

THE BANKING REGULATION ACT, 1949

[Act No. 10 of 1949]

[As amended by The Banking
Regulation (Amendment) Act, 2017]
(30 of 2017)

PART V

APPLICATION OF THE ACT TO CO-OPERATIVE BANKS

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

The provisions of this Act, as in force for the time being, shall apply to, or in relation to, co-operative societies as they apply to, or in relation to banking companies subject to the following modifications, namely:--

(a) throughout this Act, unless the context otherwise requires,--

(i) references to a "banking company" or "the company" or "such company" shall be construed as references to a co-operative bank;

(ii) references to "commencement of this Act" shall be construed as references to commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965);

(b) in section 2, the words and figures "the Companies Act, 1956 (1 of 1956) and" shall be omitted;

(c) in section 5,--

³[(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

¹ Inserted by Act 58 of 1968, Section 20 w.e.f.1-2-1969.

² Inserted by Act 23 of 1965, (w.e.f. 1-3-1966). Original section 56 was repealed by Act 36 of 1957.

³ Substituted by Act 61 of 1981, for sub-clause (i), w.e.f. 1-5-1982.

accommodation to its members and includes a co-operative land mortgage bank;

¹[(cciiia) "co-operative society" means a society registered or deemed to have been registered under any Central Act for the time being in force relating to the multi-State co-operative societies, or any other Central or State law relating to co-operative societies for the time being in force;]

(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;

²[(cciiia) "multi-State co-operative bank" means a multi-State co-operative society which is a primary co-operative bank;]

³[(cciiib) "multi-State co-operative society" means a multi-State co-operative society registered as such under any Central Act for the time being in force relating to the multi-State co-operative societies but does not include a national co-operative society and a federal co-operative;]

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

(i) 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

(ii) 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 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 Inserted by Act 24 of 2004, w.r.e.f. 1-3-1966.

² Inserted by Act 24 of 2004, w.r.e.f. 1-3-1966.

³ Inserted by Act 24 of 2004, w.r.e.f. 1-3-1966.

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

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

(iii) 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,--

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

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

(iii) 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", ¹[***] "primary rural credit society" and "state co-operative bank" shall have the meaning respectively assigned to them in the National Bank for Agriculture and Rural Development Act, 1981;]

¹The words "co-operative society," omitted by Act 24 of 2004, w.r.e.f. 1-3-1966.

¹[(ii) clauses (ff), (h) and (nb) shall be omitted;]

(d) for section 5A, the following section shall be substituted, namely:--

"5A. Act to override bye-laws, etc.--(1) The provisions of ²[this Act] shall have effect, notwithstanding anything to the contrary contained in the bye-laws of a co-operative society, or in any agreement executed by it, or in any resolution passed by it in general meeting, or by its Board of Directors or other body entrusted with the management of its affairs, whether the same be registered, executed or passed; as the case may be before or after the commencement of the Banking Laws (Application to Co-operative Societies Act, 1965 (23 of 1965).

(2) Any provision contained in the bye-laws, agreement or resolution aforesaid shall, to the extent to which it is repugnant to the provisions of ³[this Act,] become or be void, as the case may be.";

(e) in section 6, in sub-section (1),--

(i) in clause (b), the words, "but excluding the business of a Managing agent or secretary and treasurer of company" shall be omitted;

(ii) in clause (d), after the word "company", the words "co-operative society" shall be inserted;

(iii) in clause (m), after the word "company", the words "or co-operative society" shall be inserted;

⁴[(f) for section 7, the following section shall be substituted, namely:--

"7. Use of words "bank", "banker" or "banking".--(1) No co-operative society other than a co-operative bank shall use as part of its name or in connection with its business any of the words "bank", "banker" or "banking", and no co-operative society shall carry on the business of banking in India unless it uses as part of its name at least of such words.

(2) Nothing in this section apply to--

¹ Substituted by Act 1 of 1984, for sub-clause (ii) (w.e.f. 15-2-1984).

² Substituted by Act 58 of 1968, for "this Part" (w.e.f. 1-2-1969).

³ Substituted by Act 58 of 1968, for "this Part" (w.e.f. 1-2-1969).

⁴ Substituted by Act 1 of 1984, for clause (f) (w.e.f. 15-2-1984).

- (a) a primary credit society, or
- (b) a co-operative society formed for the protection of the mutual interest of co-operative banks or co-operative land mortgage banks, or
- (c) any co-operative society, not being a primary credit society, formed by the employees of--
 - (i) a banking company or the State Bank of India or a corresponding new bank or a subsidiary bank of such banking company, State Bank of India or a corresponding new bank, or
 - (ii) a co-operative bank or a primary credit society or a co-operative land mortgage bank,

in so far as the word "bank", "banker" or "banking" appears as part of the name of the employer bank, or as the case may be, of the bank whose subsidiary the employer bank is."];

¹[(fi) in section 8, for the proviso, the following proviso shall be substituted, namely:--

"PROVIDED that this section shall not apply--

- (a) to any such business as aforesaid which was in the course of being transacted on the commencement of clause (iii) of section 42 of the Banking Laws (Amendment) Act, 1983, so, however, that the said business shall be completed before the expiry of one year from such commencement; or
- (b) to any business as is specified in pursuance of clause (o) of sub-section (1) of section 6;"

(fii) in section 9, for the second proviso, the following provisos shall be substituted, namely:--

"PROVIDED FURTHER that in the case of a primary credit society which becomes a primary co-operative bank after the commencement of clause (iii) of section 42 of the Banking Laws (Amendment) Act, 1983, the period of seven years shall commence from the day it so becomes a primary co-operative bank:

¹ Inserted by Act 1 of 1984, w.e.f. 15-2-1984.

PROVIDED ALSO that the Reserve Bank may, in any particular case, extend the aforesaid period of seven years by such period as it may consider necessary where it is satisfied that such extension would be in the interests of the depositors of the co-operative bank."];

(g) ¹[sections 10, 10A, ²[10B, 10BB, 10C], and 10D] shall be omitted;

(h) for section 11, the following section shall be substituted, namely:--

"11. Requirement as to minimum paid-up capital and reserves.--

(1) Notwithstanding any law relating to co-operative societies for the time being in force, no co-operative bank shall commence or carry on the business of banking in India unless the aggregate value of its paid-up capital and reserves is not less than one lakh of rupees:

PROVIDED that nothing in this sub-section shall apply to--

(a) any such bank which is carrying on such business at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965), for a period of three years from such commencement; or

(b) to a primary credit society which becomes a primary co-operative bank after such commencement, for a period of two years from the date it so becomes a primary co-operative bank or for such further period not exceeding one year, as the Reserve Bank, having regard to the interests of the depositors of the primary co-operative bank, may think fit in any particular case to allow.

(2) For the purpose of this section, "value" means the real or exchangeable value and not the nominal value which may be shown in the books of the co-operative bank concerned.

(3) If any dispute arises in computing the aggregate value of the paid-up capital and reserves of any co-operative bank, a determination thereof by the Reserve Bank shall be final for the purposes of this section;]

¹ Substituted by Act 58 of 1968, for "section 10" , w.e.f. 1-2-1969.

² Substituted by Act 1 of 1984, for "10B, 10C" , w.e.f. 15-2-1984.

(i) sections 12, 12A, 13 and 15 to 17 shall be omitted;

¹[(j) For section 18, the following section shall be substituted, namely:--

"18. Cash reserve.--(1) Every co-operative bank, not being ²[a co-operative bank] for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934 ³[(hereinafter referred to as a "scheduled Co-operative Bank")], shall maintain in India by way of cash reserve with itself or by way of balance in a current account with the Reserve Bank or the ⁴[a co-operative bank] of the State concerned or by way of net balance in current accounts, or, in the case of a primary co-operative bank, with the central co-operative bank of the district concerned, or in one or more of the aforesaid ways, a sum equivalent to ⁵[such per cent.] of the total of its demand and time liabilities in India, as on the last Friday of the second preceding fortnight ⁶[as the Reserve Bank may specify, by notification in the Official Gazette, from time to time having regard to the needs for securing the monetary stability in the country] and shall submit to the Reserve Bank before the fifteenth day of every month a return showing the amount so held on alternate Fridays during a month with particulars of its demand and time liabilities in India on such Fridays or if any such Friday is a public holiday under the Negotiable Instruments Act, 1881 (26 of 1881) at the close of business on the preceding working day.

Explanation.--In this section and in section 24--

(a) "liabilities in India" shall not include--

(i) the paid-up capital or the reserves or any credit balance in the profit and loss account of the co-operative bank;

¹Substituted by Act 1 of 1984, for clause (j) (w.e.f. 29-3-1985).

²Substituted by the Banking Laws (Amendment) Act, 2012 (Act No.4 of 2013) w.e.f. 18.01.2013

³Substituted by the Banking Laws (Amendment) Act, 2012 (Act No.4 of 2013) w.e.f. 18.01.2013 for the following : -

"(hereinafter referred to as a "scheduled State co-operative bank")"

⁴Substituted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013 for the following : -

" State co-operative bank"

⁵Substituted by the Banking Laws (Amendment) Act, 2012 (Act No.4 of 2013) w.e.f. 18.01.2013 for the following : -

"at least three per cent."

⁶Inserted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013.

(ii) any advance taken from a State Government, the Reserve Bank, ¹[***], the Exim Bank, ² [the Reconstruction Bank,] ³ [the National Housing Bank] the National Bank ⁴[the Small Industries Bank] or from the National Co-operative Development Corporation established under section 3 of the National Co-operative Development Corporation Act, 1962 (26 of 1962), by the co-operative bank;

(iii) in the case of a State or Central co-operative bank, also any deposit of money with it representing the reserves fund or any part thereof maintained with it by any other co-operative society within its area of operation, and in the case of a Central co-operative bank, also an advance taken by it from the ⁵[co-operative bank] of the State concerned;

(iv) in the case of a primary co-operative bank, also any advance taken by it from the [co-operative bank] of the State concerned or the Central co-operative bank of the district concerned;

(v) in the case of any co-operative bank, which has granted an advance against any balance maintained with it, such balance to the extent of the amount outstanding in respect of such advance; and

(vi) in the case of any co-operative bank, the amount of any advance or other credit arrangement drawn and availed of against approved securities;

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

(c) "net balance in current accounts" shall, in relation to a co-operative bank, mean the excess, if any, of the aggregate of the credit balances in current account

¹The words "the Development Bank" omitted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013.

² Inserted by Act 62 of 1984, w.e.f. 20-3-1985.

³ Inserted by Act 53 of 1987, w.e.f. 9-7-1988.

⁴ Inserted by Act 39 of 1989, w.e.f. 7-3-1990.

⁵ Substituted by the Banking Laws (Amendment) Act, 2012 (Act No.4 of 2013) w.e.f. 18.01.2013 for the following :-

"State co-operative bank"

maintained by that co-operative bank with the State Bank of India or a subsidiary bank or ¹ [a corresponding new bank or IDBI Bank Ltd.], over the aggregate of the credit balances in current accounts held by the said banks with such co-operative bank;

(d) for the purpose of computation of liabilities, the aggregate of the liabilities of a co-operative bank to the State Bank of India, a subsidiary bank, a corresponding new bank, a Regional Rural bank, a banking company or any other financial institution notified by the Central Government in this behalf shall be reduced by the aggregate of the liabilities of all such banks and institutions to the co-operative bank;

(e) any cash with a co-operative bank or any balance held by a co-operative bank with another bank, shall not, to the extent such cash or such balances represents the balance in, or investment of, Agricultural Credit Stabilisation Fund of such co-operative bank, be deemed to be cash maintained in India.

²[(1A) If the balance held by co-operative bank referred to in sub-clause (cci) of clause (c) of section 56 of the Banking Regulation Act, 1949 (10 of 1949), at the close of business on any day is below the minimum specified under sub-section (1), such co-operative bank shall, without prejudice to the provisions of any other law for the time being in force, be liable to pay to the Reserve Bank, in respect of that day, penal interest at a rate of three per cent. above the bank rate on the amount by which such balance falls short of the specified minimum, and if the shortfall continues further, the penal interest so charged shall be increased to a rate of five per cent. above the bank rate in respect of each subsequent day during which the default continues.

(1B) Notwithstanding anything contained in this section, if the Reserve Bank is satisfied, on an application in writing by the defaulting co-operative bank, that such defaulting co-operative

¹ Substituted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013 for the following : -

"a corresponding new bank"

² Inserted by the Banking Laws (Amendment) Act, 2012 (Act No.4 of 2013) w.e.f. 18.01.2013.

bank had sufficient cause for its failure to comply with the provisions of sub-section (1), it may not demand the payment of the penal interest.

(1C) The Reserve Bank may, for such period and subject to such conditions as may be specified, grant to any co-operative bank such exemptions from the provisions of this section as it thinks fit with reference to all or any of its officers or with reference to the whole or any part of its assets and liabilities.]

(2) The Reserve Bank may, for the purposes of this section and section 24, specify from time to time, with reference to any transaction or class of transactions, that such transaction or transactions shall be regarded as liability in India of a co-operative bank, and, if any question arises to whether any transaction or class of transactions shall be regarded for the purposes of this section and section 24, as liability in India of a co-operative bank, the decision of the Reserve Bank thereon, shall be final."];

(k) for section 19, the following section shall be substituted, namely:--

"19. Restriction on holding shares in other co-operative societies.-
-No co-operative bank shall hold shares in any other co-operative society except to such extent and subject to such conditions as the Reserve Bank may specify in that behalf:

PROVIDED that nothing contained in this section shall apply to--

(i) shares acquired through funds provided by the State Government for that purpose;

(ii) in the case of a Central co-operative bank, the holding of shares in the State co-operative bank to which it is affiliated;

(iii) in the case of a primary co-operative bank, the holding of shares in the Central co-operative bank to which it is affiliated or in the State co-operative bank of the State in which it is registered:

PROVIDED further that where any shares are held by a co-operative bank in contravention of this section at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965), the

co-operative bank shall without delay report the matter to the Reserve Bank and shall, notwithstanding anything contained in this section, be entitled to hold the shares for such period and on such conditions as the Reserve Bank may specify.";

¹[(1) for section 20 of the principal Act, the following section shall be substituted, namely:--

"20. Restrictions on loans and advances.--(1) No co-operative bank shall--

(a) make any loans or advances on the security of its own shares; or

(b) grant unsecured loans or advances--

(i) to any of its Directors; or

(ii) to firms or private companies in which any of its Directors is interested as partner of Managing agent or guarantor or to individuals in cases where any of its Directors is a guarantor; or

(iii) to any company in which the Chairman of the Board of Directors of the co-operative bank (where the appointment of a Chairman is for a fixed term) is interested as its Managing agent, or where there is no Managing agent, as its Chairman or Managing Director:

PROVIDED that nothing in clause (b) shall apply to the grant of unsecured loans or advances--

(a) made by a co-operative bank--

(i) against bills for supplies or services made or rendered to government or bills of exchange arising out of bona fide commercial or trade transactions; or

(ii) in respect whereof trust-receipts are furnished to the co-operative bank;

(b) made by a primary co-operative bank to any of its Directors or to any other person within such limits

¹Substituted by Act 58 of 1968, for clause (1) w.e.f. 1-2-1969.

and on such terms and conditions as may be approved by the Reserve Bank in this behalf.

(2) Every co-operative bank shall, before the close of the month succeeding that to which the return relates, submit to the Reserve Bank a return in the prescribed form and manner showing all unsecured loans and advances granted by it to companies in cases [other than those in which the co-operative bank is prohibited under sub-section (1) to make unsecured loans and advances] in which any of its Directors is interested as Director or Managing agent or guarantor.

(3) If, on examination of any return submitted under sub-section (2), it appears to the Reserve Bank that any loans or advances referred to in that sub-section are being granted to the detriment of the interests of the depositors of the co-operative bank, the Reserve Bank may, by order in writing prohibit the co-operative bank from granting any such further loans or advances or impose such restrictions on the grant thereof as it thinks fit, and may by like order direct the co-operative bank to secure the re-payment of such loans or advance within such time as may be specified in the order.";

¹[(m) in section 20A, in sub-section (1).--

(i) the words and figures "Notwithstanding anything to the contrary contained in section 293 of the Companies Act, 1956 (1 of 1956)," shall be omitted;

(ii) in clause (a), for the words "any of its Directors", the words "any of its past or present Directors" shall be substituted;]

(n) in section 21, in sub-section (2), in clauses (c) and (d), for the words "any one company, firm, association of persons or individuals", the words "any one party" shall be substituted;

(o) in section 22,--

(i) for sub-sections (1) and (2) the following sub-sections shall be substituted, namely:--

"(1) Save as hereinafter PROVIDED, no co-operative society shall carry on banking business in India unless--

(a) ¹[***]

¹Substituted by Act 1 of 1984, for clause (m) (w.e.f. 15-2-1984).

(b) it is a co-operative bank and holds a licence issued in that behalf by the Reserve Bank, subject to such conditions, if any, as the Reserve Bank may deem fit to impose:

PROVIDED that nothing in this sub-section shall apply to a co-operative society, not being a primary credit society or a co-operative bank carrying on banking business at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965), for a period of one year from such commencement:

²[PROVIDED FURTHER that nothing in this sub-section shall apply to a primary credit society carrying on banking business on or before the commencement of the Banking Laws (Amendment) Act, 2012, for a period of one year or for such further period not exceeding three years, as the Reserve Bank may, after recording the reasons in writing for so doing, extend.]

³[(2) Every co-operative society carrying on business as a co-operative bank at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965) shall before the expiry of three months from the commencement, every co-operative bank which comes into existence as a result of the division of any other co-operative society carrying on business as a co-operative bank, or the amalgamation of two or more co-operative societies carrying on banking business shall, before the expiry of three months from its so coming into existence, ⁴[every primary credit society which had become a primary co-operative bank on or before the commencement of the Banking Laws (Amendment) Act, 2012, shall before the expiry of three

¹Omitted by the Banking Laws (Amendment) Act, 2012 (Act No.4 of 2013) w.e.f. 18.01.2013. Prior to omission, cl. (a) read as under:-

"(a) it is a primary credit society, or".

² Inserted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013.

³ Substituted by Act 1 of 1984, for sub-section (2) (w.e.f. 15-2-1984).

⁴ Substituted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013 for the following :-

"every primary credit society which becomes a primary co-operative bank after such commencement shall before the expiry of three months from the date on which it so becomes a primary co-operative bank"

months from the date on which it had become a primary co-operative bank] and every co-operative society ¹[***] shall before commencing banking business in India, apply in writing to the Reserve Bank for a licence under this section:

PROVIDED that nothing in clause (b) of sub-section (1) shall be deemed to prohibit--

(i) a co-operative society carrying on business as a cooperative bank at the commencement of the Banking Law (Application to Co-operative Societies) Act, 1965 (23 of 1965); or

(ii) a co-operative bank which has come into existence as a result of the division of any other co-operative society carrying on business as a co-operative bank, or the amalgamation of two or more co-operative societies carrying on banking business at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965) or at any time ²[thereafter];

³[***]

from carrying on banking business until it is granted a licence in pursuance of this section or is, by a notice in writing notified by the Reserve Bank that the licence cannot be granted to it.];

⁴[(ii) sub-section (3A) shall be omitted;

(iii) in sub-section (4) in clause (iii) the words, brackets, figures and letter "and sub-section (3A)" shall be omitted;]

⁵[22A. Validation of licences granted by Reserve Bank to multi-State cooperative societies.--Notwithstanding anything contained in any law or, judgment delivered or decree or order of any Court made,--

¹The words "other than a primary credit society" omitted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013.

²Substituted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013 for the following : - "thereafter, or"

³Omitted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013. Prior to omission, clause (iii) reads as under:-

"(iii) a primary credit society which becomes a primary Co-operative bank after such commencement,".

⁴Substituted by Act 1 of 1984, for sub-clause (ii) (w.e.f. 15-2-1984).

⁵Inserted by Act 24 of 2004, w.r.e.f. 24-9-2004.

(a) no licence, granted to a multi-State co-operative society by the Reserve Bank under section 22, which was subsisting on the date of commencement of the Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, shall be invalid or be deemed ever to have been invalid merely by the reason of such judgment, decree or order;

(b) every licence, granted to a multi-State co-operative society by the Reserve Bank under section 22, which was subsisting on the date of commencement of the Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, shall be valid and be deemed always to have been validly granted in accordance with law;

(c) a multi-State co-operative society whose application for grant of licence for carrying on banking business was pending with the Reserve Bank on the date of commencement of the Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004 shall be eligible to carry on banking business until it is granted a licence in pursuance of section 22 or is, by a notice in writing notified by the Reserve Bank that the licence cannot be granted to it;]

(p) ¹[in section 23,--

(i) for sub-section (1), the following sub-section shall be substituted, namely:--]

"(1) Without obtaining the prior permission of the Reserve Bank, no co-operative bank shall open a new place of business or change otherwise than within the same city, town or village, the location of an existing place of business:

PROVIDED that nothing in this sub-section shall apply to--

(a) the opening for a period not exceeding one month of temporary place of business within a city, town or village or the environs thereof within which the co-operative bank already has a place of business, for the

¹Substituted by Act 61 of 1981, for certain words, figures and brackets, w.e.f. 1-5-1982.

purpose of affording banking facilities to the public on the occasion of an exhibition, a conference or a mela or any like occasion;

(b) the ¹[opening or changing the location of branches] by a Central co-operative bank within the area of its operation";

²[(ii) after sub-section (4), the following sub-section shall be inserted, namely:--

"(4A) Any co-operative bank other than a primary cooperative 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 sent 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."];

³[(q) in section 24,--

⁴[***]

⁵[(ii) for sub-section (2A), the following sub-section shall be substituted, namely:--

¹ Substituted by Act 58 of 1968, for "opening of branches" (w.e.f. 1-2-1969).

² Substituted by Act 1 of 1984, for sub-clause (ii) (w.e.f. 15-2-1984). Earlier sub-clause (ii) was inserted by Act 61 of 1981, Section 61 and Second Schedule, Pt. II (w.e.f. 1-5-1982).

³ Substituted by Act 1 of 1984, for clause (q), w.e.f. 29-3-1985.

⁴ Omitted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013. Prior to omission cl. (i) reads as under:-

"(i) in sub-section (1) the words "After the expiry of two years from the commencement of this Act" shall be omitted;"

⁵ Substituted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013 for the following : -

"(ii) for sub-sections (2) and (2A), the following sub-sections shall be substituted, namely:--

"(2) In computing the amount for the purposes of sub-section (1),--

(a) any balances maintained in India by a co-operative bank in current account with the Reserve Bank or by way of net balance in current accounts, and in the case of a scheduled State co-operative bank, also the balance required under section 42 of the Reserve Bank of India Act, 1934 (2 of 1934), to be so maintained,

(b) any balances maintained by a Central co-operative bank with the State cooperative bank of the State concerned, and

(c) any balances maintained by a primary co-operative bank with Central cooperative bank of the district concerned or with the State co-operative bank of the State concerned,

"(2A) A scheduled co-operative bank, in addition to the average daily balance which it is, or may be, required to maintain under section 42 of the Reserve Bank of India Act, 1934 (2 of 1934) and every other co-operative bank, in addition to the cash reserve which it is required to maintain under section 18, shall maintain in India, assets, the value of which shall not be less than such percentage not exceeding forty per cent, of the total of its demand and time liabilities in India as on last Friday of the second preceding fortnight as the Reserve Bank may, by notification in the Official

shall be deemed to be cash maintained in India.

(2A) (a) Notwithstanding anything contained in sub-section (1) or in sub-section (2), after the expiry of two years from the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965), or of such further period not exceeding one year as the Reserve Bank, having regard to the interests of the co-operative bank concerned, may think fit in any particular case to allow--

(i) a scheduled State co-operative bank, in addition to the average daily balance which it is or may be, required to maintain under section 42 of the Reserve Bank of India Act, 1934 (2 of 1934), and

(ii) every other co-operative bank, in addition to the cash reserve which is required to maintain under section 18,

shall maintain in India, in cash, or in gold valued at a price not exceeding the current market price or in unencumbered approved securities valued at a price determined in accordance with such one or more of, or combination of, the following methods of valuation namely, valuation with reference to cost price, market price, book value or face value, as may be specified by the Reserve Bank from time to time, an amount which shall not, at the close of business on any day, be less than twenty-five per cent. or such other percentage not exceeding four per cent. as the Reserve Bank may, from time to time, by notification in the Official Gazette, specify, of the total of its demand and time liabilities in India, as on the last Friday of the second preceding fortnight.

(b) In computing the amount for the purpose of clause (a), the following shall be deemed to be cash maintained in India, namely:--

(i) any balance maintained by scheduled State co-operative bank with the Reserve Bank in excess of the balance required to be maintained by it under section 42 of the Reserve Bank of India Act, 1934 (2 of 1934);

(ii) any cash or balances maintained in India by a co-operative bank, other than a scheduled State co-operative bank, with itself or with the State co-operative bank of the State concerned, or in current account with the Reserve Bank or by way of net balance in current accounts and, in the case of a primary cooperative bank, also any balances maintained with the Central co-operative bank of the district concerned, in excess of the aggregate of the cash or balances required to be maintained under section 18;

(iii) any net balance in current accounts.

Explanation.--For the purposes of this sub-section--

(a) approved securities or a portion thereof, representing investment of monies of Agricultural Credit Stabilisation Fund of a co-operative bank shall not be deemed to be un encumber approved securities;

(b) in case a co-operative bank has taken an advance against any balance maintained with the State co-operative bank of the State concerned or with the Central co-operative bank of the district concerned, such balance to the extent to which it has been drawn against or availed of shall not be deemed to be cash maintained in India;

(c) for the purpose of clause (a), the market price of an approved security shall be the price as on the date of the issue of the notification or as on any earlier or later date as may be notified from time to time by the Reserve Bank in respect of any class or classes of securities;".

Gazette, specify from time to time and such assets shall be maintained in such form and manner, as may be specified in such notification."]

(iii) in sub-section (3) for the proviso, the following proviso shall be substituted, namely:--

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

(iv) in sub-section (6), in clause (a), for the words "fourteen days", the words "thirty days" shall be substituted;]

¹[(qq) after section 24, the following section shall be inserted, namely:--

"24A. Power to exempt.--Without prejudice to the provisions of section 53, the Reserve Bank may, by notification in the Official Gazette, declare that, for such period and subject to such conditions as may be specified in such notification the whole or any part of the provisions of section 18 or section 24, as may be specified therein, shall not apply to any co-operative bank or class of co-operative banks, with reference to all or any of the offices of such co-operative bank or banks, or with reference to the whole or any part of the assets and liabilities of such co-operative bank or banks."];

(r) section 25 shall be omitted;

²[(ri) in the second proviso to section 26, for the expression "regional rural Bank" the expression "co-operative bank, other than a primary cooperative bank" shall be substituted;

³[(ria) in section 26A, for the words "banking companies", the words "cooperative 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 Banks, under sub-section (1) also to the National Bank and the powers exercisable by the Reserve Bank under sub-section (2)

¹ Inserted by Act 1 of 1984, w.e.f. 15-2-1984.

² Inserted by Act 61 of 1981, w.e.f. 1-5-1982.

³ Inserted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013.

may also be exercised by the National Bank in relation to cooperative banks, other than primary co-operative banks".];

(s) for ¹[sections 29], the following section shall be substituted namely:--

"29. Accounts and Balance Sheet.--(1) At the expiration of each year ending with the 30th day of June, ²[or at the expiration of a period of twelve months ending with such date as the Central Government may, by notification in the Official Gazette, specify in this behalf] every co-operative bank, in respect of all business transacted by it, shall prepare with reference to that year ³[or the period] a balance sheet and profit and loss account as on the last working day of the year ⁴ [or the period] in the Forms set out in the Third Schedule as near thereto as circumstances admit:

(2) The balance-sheet and profit and loss account shall be signed by the manager or the principal officer of the bank and where there are more than three Directors of the bank, by at least three of those Directors, or where there are not more than three Directors, by all the Directors.

(3) The Central Government, after giving not less than three months' notice of its intention so to do by a notification in the Official Gazette, may from time to time by a like notification amend the Forms set out in the Third Schedule.";

⁵ [PROVIDED that with a view to facilitating the transition from one period of accounting to another period of accounting under this subsection, the Central Government may, by order published in the Official Gazette, make such provisions as it considers necessary or expedient for the preparation of, or for other matters relating to, the balance-sheet or profit and loss account in respect of the concerned year or period, as the case may be.]

⁶[(sa) for section 30, the following section shall be substituted, namely:--

"30. Audit.--(1) Without prejudice to anything contained in any other law for the time being in force, where the Reserve Bank is

¹ Substituted by the Banking Laws (Amendment) Act, 2012 (Act No.4 of 2013) w.e.f. 18.01.2013 for the following : - "sections 29 and 30"

² Inserted by Act 54 of 1991, (w.e.f. 20-12-1991).

³ Inserted by Act 54 of 1991, (w.e.f. 20-12-1991).

⁴ Inserted by Act 54 of 1991, (w.e.f. 20-12-1991).

⁵ Inserted by Act 54 of 1991, (w.e.f. 20-12-1991).

⁶ Inserted by the Banking Laws (Amendment) Act, 2012 (Act No. 4 of 2013) w.e.f. 18.01.2013.

satisfied that it is necessary in the public interest or in the interest of the co-operative bank or its depositors so to do, it may at any time by general or special order direct that an additional audit of the cooperative bank accounts, for any such transactions or class of transactions or for such period or periods as may be specified in the order, shall be conducted and may by the same or a different order appoint a person duly qualified under any law for the time being in force to be an auditor of companies to conduct such audit, and the auditor shall comply with such directions and make a report of such audit to the Reserve Bank and forward a copy thereof to the cooperative bank.

(2) The expenses of, or incidental to, the additional audit specified in the order made by the Reserve Bank shall be borne by the cooperative bank.

(3) The auditor referred to in sub-section (1) shall have such powers, exercise such functions vested in and discharge the duties and be subject to the liabilities and penalties imposed on auditors of companies by section 227 of the Companies Act, 1956 (1 of 1956) and also that of the auditors, if any, appointed by the law establishing, constituting or forming the co-operative bank to the extent the provisions of the Companies Act, 1956 are not inconsistent with the provisions of such law.

(4) In addition to the matters referred to in the order under subsection (1) the auditor shall state in his report--

(a) whether or not the information and explanation required by him have been found to be satisfactory;

(b) whether or not the transactions of the co-operative bank which came to his notice have been within the powers of the cooperative bank;

(c) whether or not the returns received from branch offices of the co-operative bank have been found adequate for the purpose of his audit;

(d) whether the profit and loss accounts, shows a true balance or profit or loss for the period covered by such account;

(e) any other matter which he considers should be brought to the notice of the Reserve Bank and the shareholders of the cooperative bank."]

¹[(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 National Bank.";]

(u) sections 32 to 34 shall be omitted;

(v) in section 34A, sub-section (3) shall be omitted;

(w) in section 35,--

(i) in sub-section (1),--

(a) for the words and figures "section 235 of the Companies Act, 1956 (1 of 1956)", the words "any law relating to cooperative societies for the time being in force" shall be substituted;

²[(b) the following proviso shall be inserted at the end, namely:--

"PROVIDED that the Reserve Bank may, if it considers it necessary or expedient so to do, cause an inspection to be made of a primary co-operative bank under this sub-section by one or more officers of a State co-operative bank in the State in which such primary co-operative bank is registered."];

(ii) in sub-section (4), clause (b) shall be omitted.

¹[(iii) after sub-section (4), the following sub-section shall be inserted, namely:--

¹ Substituted by Act 61 of 1981, for clause (t) (w.e.f. 1-5-1982).

² Substituted by Act 1 of 1984, (w.e.f. 15-2-1984).

"(4A) Without prejudice to the provisions of sub-section (4), the Reserve Bank may, if it considers it necessary or expedient so to do supply a copy of the report on any inspection or scrutiny to the State co-operative bank and the Registrar of co-operative societies of the State in which the bank which has been inspected or whose affairs have been scrutinised is registered."];

²[(iv)] in sub-section (6), for the expressions "regional rural banks" and "regional rural bank", wherever they occur, the expressions "cooperative banks other than primary co-operative banks" and "cooperative bank other than a primary co-operative bank" shall, respectively, be substituted.

³[(v)] the Explanation shall be omitted;

(x) in section 35A, in sub-section (1), in clause (c), for the words "any banking company", the words "the banking business of any cooperative bank" shall be substituted;

(y) section 35B shall be omitted;

⁴[(z) in section 36, in sub-section (1),--

(a) clause (b) shall be omitted;

(b) for clause (d), the following clause shall be substituted, namely:-

-

(d) at any time, if it is satisfied that for the reorganisation or expansion of co-operative credit on sound lines it is necessary so to do by an order in writing and on such terms and conditions as may be specified therein,--

(i) depute one or more of its officers to watch the proceedings at any meeting of the Board of Directors of the co-operative bank or of any other body constituted by it and require the co-operative bank to give an opportunity to the officer so deputed to be heard at such meetings and to offer such advice on such matters as the officer may consider necessary or proper for the reorganisation and expansion of co-

¹ Inserted by Act 1 of 1984, (w.e.f. 15-2-1984).

² Sub-clause (iii) renumbered as sub-clause (iv) by Act 1 of 1984, (w.e.f. 15-2-1984).

³ Sub-clause (iv) renumbered as sub-clause (v) by Act 1 of 1984, (w.e.f. 15-2-1984).

⁴ Substituted by Act 1 of 1984, for clause (z) (w.e.f. 15-2-1984).

operative credit on sound lines, and also require such officer to send a report of such proceedings to the Reserve Bank;

(ii) appoint one or more of its officers to observe the manner in which the affairs of the co-operative bank or its offices or branches are being conducted and make a report thereon;"];

(za) in section 36A,--

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

"(1) The provisions of section 11, section 18 and section 24 shall not apply to a co-operative bank which has been refused a licence under section 22 of whose licence has been cancelled under that section or which is or has been prohibited or precluded from accepting deposits by virtue of any order made under this Act or of any alteration made in its bye-laws.";

(ii) after sub-section (2), the following sub-section shall be inserted, namely:--

"(3) Subject to the provisions of sub-sections (1) and (2), a cooperative society carrying on business as a primary co-operative bank at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965), or a co-operative society which becomes a primary co-operative bank after such commencement shall, notwithstanding that it does not at any time thereafter satisfy the requirements of the definition of primary co-operative bank ¹[in clause (ccv) of section 5], continue to be a primary co-operative bank within the meaning of this Act, and may, with the approval of the Reserve Bank and subject to such terms and conditions as the Reserve Bank may specify in that behalf, continue to carry on the business of banking.";

²[(zaa) after section 36AA of the principal Act, the following sections shall be inserted, namely:--

¹ Substituted by Act 1 of 1984, for "in clause (ccc) of section 5" (w.e.f. 15-2-1984).

² Substituted by Act 24 of 2004, for clause (zaa) (w.r.e.f. 24-9-2004).

"36AAA. Supersession of Board of Directors of a multi-State co-operative bank.--

(1) Where the Reserve Bank is satisfied in the public interest or for preventing the affairs of a multi-State co-operative bank being conducted in a manner detrimental to the interest of the depositors or of the multi-State co-operative bank or for securing the proper management of the multi-State co-operative bank, it is necessary so to do, the Reserve Bank may, for reasons to be recorded in writing, by order, supersede the Board of Directors of such multi-State cooperative bank for a period not exceeding five years as may be specified in the order, which may be extended from time to time, so, however, that total period shall not exceed five years.

(2) The Reserve Bank may, on supersession of the Board of Directors of the multi-State co-operative bank under sub-section (1) appoint an Administrator for such period as it may determine.

(3) The Reserve Bank may issue directions to the Administrator as it may deem appropriate and the Administrator shall be bound to follow such directions.

(4) Upon making the order of supersession of the Board of Directors of a multi-State co-operative bank,--

(a) the Chairman, Managing Director and other Directors as from the date of supersession of the Board shall vacate their offices as such;

(b) all the powers, functions and duties, which may, by or under the provisions of the Multi-State Co-operative Societies Act, 2002 (39 of 2002) or this Act or any other law for the time being in force, be exercised and discharged by or on behalf of the Board of Directors of such a multi-State co-operative bank or by a resolution passed in general meeting of such co-operative bank, shall, until the Board of Directors of such co-operative bank is reconstituted, be exercised and discharged by the Administrator appointed by the Reserve Bank under sub-section (2):

PROVIDED that the power exercised by the Administrator shall be valid notwithstanding that such power is exercisable by a resolution passed in

the general meeting of such multi-State cooperative bank.

(5)(a) The Reserve Bank may constitute a committee of three or more persons who have experience in law, finance, banking, administration or accountancy to assist the Administrator in discharge of his duties.

(b) The committee shall meet at such times and places and observe such rules of procedure as may be specified by the Reserve Bank.

(6) The salary and allowances to the Administrator and the members of the committee constituted by the Reserve Bank shall be such as may be specified by the Reserve Bank and be payable by the concerned multi-State co-operative bank.

(7) On and before expiration of period of supersession of the Board of Directors as specified in the order issued under subsection (1), the Administrator of the multi-State co-operative bank shall call the general meeting of the society to elect new Directors.

(8) Notwithstanding anything, contained in any other law or in any contract, or bye-laws of a multi-State co-operative bank, no person shall be entitled to claim any compensation for the loss or termination of his office.

(9) The Administrator appointed under sub-section (2) shall vacate office immediately after the Board of Directors of the multi-State co-operative society has been constituted.

36AAB. Order of winding up multi-State co-operative bank to be final in certain cases.--Where a multi-State co-operative bank, being an eligible co-operative bank, has been registered under section 13A of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (47 of 1961) as an insured bank, and subsequently--

(a) in pursuance of a scheme prepared with the previous approval of the Reserve Bank under section 18 of the Multi-State Cooperative Societies Act, 2002 (39 of 2002) an order sanctioning a scheme of compromise and arrangement or reorganisation or reconstruction has been made; or

(b) on requisition by the Reserve Bank, an order for winding up of the multi-State co-operative bank has been made

under section 87 of the Multi-State Co-operative Societies Act, 2002 (39 of 2002); or

(c) an order for the supersession of the Board and the appointment of an Administrator therefor has been made under section 36AAA, such order for sanctioning the scheme of compromise and arrangement or reorganisation or reconstruction under clause (a) or the winding up of the multi-State co-operative bank under clause (b) or an order for the supersession of the Board and the appointment of an Administrator under clause (c) shall not be liable to be called in question in any manner.

36AAC. Reimbursement to the Deposit Insurance Corporation by liquidator or transferee bank.--Where a multi-State co-operative bank, being an insured bank within the meaning of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (47 of 1961) is wound up and the Deposit Insurance Corporation has become liable to the depositors of the insured bank under sub-section (1) or sub-section (2) of section 16 of that Act, the Deposit Insurance Corporation shall be reimbursed by the liquidator or such other person in the circumstances, to the extent and in the manner provided in section 21 of that Act."

(zab) in section 36AD, sub-section (3) shall be omitted;]

(zb) ¹[Part IIA except Sections 36AAA, 36AAB and 36AAC], ²[Part IIC], Part III, except sub-sections (1), (2) and (3) of section 45, and Part IIIA except section 45W shall be omitted;

³[(zc) in section 46,--

(i) in sub-section (4) the word "or" occurring at the end of clause (i) and clause (ii) shall be omitted;

(ii) in clause (a) of the Explanation, after the words "includes a", the words "co-operative society" shall be inserted;]

(zd) in section 47, the words, brackets, figures and letters "sub-section (5) of section 36AA or" shall be omitted;

(ze) section 49 shall be omitted;

¹ Substituted by Act 24 of 2004, for "Part IIA" (w.r.e.f. 24-9-2004).

² Inserted by Act 58 of 1968, (w.e.f. 1-2-1969).

³ Substituted by Act 1 of 1984, for clause (zc) (w.e.f. 15-2-1984).

(zf) in section 49A, for the proviso, the following proviso shall be substituted, namely:--

"PROVIDED that nothing contained in this section shall apply to--

(a) a primary credit society--

(b) any other co-operative society accepting such deposits at the commencement of the Banking Laws (Application to Cooperative Societies) Act, 1965 (23 of 1965), for a period of one year from the date of such commencement; and

(c) any savings bank scheme run by the Government";

(zg) sections 49B and 49C shall be omitted;

(zh) in section 50, the figures and letters "10, 12A, 16", "35B", and "43A" shall be omitted;

(zi) section 51 shall be omitted;

(zj) in section 52,--

(i) in sub-section (2) the words, figures and letter "and the form in which official liquidator may file lists of debtors to the court jurisdiction under Part III or Part IIIA and the particulars which such lists may contain" shall be omitted;

(ii) sub-section (4) shall be omitted;

¹[(zji) in section 54, after the expression "Reserve Bank", wherever it occurs, the expression "or the National Bank" shall be inserted;]

(zk) For section 55 and the First Schedule, the following section shall be substituted, namely:--

"55. Act 18 of 1891 and Act 46 of 1949 to apply in relation to co-operative banks.--(1) The Bankers' Books Evidence Act, 1891 (18 of 1891) shall apply in relation to a co-operative bank as it applies in relation to a bank as defined in section 2 of that Act.

(2) The Banking Companies (Legal Practitioners' Clients' Accounts) Act, 1949 (46 of 1949) shall apply in relation to a co-operative bank as it applies in relation to a banking company as defined in section 2 of that Act.";

¹ Inserted by Act 61 of 1981, (w.e.f. 1-5-1982).

(zl) for the Third Schedule and the Fourth Schedule, the following Schedule shall be substituted, namely:--

"THE THIRD
SCHEDULE" [See Section
29] FORM A
Form of Balance-Sheet

CAPITAL AND LIABILITIES

PROPERTY AND ASSETS

Rs. P. Rs. P.

Rs. P. Rs. P.

1. Capital: 1. Cash

- (i) Authorised capital
 - ...Shares of Rs each
 - ...Shares of Rs each
 - ..
- (ii) Subscribed capital
 - ..Shares of Rs each
 - ..Shares of Rs each

In hand and with Reserve Bank
[¹the National Bank], State Bank
of India, State Co-operative Bank
and Central Co-operative Bank
.....

-
- (iii) Amount called up
 - On shares at Rs.....
 - each less calls unpaid
 - On .. shares at Rs...
 - each less calls unpaid
 - Of (iii) above held by
 - (a) Individuals
 - (b) Co-operative institutions.
 - (c) State Government

2. Balances with other banks

- (i) Current deposits
- (ii) Savings bank deposits
- (iii) Fixed Deposit

2. Reserve Fund and other reserves :

-:
- (i) Statutory Reserve.
- (ii) Agricultural (Credit
Stabilization Fund).
securities (iii) Building Fund
operative
- (iv) Dividend Equalization
Fund

3. Money at call and short Notice

4. Investments

- (i) In Central and State
Government securities (at book

value).....

- Face value Rs
- Market value Rs .
- (ii) Other trustee
- (iii) Shares in co-

institutions other than in item (5)
below.....

¹ Inserted by Act 61 of 1981, w.e.f. 1-5-1982

CAPITAL AND LIABILITIES

PROPERTY AND ASSETS

Rs. P. Rs. P.	Rs. P. Rs. P.
(v) Special Bad Debts Reserve.....	(iv) Other investments (to be Specified
(vi) Bad and Doubtful Debts Reserve.....	5. Investments out of the Principal/ Subsidiary State Partnership Fund In shares of-
(vii) Investment Depreciation Reserve.....	
(viii) Other funds and reserves (to be specified)	
....	
3. Principal/Subsidiary State Partnership Fund Account:	(i) Central Co-operative Banks.....
For share capital of-	(ii) Primary agricultural credit societies.....
.....	(iii) Other societies
(i) Central Co-operative Banks	
(ii) Primary agricultural credit societies	6. Advances:
(iii) Other societies.....	(i) Short-term loans, cash credits, overdrafts and bills discounted.....
4. Deposits and other accounts:	Of which secured against-
other	(a) Government and
(i) Fixed deposits* approved securities	(b) Other tangible securities@
(a) Individuals"	Of the advances, amount due from Individuals.....
(b) Central Co-operative Banks.....	Of the advances,
(c) Other societies.....	amount
(ii) Savings bank deposits-	overdue
amount	Considered bad and doubtful of recovery.....
(a) Individuals**	(ii) Medium-term loans.....
(b) Central co-operative banks.....	Of which secured against
(c) Other societies.....	(a) Government and other
(iii) Current deposits.....	
(a) Individuals**	

CAPITAL AND LIABILITIES

PROPERTY AND ASSETS

Rs. P. Rs. P.

Rs. P. Rs. P.

- (b) Central Co-operative banks.....
- (c) Other societies

- approved securities.....
- (b) Other tangible securities@.....

- (iv) Money at call and short from notice

- Of the advances, amount due individuals

5. Borrowings*:

- Of the advances, amount overdue Considered bad and doubtful of recovery.....

- (i) From the Reserve Bank ¹[the National Bank] of India/State/ Central Co-operative Bank

- (iii) Long-term loans

- (a) Short-term loans, cash credits against- and over-drafts- other

- Of which secured (a) Government and

Of which secured against—approved securities

- (b) Other tangible securities @.....

- (A) Government and other approved securities.....

- (B) Other tangible securities @.....

- Of the advances, amount due from individuals

- (b) Medium-term loans overdue: Of which secured against- of

- Of the advances, amount Considered bad and doubtful recovery.....

- (A) Government and other approved securities

- (B) Other tangible securities @

- (c) Long-term loans

7. Interest receivable

Of which secured against

- Of which overdue ... Considered bad and doubtful of recovery

- (A) Government and other approved securities.....

- (B) Other tangible securities@

- (ii) From the State Bank of India- **for** (a) Short-term loans, cash credits *contra*..... and overdrafts

8. Bills receivable being bills collection as per

Of which secured against

¹ Inserted by Act 61 of 1981, w.e.f. 1-5-1982

CAPITAL AND LIABILITIES

PROPERTY AND ASSETS

Rs. P. Rs. P.

Rs. P. Rs. P.

(A) Government and other approved securities
adjustments.....
 (B) Other tangible Securities@

(b) Medium-term loans
 Of which secured against-

(A) less depreciation.....
 approved securities.....
 (B) Other tangible securities@
 (c) Long-term loans

.....
 Of which secured against

(A) Government and other approved securities
 (B) Other tangible securities@.....
 (iii) From the State Government-

·

(a) Short-term loans
 Of which secured against

(A) Government and other approved securities@
(B) Other tangible mode
 Securities
 (b) Medium-term loans
 Of which secured against-

(A) and Loss

9. Branch

Government and other **10. Premises**

11. Furniture and fixtures less

depreciation.....

12. Other assets (to be

specified).....

13. Non-banking assets acquired satisfaction of claims (stating of valuation)

Government and other **14. Profit**

approved securities

CAPITAL AND LIABILITIES

PROPERTY AND ASSETS

Rs. P. Rs. P.

Rs. P. Rs. P.

(B) Other tangible securities@

 (c) Long-term loans
 Of which secured
 against-
 (A) Government and other approved securities

 (B) Other tangible securities@
 (iv) Loans from other sources
 (source and security to be specified)

6. Bills for collection being bills receivable as per contra

.....

7. Branch adjustments

8. Overdue Interest Reserve

9. Interest payable

10. Other Liabilities

- (i) Bills payable
- (ii) Unclaimed dividends
- (iii) Suspense
- iv) Sundries
-

11. Profit and Loss

Profit as per last balance sheet

 Less appropriations
 Add profit for the year brought from the Profit and Loss Accounts

CAPITAL AND LIABILITIES

PROPERTY AND ASSETS

Rs. P. Rs. P.

Rs. P. Rs. P.

Total

Total

CONTINGENT LIABILITIES-

(i) Outstanding liabilities for
guarantees issued

(ii) Others

Total

NOTES

* "Fixed deposits" will include reserve fund, deposits of societies, employees' provident fund deposit, staff security deposits, recurring deposits, cash certificates, etc.

** Under the item "individuals" deposits from institutions other than co-operative bank and societies may be included.

***"Borrowings" and "Advances".-Short-terms loan will be for periods up to 15 months, medium-terms loans from 15 months to 5 years and long-terms loans over 5 years.

@ "Other tangible security" will include borrowing against gold and gold ornaments, repledge of goods, mortgage of land, etc.

General Instructions.-The corresponding figures (to the nearest rupee if so desired) for the year immediately preceding the year to which the balance-sheet relates should be shown in separate columns.

FORM B
FORM OF PROFIT AND LOSS ACCOUNT

Profit and Loss account for the year ended

EXPENDITURE	INCOME
Rs. P. Rs. P.	Rs. P. Rs. P.
1. Interest on deposits, discount borrowing, etc	1. Interest and
2. Salaries and allowances and provident fund	2. Commissions exchange and brokerage
3. Directors' and local committee dona- members' fees and allowances.....	3. Subsidies and tions
4. Rent, taxes, insurance, non- lighting, etc . and	4. Income from banking assets profit from sale of or dealing with such assets..... ...
5. Law charges	5. Other receipts
6. Postage, telegrams and telephone charges	6. Loss (if any)
7. Auditor's fees	
8. Depreciation and repairs to property	
9. Stationery, printing and advertisement, etc	
10. Loss from sale of or dealing with non-banking assets	
11. Other expenditure	
12. Balance of profit	

Total

Total

General Instructions.-The corresponding figures (to the nearest rupee, if so desired) for the year immediately preceding the year to which the profit and loss account relates should be shown in separate columns."]

THE FIRST SCHEDULE

(See section 55)

AMENDMENTS

Year No.		Short title	Amendments
1	2	3	4
1934	2	The Reserve Bank of India Act, 1934	<p>(1) In section 17, to clause (15A), the following shall be added, namely :—</p> <p>"and under the Banking Companies Act, 1949."</p> <p>(2) (a) Section 18 shall be renumbered as sub- section (1) of that section and in sub-section (1) as so renumbered,—</p> <p>(i) in clause (3) after the words "of that section", the following words shall be added, namely:</p> <p>"or when the loan or advance, is made to banking company as defined in the Banking Companies Act, 1949, against such other form of security as the Bank may consider sufficient";</p> <p>(ii) for the words "under this section" wherever the occur, the words "under this sub- section" shall be substituted;</p> <p>(a) after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—</p> <p>"(2) Where a banking company to which a loan or advance has been made under the provisions of clause (3) of sub-section (1) is wound up, any sums due to the Bank in respect of such loan or advance, shall subject only to the claims, if any, of any other banking company in respect of any prior loan or advance made by such banking company against any security, be a first charge on the assets of the banking company."</p> <p>(3) In section 42, for sub-section (6) the following sub-section shall be substituted, namely:—</p> <p>"(6) The bank shall, save as hereinafter provided, by notification in the Gazette of India,—</p>

(a) direct the inclusion in the Second Schedule of any bank not already so included which carries on the business of banking in any Province of India and which—

(i) has a paid-up capital and reserves of an aggregate value of not less than five lakhs of rupees, and

(ii) satisfies the Bank that its affairs are not being conducted in a manner detrimental to the interests of its depositors; and

(iii) is a company as defined in clause (2) of section 2 of the Indian Companies Act, 1913 (7 of 1913) or a corporation or a company incorporated by or under any law in force in any place outside the Provinces of India;

(b) direct the exclusion from that Schedule of any scheduled bank—

(i) the aggregate value of whose paid-up capital and reserves becomes at any time less than five lakhs of rupees, or

(ii) which is, in the opinion of the Bank after making an inspection under section 35 of the Banking Companies Act, 1949, conducting its affairs to the detriment of the interests of its depositors, or

(iii) which goes into liquidation or otherwise ceases to carry on banking business:

PROVIDED that the Bank may, on application of the scheduled bank concerned and subject to such conditions, if any, as it may impose, defer the making of a direction under sub-clause (i) or sub-clauses (ii) of clause (b) for such period as the bank considers reasonable to give the scheduled bank and opportunity of increasing the aggregate value of its paid-up capital and reserves to not less than five lakhs of rupees or, as the case may be, of removing the defects in the conduct of its affairs;

(c) alter the description in that Schedule whenever any scheduled bank changes its name.

Explanation—In this sub-section the expression ‘value’ means the real or exchangeable value and not the nominal value which may be shown in the books of the

bank concerned; and if any dispute arises in computing the aggregate value of the paid up capital and reserves of a bank, a determination thereof by the Bank shall be final for the purposes of this sub-section.

THE SECOND SCHEDULE

REPEALS

[Rep. by Repealing and Amending Act, 1957 (36 of 1957), Section 52 and Schedule 1]

THE THIRD SCHEDULE

(See section 29)

¹[Form A

Form of Balance Sheet

Balance Sheet of _____ (here enter name of the Banking Company)

Balance Sheet as on 31st March _____ (Year)

(000's omitted)

Capital and Liabilities	Schedule	As on 31-3-.... current year)	As on 31-.... (previous year)
Capital	1		
Reserves and surplus	2		
Deposits	3		
Borrowings	4		
Other liabilities and provisions	5		

¹Substituted by S.O. 240 (E), dated 26th March, 1992 w.e.f. 26-3-1992.

		_____	_____
	Total	_____	_____
ASSETS			
Cash and Balances with Reserve Bank of India	<u>6</u>		
Balances with Banks and money at call and short notice	<u>7</u>		
Investments	<u>8</u>		
Advances	<u>9</u>		
Fixed Assets	<u>10</u>		
Other Assets	<u>11</u>		
		_____	_____
	Total	_____	_____
Contingent liabilities	<u>12</u>		
Bill for collection			

SCHEDULE I

Capital

As on 31-3....	As on 31-3....
(current year)	(previous year)

I. For Nationalised Banks

Capital (Fully owned by Central Government)

II. For Banks incorporated outside India

Capital

(i) (The amount brought in by banks by way of Start-up capital as prescribed by RBI should be shown under this head)

(ii) Amount of deposit kept with the RBI Under section

11(2) of the Banking Regulation Act, 1949.

Total

III. For other Banks

Authorised Capital (Shares of Rs..... each)

Issued Capital (Shares of Rs..... each)

Subscribed Capital (Shares of Rs..... each)

Called-up Capital (Shares of Rs..... each)

Less :Calls unpaid

Add : Forfeited shares

SCHEDULE 2

Reserves and Surplus

As on 31-3....
(current year)

As on 31-3....
(previous year)

I. Statutory Reserves Opening

Balance Additions during
the year

Deductions during the year

II. Capital Reserves Opening

Balance Additions during
the year

Deductions during the year

III. Share premium Opening

Balance Additions during
the year

Deductions during the year

IV. Revenue and other Reserves

Opening Balance Additions

during the year Deductions

during the year

V. Balance of Profit and Loss Account

Total (I, II, III, IV and V)

SCHEDULE 3

Deposits

As on 31-3.... As on 31-3....
(current year) (previous year)

A. I. Demand Deposits

(i) From Banks

(ii) From others

II. Savings Bank Deposits

III. Term Deposits

(i) From Banks

(ii) From others

Total (I, II, III)

B. (i) Deposits of branches in India

(ii) Deposits of branches outside India

Total		
-------	--	--

SCHEDULE 4

Borrowings

	As on 31-3... (current year)	As on 31-3... (previous year)
I. Borrowing in India		
(i) Reserve Bank of India		
(ii) Other Banks		
(iii) Other institutions and agencies		
II. Borrowings outside India		
Total: (I and II)		

Secured borrowings included in I and II above-Rs.

SCHEDULE 5

Other Liabilities and Provisions

	As on 31-3... (current year)	As on 31-3... (previous year)
I. Bills payable		
II. Inter-office adjustments (net)		
III. Interests accrued		
IV. Others (Including provisions)		
Total:		

SCHEDULE 6

Cash and Balances with Reserve Bank of India

	As on 31-3.... (current year)	As on 31-3.... (previous year)
I. Cash in hand (Including foreign currency notes)		
II. Balance with Reserve Bank of India		
(i) in Current Account		
(ii) in other Accounts		
Total: (I and II)	_____	_____

SCHEDULE 7

Balances with banks and Money at Call and short Notice

	As on 31-3.... (current year)	As on 31-3.... (previous year)
I. In India		
(i) Balances with banks		
(a) In Current Accounts		
(b) In Other Deposit Accounts		
(ii) Money at call and short notice		
(a) With banks		
(b) With other institutions		
Total: (I and II)	_____	_____
II. Outside India		
(i) in Current Accounts		
(ii) in Other Deposit Accounts		

(iii) Money at call and short notice

Total: (I, II and III)	_____	_____
	_____	_____

Grant Total:	_____	_____
(I and II)	_____	_____

SCHEDULE 8

Investments

	As on 31-3.... (current year)	As on 31-3.... (previous year)
I. Investments in India in		
(i) Government Securities		
(ii) Other approved securities		
(iii) Shares		
(iv) Debentures and Bonds		
(v) Subsidiaries and/or joint ventures		
(vi) Others (to be specified)		
	_____	_____
Total:	_____	_____
II. Investments outside India in		
(i) Government securities (Including local authorities)		
(ii) Subsidiaries and/or joint ventures abroad		

(iii) Other investments (to be specified)

Total:	_____	_____
Grand Total (I and II)	_____	_____

SCHEDULE 9

Advances

A. (i) Bills purchased and discounted

(ii) Cash credits, overdrafts and loans
repayable on demand

(iii) Term loans

Total:	_____	_____
--------	-------	-------

B. (i) Secured by tangible assets

(ii) Covered by Bank/Government
Guarantees

(iii) Unsecured

Total:	_____	_____
--------	-------	-------

C. I. Advances in India

(i) Priority sectors

(ii) Public sector

(iii) Banks

(iv) Others

Total:	_____	_____
--------	-------	-------

II. Advances Outside India

(i) Due from banks

(ii) Due from others

(a) Bills purchased and discounted

(b) Syndicated loans

(c) Others

Total:

Grand Total; (C.I. & C.II)

_____	_____
_____	_____
_____	_____
_____	_____

SCHEDULE 10

Fixed Assets

As on 31-3....

As on 31-3....

(current year)

(previous year)

I. Premises

At cost as on 31st March of the preceding year

Additions during the year

Deductions during the year

Depreciation to date

II. Other Fixed Assets (including furniture and fixtures)

At cost as on 31st March of the preceding year

Additions during the year

Deductions during the year

Depreciation to date

	_____	_____
Total: (I and II)	_____	_____

SCHEDULE 11

Other Assets

	As on 31-3....	As on 31-3....
	(current year)	(previous year)

I. Inter-office adjustment (net)

II. Interest accrued

III. Tax paid in advance/tax deducted at source

IV. Stationery and stamps

V. Non-banking assets acquired in satisfaction of claims

VI. Others*

	_____	_____
Total:	_____	_____

SCHEDULE 12

Contingent Liabilities

	As on 31-3....	As on 31-3....
	(current year)	(previous year)

I. Claims against the bank not acknowledged as debts

II. Liability for partly paid investments

III. Liability on account of outstanding

forward exchange contracts

IV. Guarantees given on behalf of constituents

(a) In India

(b) Outside India

V. Acceptances, endorsements and other obligations

VI. Other items for which the bank is contingently Liable

Total:

FORM 'B'

Form of Profit and Loss Account for the year ended 31st March (year)

	Schedule No.	Year ended 31-3 (current year)	Year ended 31-3 (previous year)
I. Income			
Interest earned	13		
Other Income	14		
		_____	_____
	Total:	_____	_____
II. Expenditure			
Interest expended	15		
Operating expenses	16		
Provisions and contingencies			
		_____	_____

	Total:			
III. Profit/Loss				
Net Profit/Loss (-) for the year				
Profit/Loss (-) brought forward				
	Total:			
IV. Appropriations				
Transfer to statutory reserves				
Transfer to other reserves				
Transfer to Government/proposed dividend				
Balance carried over to balancesheet				
	Total:			

SCHEDULE 13

Interest Earned

	Year ended on 31-3 (current year)	Year ended on 31-3 (previous year)
I. Interest/discount on advance/bills		
II. Income on investments		
III. Interest on balances with Reserve Bank of India and other inter-bank funds		
IV. Others		

Total:		

SCHEDULE 14

Other Income

	Year ended on 31-3..... (current year)	Year ended on 31-3..... (previous year)
I. Commission, exchange and brokerage		
II. Profit on sale of investments		
Less : Loss on sale of investments		
III. Profit on revaluation of investments		
Less : Loss on revaluation of investments		
IV. Profit on sale of land, buildings and other assets		
Less : Loss on sale of land, buildings and other assets		
V. Profit on exchange transactions		
Less : Loss on exchange transactions		
VI. Income earned by way of dividends etc.		
from subsidiaries/companies and/or joint ventures abroad/in India		
VII. Miscellaneous Income		
Total:		

SCHEDULE 15

Interest Expended

	Year ended on 31-3..... (current year)	Year ended on 31-3..... (previous year)
I. Interest on deposits		
II. Interest on Reserve Bank of India/ Inter-back borrowings		
III. Others		
	_____	_____
Total:	_____	_____

SCHEDULE 16

Operating Expenses

	Year ended on 31-3..... (current year)	Year ended on 31-3..... (previous year)
I. Payments to and provisions for employees		
II. Rent, taxes and lighting		
III. Printing and stationery		
IV. Advertisement and publicity		
V. Depreciation on Bank's property		
VI. Director's fees, allowances and expenses		
VII. Auditors' fees and expenses (Including branch auditors)		
VIII. Law charges		
IX. Postages, Telegrams, Telephones, etc.		
X. Repairs and maintenance		
XI. Insurance		

XII. Other expenditure

Total:

¹[THE FOURTH SCHEDULE

[See section 45D(2)]

List of Debtors

1. The official liquidator shall from time to time submit list of debtors to the High Court, each list being verified by an affidavit.
2. Every such list shall contain the following particulars:
 - (a) names and addresses of the debtors;
 - (b) amount of debt due to the banking company by each debtor;
 - (c) rate of interest, if any, and the date up to which such interest has been calculated in the case of each debtor;
 - (d) description of papers, writings, and documents, if any, relating to each debt;
 - (e) relief or reliefs claimed against each debtor.
3. (a) In every such list, the official liquidator shall distinguish between the debts for which the banking company holds and security other than a personal security and the debts for which no security or only a personal security is given;
 - (b) In the case of secured debts, particulars of the securities claimed by the banking company, and whenever possible their estimated value, and the

¹ Inserted by Act 52 of 1953.

names and addresses of person or persons, if any, having an interest in the securities or the right of redemption therein;

(c) In case the debt is guaranteed by any person or persons, the name and address of the guarantor or guarantors with particulars as to the extent to which the debt is guaranteed and description of documents, papers or writings in support of such guarantee.

4. If the debtor is adjudged insolvent either before or after he has been included in any such list, but before such list is settled, the name and address of the assignee or the receiver of his estate, as the case may be, should be stated in, or added to, the list.

5. If the original debtor dies either before or after he has been included in any such list, but before such list is settled, there shall be substituted in his place the names and addresses of his legal representatives as far as the official liquidator is able to ascertain.]

¹[**THE FIFTH SCHEDULE**

(See section 36AG)

Principles of Compensation

1. The compensation to be given under section 36AG shall be an amount equal to the value of the assets of the acquired bank as on the day immediately before the appointed day, computed in accordance with the provisions of Part I of this Schedule less the total amount of liabilities thereof computed in accordance with the provisions of Part II of this Schedule.

Part I-Assets

For the purposes of this Part "assets" means the total of the following: -

(a) the amount of cash in hand and with the Reserve Bank and the State Bank of India (including foreign currency notes which shall be converted at the market rate of exchange);

¹ Inserted by Act 58 of 1968, w.e.f. 1-2-1969.

(b) the amount of balances with any bank, whether on deposit or current account, and money at call and short notice, balance held outside India being converted at the market rate of exchange:

PROVIDED that any balance which are not realisable in full shall be deemed to be debts and valued accordingly; --

(c) the market value, as on the day immediately before the appointed day, of any securities, shares debentures, bonds and other investments, held by the bank concerned.

Explanation.-For the purposes of this clause,-

(i) securities of the Central and State Governments [other than the securities specified in sub-clauses (ii) and (iii) of this Explanation] maturing for redemption, within five years from the appointed day shall be valued at the face value or the market value, whichever is higher;

(ii) securities of the Central Government, such as Post Office Certificates and Treasury Savings Deposit Certificates and any other securities or certificates issued or to be issued under the Small Savings Scheme of the Central Government, shall be valued at their face value or the encashable value of the market value, as on the day immediately before the appointed day, whichever is higher;

(iii) where the market value of any Government security such as the zamindari abolition bonds or other similar security in respect of which the principal is payable in installment, is not ascertainable or is, for any reason, not considered as reflecting the fair value thereof or as otherwise appropriate, the security shall be valued at such an amount as is considered reasonable having regard to the installments of principal and interest remaining to be paid, the period during which such installments are payable, the yield of any security, issued by the Government to which the security pertains and having the same or approximately the same maturity, and other relevant factors;

(iv) where the market value of any security, share, debenture, bond or other investment is not considered reasonable by reason of its having

been affected by abnormal factors, the investment may be valued on the basis of its average market value over any reasonable period;

(v) where the market value of any security, share, debenture, bond or other investment is not ascertainable, only such value, if any, shall be taken into account as is considered reasonable having regard to the financial position of the issuing concern, the dividend paid by it during the preceding five years and other relevant factors;

(d) the amount of advances (including loans, cash, credits, overdrafts, bills purchased and discounted), and other debts, whether secured or unsecured, to the extent to which they are reasonably considered recoverable, having regard to the value of the security, if any, the operations on the account, the reported worth and respectability of the borrower, the prospects of realisation and other relevant considerations;

(e) the value of any land or buildings;

(f) the total amount of premia paid, in respect of all leasehold properties, reduced in the case of each such premium by an amount which bears to such premium the same proportion as the expired term of the lease in respect of which such premium shall have been paid bears to the total term of the lease;

(g) the written down value as per books, or the realisable value, as may be considered reasonable, of all furniture, fixture and fittings;

(h) the market or realisable value, as may be appropriate, of the other assets appearing on the books of the bank, no value being allowed for capitalised expenses, such as share selling commission, organisational expenses and brokerage, losses incurred and similar other items.

Part II-Liabilities

For the purpose of the Part "liabilities" means the total amount of all outside liabilities existing on the appointed day, and all contingent liabilities which the Central Government or the transferee bank may reasonably be expected to be required to be out of its own resources on or after the appointed day and where the acquired bank is a banking company incorporated outside India, includes the liabilities of the offices and branches in India of the acquired bank to its offices and branches outside India.

2. If the acquired bank is not incorporated in India, the assets or, as the case may be, the liabilities of the bank shall be, for the purposes of Part 1 and Part 11, and subject to the other provisions therein, the assets and liabilities of the offices of the bank situated in India.

COMPENSATION PAYABLE TO SHAREHOLDERS

3. Every shareholder of the acquired bank to whom the compensation is payable, shall be given such amount as compensation, as bears to the total compensation, calculated in accordance with the provisions of paragraph 1, the same proportion as the amount of paid-up capital of the shares held by the shareholder bears to the total-up capital of the acquired bank.

CERTAIN DIVIDENDS NOT TO BE TAKEN INTO ACCOUNT

4. No separate compensation shall be payable for any profits or any dividends in respect of any period immediately preceding the appointed day, for which, in the ordinary course, profits would have been transferred or dividend declared after the appointed day.]
