,—(a) in clause (c), for sub-clause (ii), the following sub-clause shall be substituted, namely:—“(ii) clause (nb) shall be omitted;”; (b) in clause (j) relating to substitution of section 18, in sub-section (1),—(i) for the words “last Friday”, the words “last day” shall be substituted; (ii) for the words “alternate Friday”, the words “the last day of the fortnight” shall be substituted; (iii) for the words “such Fridays or if any such Friday”, the words “the last day of the fortnight or if the last day of any such fortnight” shall be substituted; (iv) in the Explanation, for clause (b), the following clause shall be substituted, namely:—‘(b) “fortnight” shall mean the period from the first day to the fifteenth day of each calendar month or sixteenth day to the last day of each calendar month, both days inclusive;’.

Chapter IV

Amendments to the State Bank of India Act, 1955

15. Amendment of section 38A.

In the State Bank of India Act, 1955, in section 38A,—(a)in the marginal heading, for the word “dividend”, the word “money” shall be substituted;(b)for sub-section (3), the following sub-sections shall be substituted, namely:-"(3)The State Bank shall transfer, in accordance with the rules made under section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund established under section 125 of the said Act,—(i)any money which remains unpaid or unclaimed for a period of seven years from the date of its transfer in the Unpaid Dividend Account of the State Bank;(ii)all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, along with a statement thereof containing the details specified in the said rules;(iii)any interest or redemption amount upon any bond issued by the State Bank which remain unpaid or unclaimed for a period of seven years from the date such interest or such redemption amount became due for payment.(4)Any person whose shares or unclaimed or unpaid money has been transferred to the Investor Education and Protection Fund under sub-section (3), shall be entitled to claim the transfer or refund from the said Fund, in accordance with the rules made under section 124 and section 125 of the Companies Act, 2013.(5)The money transferred under sub-section (3) to the Investor Education and Protection Fund shall be utilised for the purposes and in the manner specified in section 125 of the Companies Act, 2013.”.

16. Amendment of section 41.

In the State Bank of India Act, 1955, in section 41,—(a)in sub-section (1), for the words and figures “section 226 of the Companies Act, 1956”, the words and figures “section 141 of the Companies Act, 2013” shall be substituted;(b)for sub-section (2), the following sub-section shall be substituted, namely:—“(2) The auditors shall receive such remuneration as the State Bank may fix.”.

Chapter V

Amendments to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970

17. Amendment of section 10.

In the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (hereafter in this Chapter referred to as the Act of 1970), in section 10, in sub-section (2),—(a)for the words and figures “section 226 of the Companies Act, 1956”, the words and figures “section 141 of the Companies Act, 2013” shall be substituted;(b)for the words “Reserve Bank may fix in consultation with the Central Government”, the words “corresponding new bank may fix” shall be substituted.

18. Amendment of section 10B.

In the Act of 1970, in section 10B,—(a)in the marginal heading, for the words “dividend to Unpaid Dividend Account”, the word “money” shall be substituted; (b)for sub-section (3), the following sub-sections shall be substituted, namely:—“(3)The corresponding new bank shall transfer, in accordance with the rules made under section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund established under section 125 of the said Act,—(i)any money which remains unpaid or unclaimed for a period of seven years from the date of its transfer in the Unpaid Dividend Account of the corresponding new bank;(ii)all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, along with a statement thereof containing the details specified in the said rules;(iii)any interest or redemption amount upon any bond issued by the corresponding new bank which remain unpaid or unclaimed for a period of seven years from the date such interest or such redemption amount became due for payment.(3A)Any person whose shares or unclaimed or unpaid money has been transferred to the Investor Education and Protection Fund under sub-section (3), shall be entitled to claim the transfer or refund from the said Fund, in accordance with the rules made under section 124 and section 125 of the Companies Act, 2013.”;(c)in sub-section (4), for the words, figures and letter “section 205C of the Companies Act, 1956”, the words and figures “section 125 of the Companies Act, 2013” shall be substituted.

Chapter VI

Amendments to the Banking Companies (Acquisition and Transfer Undertakings) Act, 1980.

19. Amendmet of section 10.

In the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (hereafter in this Chapter referred to as the Act of 1980), in section 10, in sub-section (2),—(a)for the words and figures “section 226 of the Companies Act, 1956”, the words and figures “section 141 of the Companies Act, 2013” shall be substituted; (b)for the words “Reserve Bank may fix in consultation with the Central Government”, the words “corresponding new bank may fix” shall be substituted.

20. Amendment of section 10B.

In the Act of 1980, in section 10B,—(a)in the marginal heading, for the words “dividend to Unpaid Dividend Account”, the word “money” shall be substituted; (b)for sub-section (3), the following sub-sections shall be substituted, namely:—“(3)The corresponding new bank shall transfer, in accordance with the rules made under section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund established under section 125 of the said Act,—(i)any money which remains unpaid or unclaimed for a period of seven years from the date of its transfer in the Unpaid Dividend Account of the corresponding new bank;(ii)all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, along with a statement thereof

containing the details specified in the said rules;(iii)any interest or redemption amount upon any bond issued by the corresponding new bank which remain unpaid or unclaimed for a period of seven years from the date such interest or such redemption amount became due for payment.(3A)Any person whose shares or unclaimed or unpaid money has been transferred to the Investor Education and Protection Fund under sub-section (3), shall be entitled to claim the transfer or refund from the said Fund, in accordance with the rules made under section 124 and section 125 of the Companies Act, 2013.”;(c)in sub-section (4), for the words, figures and letter “section 205C of the Companies Act, 1956”, the words and figures “section 125 of the Companies Act, 2013” shall be substituted.