

ACT No. XXVII OF 1946

[PASSED BY THE INDIAN LEGISLATURE]

(Received the assent of the Governor General on the 22nd November, 1946)

An Act to restrict the opening and removal of branches by banking companies

WHEREAS it is expedient to restrict the indiscriminate opening and removal of branches by banking companies;

It is hereby enacted as follows:—

1. (1) This Act may be called the Banking Companies (Restriction of Branches) Act, 1946. Short title and extent.

(2) It extends to ~~the whole of British India.~~ *Call the Provinces of India*

2. In this Act,—

Interpretation.

(a) "banking company" means a banking company as defined in section 277F of the Indian Companies Act, 1913; VII of 1913

(b) "branch" includes any sub-office, pay-office, sub-pay-office and any place of business of a banking company at which deposits are received, cheques cashed or moneys lent;

(c) the expression "officer" has the meaning assigned to it in the Indian Companies Act, 1913; VII of 1913

(d) "Reserve Bank" means the Reserve Bank of India.

3. (1) No banking company shall open a new branch or change the location of an existing branch without obtaining prior permission in writing from the Reserve Bank. Restriction on opening and removal of branches.

(2) The Reserve Bank may, before giving the permission referred to in sub-section (1) to any banking company, take into consideration its financial condition and history, the general character of its management, the adequacy of its capital structure and earning prospects and the public interest to be served by the branch.

(3) For all or any of the purposes referred to in sub-section (2), the Reserve Bank may, with the previous approval of the Central Government, cause an inspection to be made of the books, accounts and other documents of the banking company by any competent person authorised by the Reserve Bank, and it shall be the duty of every director or other officer of the banking company to produce to any person so authorised all such books, accounts and other documents in his custody or power relating to the affairs of the banking company as the person so authorised may require of him.

*Applied to Br. Baluchistan, S. No. 374-BP 4, 27/23-12-46.
Subs. by the A.O. 1948.*

(4) Any person making an inspection under subsection (3) may examine on oath any director or other officer of the banking company in relation to its business, and may administer an oath accordingly.

Penalty.

4. (1) If any banking company opens a branch or changes the location of an existing branch in contravention of section 3, every director or other officer of the banking company who is knowingly and wilfully a party to the contravention shall be liable to a fine which may extend to one hundred rupees for every day during which that branch remains open for business or, as the case may be, the change in its location continues.

(2) If any person refuses to produce any book, account or other document which under section 3 it is his duty to produce, or to answer any question relating to the business of the banking company, he shall be liable to a fine which may extend to five hundred rupees in respect of each offence, and if he persists in such refusal, to a further fine which may extend to fifty rupees for every day during which the offence continues.

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