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**THE RESERVE BANK OF INDIA (AMENDMENT AND  
MISCELLANEOUS PROVISIONS) ACT, 1953**

No. 54 OF 1953.



[30th December, 1953]

An Act further to amend the Reserve Bank of India Act, 1934 and to make special provisions in respect of certain high denomination bank notes.

BE it enacted by Parliament as follows:—

1. **Short title.**—This Act may be called the Reserve Bank of India (Amendment and Miscellaneous Provisions) Act, 1953.

2. **Amendment of section 8, Act II of 1934.**—For the proviso to sub-section (3) of section 8 of the Reserve Bank of India Act, 1934 (hereinafter referred to as the principal Act), the following proviso shall be substituted, namely:—

“Provided that when the Governor is, for any reason, unable to attend any such meeting, a Deputy Governor authorised by him in this behalf in writing may vote for him at that meeting.”

3. **Amendment of section 17, Act II of 1934.**—In section 17 of the principal Act,—

(a) to sub-clause (b) of clause (2), the following *Explanation* shall be added, namely:—

“*Explanation.*—For the purposes of this sub-clause,—

(i) the expression “agricultural operations” includes animal husbandry and allied activities jointly undertaken with agricultural operations;

(ii) “crops” include products of agricultural operations;

(iii) the expression “marketing of crops” includes the processing of crops prior to marketing by agricultural producers or any organisation of such producers.”

(b) after sub-clause (b) of clause (2), the following sub-clause shall be inserted, namely:—

“(bb) the purchase, sale and rediscount of bills of exchange and promissory notes drawn and payable in India and bearing two or more good signatures, one of which shall be that of a State Co-operative Bank or a State Financial Corporation, and drawn or issued for the purpose of financing the production or marketing activities of cottage and small scale industries approved by the

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Bank and maturing within twelve months from the date of such purchase or rediscount, exclusive of days of grace, provided that the payment of the principal and interest of such bills of exchange or promissory notes is fully guaranteed by the State Government."

(c) after clause (4), the following clauses shall be inserted, namely :—

"(4A) the making to State Co-operative Bank of loans and advances for agricultural purposes, repayable on the expiry of fixed periods not being less than fifteen months and not exceeding five years against such securities as may be specified in this behalf by the Central Board:

Provided that—

(a) such loans and advances are fully guaranteed as to the principal and interest by the State Government; and

(b) the amount of loans and advances granted to any State Co-operative Bank shall not exceed the owned funds of such a bank:

Provided further that the amount of loans and advances granted by the Bank under this clause shall not at any time exceed five crores of rupees in the aggregate.

(4B) the making to the Industrial Finance Corporation of India established under the Industrial Finance Corporation Act, 1948 (XV of 1948) of loans and advances,—

(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date of such loan or advance, against securities of the Central Government or of any State Government; or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date of such loan or advance, against securities of the Central Government of any maturity or against bonds and debentures issued by the said Corporation and guaranteed by the Central Government and maturing within a period not exceeding eighteen months from the date of such loan or advance:

Provided that the amount of loans and advances granted under clause (b) shall not at any time exceed three crores of rupees in the aggregate."

**4. Amendment of section 24, Act II of 1934.**—In section 24 of the principal Act, after the words 'one thousand rupees' the words 'five thousand rupees' shall be inserted.

**5. Amendment of section 40, Act III of 1934.**—In section 40 of the principal Act, after the words 'or Madras' the words 'or at such of its branches as the Central Government may, by order, determine' shall be inserted.

**6. Amendment of section 42, Act II of 1934.**—In section 42 of the principal Act

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(a) in the *Explanation* to sub-section (1), after the words 'the Reserve Bank' the words 'or the Imperial Bank of India' shall be inserted;

(b) in sub-section (2),—

(i) to clause (a), the words 'other than the Imperial Bank of India' shall be added;

(ii) after clause (a), the following clause shall be inserted, namely:—

“(aa) the amount of its borrowings from the Imperial Bank of India, classifying them into demand and time liabilities ;”;

(iii) in clause (g), after the words 'discounted in India' the words 'and foreign bills purchased and discounted' shall be inserted.

**7. Insertion of new section 43A in Act II of 1934.**—After section 43 of the principal Act, the following section shall be inserted, namely:—

“43A. *Protection of action taken in good faith.*—(1) No suit or other legal proceeding shall lie against the Bank or any of its officers for anything which is in good faith done or intended to be done in pursuance of section 42 or section 43.

(2) No suit or other legal proceeding shall lie against the Bank or any of its officers for any damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of section 42 or section 43.”

**8. Amendment of section 58, Act II of 1934.**—In clause (h) of sub-section (2) of section 58 of the principal Act, the words 'to the Governor, or' shall be omitted.

**9. Ordinance III of 1946 not to apply to certain high denomination bank notes.**—Nothing contained in the High Denomination Bank Notes (Demonetisation) Ordinance, 1946 (III of 1946) shall apply to any bank note of the denominational value of five hundred rupees, one thousand rupees or ten thousand rupees issued after the commencement of this Act, but no such bank note issued before the 13th day of January, 1946 shall be legal tender in payment or on account of the amount expressed therein at any place in India.