THE FIRST SCHEDULE

(*See* section 9)

COMPENSATION FOR THE TRANSFER OF SHARES OF THE IMPERIAL BANK TO THE RESERVE BANK

1. In this Schedule, "shareholder" means any person who immediately before the appointed day is registered as the holder of a share in the Imperial Bank.

2. As compensation for the shares in the capital of the Imperial Bank which, by reason of this Act, are transferred to and vested in the Reserve Bank, the Reserve Bank shall pay to every shareholder, in the manner set out hereinafter, an amount calculated at the rate of one thousand seven hundred and sixty-five rupees and ten annas per share in the case of a fully paid-up share and four hundred and thirty-one rupees, twelve annas and four pies per share in the case of a partly paid-up share.

3. Notwithstanding the transfer of the shares in the capital of the Imperial Bank to the Reserve Bank, any shareholder who immediately before the appointed day is entitled to payment of dividend on the shares of the Imperial Bank held by him shall be entitled to receive from the State Bank**—**

(a) all dividends accruing due on his shares in respect of any half year which ended before the appointed day and remaining unpaid;

(b) dividends calculated at a rate to be specified by the Central Government in respect of any period immediately preceding the appointed day for which the Imperial Bank has not declared any dividend.

4. (*1*) The compensation provided for in this Schedule shall be given in Central Government securities and the form of such securities and the value thereof, computed with reference to their market value, shall be such as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided that where the amount of such compensation is not an exact multiple of the value of the Government security as so notified, the amount in excess of the nearest lower multiple of such value shall be paid by cheque drawn on the Reserve Bank.

(*2*) Notwithstanding anything contained in sub-paragraph (*1*), any person who is registered as the holder of a share in the Imperial Bank on the 19th day of December, 1954, and continues to be so until the appointed day shall, if he applies in writing in this behalf to the Reserve Bank before the expiry of three months from the appointed day, be entitled to be paid, by cheque drawn on the Reserve Bank, any compensation payable to him upto the first ten thousand rupees.

5. (*1*) Any shareholder to whom compensation is payable under this Schedule may apply to the Reserve Bank before the expiry of three months from the appointed day for the transfer to him of shares in the State Bank in lieu of such compensation, and for the purposes of such transfer the value of each share of the State Bank shall be such as may be determined by the Reserve Bank in this behalf.

(2) If on receipt of an application under sub-paragraph (*1*), the Reserve Bank, in its discretion, decides to transfer any shares to the applicant, it shall issue to the State Bank a warrant in the prescribed form directing it to transfer in favour of the person specified in the warrant such number of shares as may be specified therein out of the shares standing allotted to it under sub-section (*1)* of section 5, and the State Bank shall be bound to comply with such warrant.

(3) A warrant issued by the Reserve Bank under this paragraph shall not be liable to duty under the Indian Stamp Act, 1899 (2 of 1899).

6. (*1*) The Reserve Bank may, if it decides to transfer, in pursuance of paragraph 5, more than two lakhs, fifty-three thousand and one hundred and twenty-five shares, require the State Bank to issue to it such further shares as may be necessary to secure that it holds not less than fifty-five per cent. of the issued capital of the State Bank, and the State Bank shall, without prejudice to the provisions contained in sub-section (*3*) of section 5, comply with such requirement on the Reserve Bank subscribing one hundred rupees for each share.

(*2*) No share issued to the Reserve Bank at par under this paragraph shall carry dividend at a rate higher than four per cent. per annum.