

# THE BANKING LAWS (AMENDMENT) ACT, 1985

No. 81 OF 1985

[27th December, 1985.]

An Act further to amend the Reserve Bank of India Act, 1934, the State Bank of India Act, 1955, the State Bank of India (Subsidiary Banks) Act, 1959, the Deposit Insurance and Credit Guarantee Corporation Act, 1961, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Regional Rural Banks Act, 1976, the Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Act, 1978, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, the Export-Import Bank of India Act, 1981 and the National Bank for Agriculture and Rural Development Act, 1981.

BE it enacted by Parliament in the Thirty-sixth Year of the Republic of India as follows:—

## CHAPTER I

### PRELIMINARY

1. (1) This Act may be called the Banking Laws (Amendment) Act, 1985.

Short title  
and com-  
mencement.

(2) It shall come into force on such date<sup>1</sup> as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act.

## CHAPTER II

### AMENDMENT TO THE RESERVE BANK OF INDIA ACT, 1934

2. In section 17 of the Reserve Bank of India Act, 1934, in clause (4A), in the proviso, for the words "ninety per cent. of the paid-up share capital", the words "twice the paid-up share capital" shall be substituted.

Amend-  
ment of  
Act 2 of  
1934.

## CHAPTER III

### AMENDMENT TO THE STATE BANK OF INDIA ACT, 1955

3. In section 40 of the State Bank of India Act, 1955, in sub-section (4), the words "while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions" shall be omitted.

Amend-  
ment of  
Act 23 of  
1955.

<sup>1</sup> 30-12-1985 *Vide* Notification No. S.O. 921(E) dated 30-12-1985, (in respect of Sec. 7, 8, 10, 13, and 14) Gazette of India, Extraordinary Part II, Sec. 3 (ii). The remaining provisions of the Act came into force on 1-5-1986 *Vide* Notification No. S.O. 220 (E), dated 1-5-1986, Gazette of India, Extraordinary, 1986 Part-II, Sec. 3 (ii).

## CHAPTER IV

AMENDMENT TO THE STATE BANK OF INDIA (SUBSIDIARY BANKS)  
ACT, 1959

Amend-  
ment of  
Act 38 of  
1959.

4. In section 43 of the State Bank of India (Subsidiary Banks) Act, 1959, in sub-section (3), the words “, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions” shall be omitted.

## CHAPTER V

AMENDMENTS TO THE DEPOSIT INSURANCE AND CREDIT GUARANTEE  
CORPORATION ACT, 1961

Amend-  
ment of  
section 2.

5. In section 2 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (hereafter in this Chapter referred to as the Deposit Insurance Corporation Act), in clause (g), after sub-clause (i), the following sub-clause shall be inserted, namely:—

47 of 1961.

“(ia) any amount due on account of any deposit with any insured bank which has been specially exempted in this behalf by the Corporation with the previous approval of the Reserve Bank; or”.

Amend-  
ment of  
section 32.

6. In section 32 of the Deposit Insurance Corporation Act, in sub-section (2), the words “, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions” shall be omitted.

## CHAPTER VI

AMENDMENTS TO THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF  
UNDERTAKINGS) ACT, 1970

Amend-  
ment of  
section 3.

7. In section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (hereafter in this Chapter referred to as the Bank Nationalisation Act), after sub-section (2), the following sub-section shall be inserted, namely:—

5 of 1970.

“(2A) Notwithstanding anything contained in sub-section (2), the paid-up capital of every corresponding new bank constituted under sub-section (1) may from time to time be increased by—

(a) such amounts as the Board of Directors of the corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, transfer from the reserve fund established by such bank to such paid-up capital;

(b) such amounts as the Central Government may, in consultation with the Reserve Bank, contribute to such paid-up capital:

Provided that the paid-up capital of any such bank shall in no case be in excess of rupees one hundred crores.”.

Amend-  
ment of  
section 9.

8. In section 9 of the Bank Nationalisation Act, in sub-section (2), in clause (a), for the words “fifteen crores”, the words “one hundred crores” shall be substituted.

9. In section 10 of the Bank Nationalisation Act, in sub-section (8), the words “, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions” shall be omitted.

Amendment of section 10.

10. (1) The corresponding new bank known as the “United Commercial Bank” constituted under section 3 of the Bank Nationalisation Act shall be renamed as “UCO Bank”, and accordingly in the First Schedule to the said Act, in column 2, for the words “United Commercial Bank”, the letters and word “UCO Bank” shall be substituted.

Change of name of United Commercial Bank and consequential amendment of the First Schedule, etc.

(2) The change of name of United Commercial Bank by sub-section (1) shall not affect any rights and obligations of that bank or render defective any legal proceedings by or against it, and any legal proceedings which might have been continued or commenced by or against that bank by its former name may be continued or commenced by or against it by its new name.

### CHAPTER VII

#### AMENDMENT TO THE REGIONAL RURAL BANKS ACT, 1976

11. Section 20 of the Regional Rural Banks Act, 1976 shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—

Amendment of Act 21 of 1976.

“(2) The Central Government shall cause every auditor’s report and report on the working and activities of each Regional Rural Bank to be laid, as soon as may be after they are received, before each House of Parliament.”

### CHAPTER VIII

#### AMENDMENT TO THE DEPOSIT INSURANCE CORPORATION (AMENDMENT AND MISCELLANEOUS PROVISIONS) ACT, 1978

12. In the Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Act, 1987, Chapter IV shall be omitted.

Amendment of Act 21 of 1978.

### CHAPTER IX

#### AMENDMENTS TO THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1980

13. In section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 [hereafter in this Chapter referred to as the Bank (Second) Nationalisation Act], after sub-section (2), the following sub-section shall be inserted, namely:—

Amendment of section 3.

“(2A) Notwithstanding anything contained in sub-section (2), the paid-up capital of every corresponding new bank constituted under sub-section (1) may from time to time be increased by—

(a) such amounts as the Board of Directors of the corresponding new bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, transfer from the reserve fund established by such bank to such paid-up capital;

(b) such amounts as the Central Government may, in consultation with the Reserve Bank, contribute to such paid-up capital:

Provided that the paid-up capital of any such bank shall in no case be in excess of rupees one hundred crores."

Amendment of section 9.

14. In section 9 of the Bank (Second) Nationalisation Act, in sub-section (2), in clause (a), for the words "fifteen crores", the words "one hundred crores" shall be substituted.

Amendment of section 10.

15. In section 10 of the Bank (Second) Nationalisation Act, in sub-section (8), the words "while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions" shall be omitted.

#### CHAPTER X

##### AMENDMENT TO THE EXPORT-IMPORT BANK OF INDIA ACT, 1981

Amendment of Act 28 of 1981.

16. In section 6 of the Export-Import Bank of India Act, 1981, in sub-section (2), for the words "three years", the words "five years" shall be substituted.

#### CHAPTER XI

##### AMENDMENTS TO THE NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ACT, 1981

Amendment of section 6.

17. In section 6 of the National Bank for Agriculture and Rural Development Act, 1981 (hereafter in this Chapter referred to as the National Bank Act),—

(a) in sub-section (2), the proviso shall be omitted;

(b) in sub-section (3),—

(i) in the opening portion, the words "and the Board" shall be omitted;

(ii) the proviso shall be omitted.

Amendment of section 7.

18. In section 7 of the National Bank Act,—

(a) in sub-section (1), the proviso shall be omitted;

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Notwithstanding anything contained in sub-section (1), the Central Government shall have the right to terminate the term of office of the Chairman at any time before the expiry of the term specified under that sub-section by giving him a notice of not less than three months in writing or three months' salary and allowances in lieu of such notice."