

ACT No. XXXVIII OF 1940.

[PASSED BY THE INDIAN LEGISLATURE.]

(Received the assent of the Governor General on
the 27th November, 1940.)

An Act further to amend the Reserve Bank of
India Act, 1934.

II of 1934. **W**HEREAS it is expedient further to amend the
Reserve Bank of India Act, 1934, for the purpose
hereinafter appearing ;

It is hereby enacted as follows :—

1. This Act may be called the Reserve Bank of Short title,
India (Third Amendment) Act, 1940.

II of 1934. 2. After sub-section (3) of section 42 of the Reserve Bank of India Act, 1934, the following sub-section shall
be inserted, namely :— Amendment of
Section 42, Act
II of 1934.

(3A) When under the provisions of sub-section (3)
penal interest at the increased rate of five per
cent. above the bank rate has become pay-
able by a scheduled bank, if thereafter on
the day fixed for the next return the balance
held at the Bank is still below the prescribed
minimum as disclosed by this return,—

(a) every director and any managing agent,
manager or secretary of the scheduled
bank, who is knowingly and wilfully a
party to the default, shall be punishable
with fine which may extend to five hund-
red rupees and with a further fine which
may extend to five hundred rupees for
each subsequent day on which the default
continues, and

(b) the Bank may prohibit the scheduled bank
from receiving after the said day any
fresh deposit,

and, if default is made by the scheduled
bank in complying with the prohibition
referred to in clause (b), every director
and officer of the scheduled bank who is
knowingly and wilfully a party to such
default or who through negligence or
otherwise contributes to such default shall

Price anna I or 1½d.

in respect of each such default be punishable with fine which may extend to five hundred rupees and with a further fine which may extend to five hundred rupees for each day after the first on which a deposit received in contravention of such prohibition is retained by the scheduled bank.

Explanation.—In this sub-section “ officer ” includes a managing agent, manager, secretary, branch manager, and branch secretary.