

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:— “and under the Banking Companies Act, 1949 (4 of 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 style="padding-left: 2em;">(i) in clause (3) after the words “of that section”, the following words shall be added, namely:— “or when the loan or advance, is made to banking company as defined in the Banking Companies Act, 1949 (4 of 1949), against such other form of security as the Bank may consider sufficient”;</p> <p style="padding-left: 2em;">(ii) for the words “under this section” wherever they occur, the words “under this sub-section” shall be substituted;</p> <p style="padding-left: 2em;">(b) after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:— “(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:— “(6) The bank shall, save as hereinafter provided, by notification in the Gazette of India,—</p> <p style="padding-left: 2em;">(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—</p> <p style="padding-left: 4em;">(i) has a paid-up capital and reserves of an aggregate value of not less than five lakhs of rupees, and</p> <p style="padding-left: 4em;">(ii) satisfies the Bank that its affairs are not being conducted in a manner detrimental to the interests of its depositors; and</p> <p style="padding-left: 4em;">(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;</p> <p style="padding-left: 2em;">(b) direct the exclusion from that Schedule of any scheduled bank—</p> <p style="padding-left: 4em;">(i) the aggregate value of whose paid-up capital and reserves becomes at any time less than five lakhs of rupees, or</p> <p style="padding-left: 4em;">(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</p> <p style="padding-left: 4em;">(iii) which goes into liquidation or otherwise ceases to carry on banking business:</p>

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			<p>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;</p> <p>(c) alter the description is that Schedule whenever any scheduled bank changes its name.</p> <p><i>Explanation.</i>—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 163 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.</p>