THE NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ACT, 1981

ARRANGEMENT OF SECTIONS

CHAPTER I

PRELIMINARY SECTIONS

1.Short title, extent and commencement.

2.Definitions.

CHAPTER II

ESTABLISHMENT OF THE NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT AND CAPITAL THEREOF

3.Establishment and incorporation of National Bank for Agriculture and Rural Development.

4.Capital.

CHAPTER III

MANAGEMENT OF THE NATIONAL BANK

5.Management.

6.Board of Directors.

7.Term of office of Chairman and other directors, retirement and payment of fees. 8.Term of office of Managing Director and whole-time directors, conditions of service, etc. 9. Disqualifications.

10.Vacation and resignation of office by directors.

11.Casual vacancy in the office of Managing Director.

12.Meetings of Board.

13.Committees of National Bank.

14.Advisory Council.

15.Member of Board or Committee thereof not to participate in meetings in certain cases.

CHAPTER IV

TRANSFER OF BUSINESS TO THE NATIONAL BANK

16.Transfer of assets and liabilities of Agricultural Refinance and Development Corporation.

17.Dissolution of the Corporation and repeal of Act 10 of 1963.

18.Transfer of business from Reserve Bank.

CHAPTER V

BORROWINGS BY THE NATIONAL BANK

19.Borrowings by the National Bank.

20.Borrowings in foreign currency.

CHAPTER VI

CREDIT FUNCTIONS OF THE NATIONAL BANK

SECTIONS

21.Production and marketing credit

22.Conversion loan for production credit.

23.Rescheduling of loans to artisans, small-scale industries, etc.

24.Investment credit—medium term.

25.Other investment credit.

26.Purchase and sale of shares.

27.Loans to State Governments for share capital contribution.

27A. Loans to State Government, undertakings, etc.

28.Security for credit.

29.Amounts and securities to be held in trust.

30.Direct loans.

30A. Bills rediscounting.

31.Commission.

32.Issue of guarantees.

33.Power to impose conditions for accommodation.

34.Power to call for repayment before agreed period.

35.National Bank to have access to records.

36.Validity of loan or advance not to be questioned.

37.National Bank not to grant loans or advances against its own bonds or debentures. 37A. Prohibited business.

CHAPTER VII

OTHER FUNCTIONS OF THE NATIONAL BANK

38.Other functions of National Bank.

38A. Promotion of subsidiaries.

38B. Securitisation of debt.

38C. Exemption from compulsory registration.

39.Incidental powers.

40.Deposits and investments.

41.Credit information.

CHAPTER VIII

FUNDS, ACCOUNTS AND AUDIT

42.National Rural Credit (Long Term Operations) Fund.

43.National Rural Credit (Stabilisation) Fund.

44.Research and Development Fund.

45.Reserve Fund and other Funds.

46.Preparation of balance-sheet, etc., of National Bank.

47.Disposal of surplus.

48.Audit.

49.Returns.

CHAPTER IX

STAFF

SECTIONS

50.Staff of National Bank.

CHAPTER X

MISCELLANEOUS

51.Obligation as to fidelity and secrecy.

52.Defects in appointment not to invalidate acts, etc.

52A. Agreement with National Bank on appointment of directors to prevail.

53.Protection of action taken under the Act.

54.Indemnity of directors.

55.[*Omitted*].

56.Penalties.

57.Offences by companies.

58.Bankers' Books Evidence Act, 1891, to apply in relation to National Bank.

59.Liquidation of National Bank.

60.Power of Board to make regulations.

61.[*Repealed*].

62.Power to remove difficulty.

THE SECOND SCHEDULE [*Repealed*].

THE NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ACT, 1981

ACT NO. 61 OF 1981

[30*th December*, 1981.]

[1][An Act to establish a development bank to be known as the National Bank for Agriculture and Rural Development for providing and regulating credit and other facilities for the promotion and development of agriculture, [2][micro-enterprises, small enterprises and medium enterprises, cottage and village industries, handlooms] handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas and for matters connected therewith or incidental thereto.]

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

CHAPTER I
PRELIMINARY

1.Short title, extent and commencement.—(*1*) This Act may be called the National Bank for Agriculture and Rural Development Act, 1981.

(2)It extends to the whole of India.

(3)It shall come into force on such date[3] as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act, and any reference in any provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2.Definitions.—In this Act, unless the context otherwise requires,—

(a)"agriculture" includes horticulture, animal husbandry, forestry, dairy and poultry farming, pisciculture, and other allied activities, whether or not undertaken jointly with agriculture and the expression "agricultural operations" shall be construed accordingly.

Explanation.—For the purposes of this clause, "pisciculture" includes the development of fisheries, both inland and marine, catching of fish and all activities connected therewith or incidental thereto;

(b)"Agricultural Refinance and Development Corporation" means the Corporation established under section 3 of the Agricultural Refinance and Development Corporation Act, 1963 (10 of 1963), and renamed under section 3A of that Act as the Agricultural Refinance and Development Corporation;

(c)"Board" means the Board of Directors of the National Bank;

(d)"central co-operative bank" means the principal co-operative society in a district in a State, the primary object of which is the financing of other co-operative societies in that district:

Provided that in addition to such principal society in a district, or where there is no such principal society in a district, the State Government may declare any one or more co-operative societies carrying on the business of financing other co-operative societies in that district to be also or to be a central co-operative bank or central co-operative banks within the meaning of this definition;

(e)"Chairman" means the Chairman [4]*** appointed under section 6;

1. Subs. by Act 55 of 2000, s. 2, for the long title (w.e.f. 1-2-2001).

2. Subs. by Act 7 of 2018, s. 2, for "small-scale industries, cottage and village industries" (w.e.f. 15-3-2018).

3. 1st May, 1982, *vide* notification No. S.O. 278(E), dated 21st April, 1982 (except sections 3, 16 and 18), *see*Gazette of India, Extraordinary, Part II, sec. 3(*ii*).
12th July, 1982, *vide* notification No. S.O. 484(E), dated 6th July, 1982 (in respect sections 3, 16 and 18), *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

4. The words "of the Board" omitted by Act 55 of 2000, s. 3 (w.e.f. 1-2-2001).

(f)"co-operative society" means a society registered, or deemed to be registered, under the Co-operative Societies Act, 1912 (2 of 1912) or any other law relating to co-operative societies for the time being in force in any State;

(g)"crops" includes products of agricultural operations;

(h)"director" means a director appointed under section 6;

[1]* * * * *

(j)"Managing Director" means the Managing Director appointed under section 6;

(k)"marketing of crops" includes the processing of crops prior to marketing by any agricultural producers or any organisation of such producers;

[2][(*ka*) "micro enterprise", "small enterprise" and "medium enterprise", shall have the same meanings as are respectively assigned to them in the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006)];

(l)"National Bank" means the National Bank for Agriculture and Rural Development established under section 3;

(n)"primary rural credit society" means a co-operative society, by whatever name called,—

(1)which has as its object or business the provision of financial accommodation to its members for agriculture or agricultural operations or for the marketing of crops, or for rural development; and

(2)the bye-laws of which do not permit admission of any other co-operative society as member:

Provided that this sub-clause shall not apply to the admission, as a member, of a co-operative society, which is a State co-operative bank or a central co-operative bank by reason of such bank subscribing to the share capital of the co-operative society out of funds provided by the State Government for the purpose;

(o)"prescribed" means prescribed by regulations made under this Act;

(p)"regional rural bank" means a regional rural bank established under section 3 of the Regional Rural Banks Act, 1976 (21 of 1976);

(q)"rural development" means development of rural areas through any activities conducive to such development.

Explanation.—For the purposes of this clause,—

(a)activities conducive to development of rural areas include activities relating to production of goods or provision of services in rural areas and activities for the promotion of cottage and village industries, [3][micro-enterprises, small enterprises and medium enterprises, handicrafts, handlooms] and other rural crafts;

(b)"rural area" means the area comprised in any village and includes the area comprised in any town, the population of which does not exceed ten thousand or such other figure as the Reserve Bank may specify from time to time;

(r)"Reserve Bank" means the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934);

1. Clause (*i*) omitted by Act 7 of 2018, s. 3 (w.e.f. 15-3-2018).

2. Ins. by s. 3, *ibid.* (w.e.f. 15-3-2018).

3. Subs. by s. 3, *ibid*., for "industry in the tiny and decentralised sector and small-scale industry and handicrafts" (w.e.f. 15-3-2018).

(s) "scheduled bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);

[1]* * * * *

(u)"State co-operative bank" means the principal co- operative society in a State, the primary object of which is the financing of other co-operative societies in the State:

Provided that in addition to such principal society in a State, or where there is no such principal society in a State, the State Government may declare any one or more co-operative societies carrying on business in that State to be also or to be a State co-operative bank or State co-operative banks within the meaning of this definition;

(v)"State land development bank" means the co-operative society which is the principal land development bank (by whatever name called) in a State and which has as its primary object the providing of long-term finance for agricultural development:

Provided that, in addition to such principal land development bank in a State, or where there is no such bank in a State, the State Government may declare any co-operative society carrying on business in that State and authorised by the bye-laws of such co-operative society to provide long-term finance for agricultural development to be also or to be a State land development bank within the meaning of this definition;

(w)words and expressions used herein and not defined but defined in the Reserve Bank of India Act, 1934 (2 of 1934), shall have the meanings respectively assigned to them in that Act;

(x)words and expressions used herein and not defined either in this Act or in the Reserve Bank of India Act, 1934 (2 of 1934), but defined in the Banking Regulation Act, 1949 (10 of 1949), shall have the meanings respectively assigned to them in the Banking Regulation Act, 1949.

CHAPTER II
ESTABLISHMENT OF THE NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT AND CAPITAL THEREOF

3.Establishment and incorporation of National Bank for Agriculture and Rural Development.—(*1*) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint, there shall be established for the purposes of this Act, a bank to be known as the National Bank for Agriculture and Rural Development.

(2)The Bank shall be a body corporate with the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may by that name sue and be sued.

(3)The head office of the National Bank shall be at [2][Mumbai] or at such other place as the Central Government may, by notification, specify.

(4)The National Bank may establish offices, branches or agencies at any place in India, and with the previous approval of the Central Government and in consultation with the Reserve Bank, at any place outside India.

4.Capital.—(*1*) The capital of the National Bank shall be one hundred crores of rupees:

[3][Provided that the Central Government may, by notification, increase the said capital up to thirty thousand crore rupees:

Provided further that the Central Government may, in consultation with the Reserve Bank and by notification, further increase the said capital to such amount as it may deem necessary from time to time].

1. Clause (*t*) omitted by Act 7 of 2018, s. 3 (w.e.f. 15-3-2018). 2. Subs. by s. 4, *ibid*., for "Bombay" (w.e.f. 15-3-2018).

3. The proviso subs. by s. 5, *ibid*. (w.e.f. 15-3-2018).

[1][(*2*) The capital of the National Bank which has been subscribed to by the Reserve Bank valued at twenty crore rupees as on the date immediately preceding the commencement of the National Bank for

Agriculture and Rural Development (Amendment) Act, 2018 shall, on such commencement, stand transferred to, and vested in, the Central Government:

Provided that the National Bank may issue capital to such institutions and persons in such manner as may be notified by the Central Government:

Provided further that the shareholding of the Central Government shall not at any time be less than fifty-one per cent. of the total subscribed capital.

(*3*) The Central Government shall give to the Reserve Bank an amount equal to the face value of the subscribed capital, valued at twenty crores of rupees, referred to in sub-section (*2*), in cash, for transfer to, and vesting in the Central Government of the capital of the National Bank which has been so subscribed to by the said Bank.]

CHAPTER III

MANAGEMENT OF THE NATIONAL BANK

5.Management.—(*1*) The general superintendence, direction and management of the affairs and business of the National Bank shall vest in a Board of Directors, which shall exercise all powers and do all acts and things which may be exercised or done by the National Bank.

(2)Subject to the provisions of this Act, the Board in discharging its functions, shall act on business principles with due regard to public interest.

(3)Subject to the provisions of sub-section (*1*) and save as otherwise provided in the regulations made under this Act, the Managing Director shall also have powers of general superintendence, direction and management of the affairs and business of the National Bank and may also exercise all powers and do all acts and things which may be exercised or done by the National Bank:

2[Provided that during the period of any casual vacancy of the nature referred to in section 11 in the office of the Managing Director, the Chairman may also exercise the powers and discharge the functions of the Managing Director until the person appointed by the Central Government under section 11 to act as Managing Director enters upon his office.]

(4)Any whole-time director appointed under sub-section (*3*) of section 6 shall assist the Managing Director in the discharge of his functions under sub-section (*3*) and perform such duties as the Board may entrust or delegate to him.

(5)In the discharge of his powers and functions under sub-section (*3*), the Managing Director shall follow such directions as the Chairman may give.

(6)In the discharge of its functions under this Act, the National Bank shall be guided by such directions in matters of policy involving public interest as the Central Government, in consultation with the Reserve Bank, or the Reserve Bank, may give in writing.

6.Board of Directors.—3[(*1*)The Board of Directors of the National Bank shall consist of the following, namely:—

(a)a Chairman;

(b)three directors from amongst experts in rural economics, rural development, village and cottage industries, 4[micro-enterprises, small enterprises and medium enterprises] or persons having experience in the working of co-operative banks, regional rural banks or commercial banks or any other matter the special knowledge or professional experience in which is considered by the Central

1. Subs by Act 7 of 2018, s. 5, for sub-section (2) (w.e.f. 15-3-2018).

2. Ins. by Act 66 of 1988, s. 43 (w.e.f. 30-12-1988).

3. Subs. by Act 55 of 2000, s. 5, for sub-sections (1) and (2) (w.e.f. 1-2-2001).

4. Subs. by Act 7 of 2018, s. 6, for "small-scale industries" (w.e.f. 15-3-2018).

Government as useful to the National Bank;

(c)three directors from out of the directors of the Reserve Bank;

(d)three directors from amongst the officials of the Central Government;

(e)four directors from amongst the officials of the State Governments;

(f)such number of directors elected in the prescribed manner, by shareholders other than the Reserve Bank, the Central Government and other institutions owned or controlled by the Central Government whose names are entered on the register of shareholders of the National Bank ninety days before the date of the meeting in which such election takes place on the following basis, namely:—

(i)where the total amount of equity……. two directors; share capital issued to such shareholders is ten per cent. or less of the total issued equity capital

(*ii*) where the total amount of equity..... three directors; share capital issued to such shareholders is more than ten per cent. and but less than twenty-five per cent. of the total issued equity capital

(*iii*) where the total equity share capital……... four directors: issued to such shareholders is twenty-five per cent. or more of the total issued equity capital:

Provided that until the assumption of charge by the elected directors under this clause, the Central Government may at any time nominate such number of directors not exceeding four from amongst persons having special knowledge of, and professional experience in, agricultural science, technology, economics, banking, co-operatives, law, rural finance, investment, accountancy, marketing or any other matter, the special knowledge of, and professional experience in, which would, in the opinion of the Central Government, be useful to the National Bank for carrying out its functions; and

(g)a Managing Director.

(2)The Chairman and other directors, excluding the directors referred to in clause (*f*), shall be appointed by the Central Government in consultation with the Reserve Bank:

Provided that no such consultation shall be necessary in the case of directors appointed under clause (*d*) of sub-section (*1*).

(3)Where the Central Government is satisfied, in consultation with the Reserve Bank, [1]*** that it is necessary so to do, it may appoint one or more whole-time directors with such designations as may be deemed appropriate by that Government and any whole-time director so appointed shall also be a member of the Board:

[2]* * * * *

7. Term of office of Chairman and other directors, retirement and payment of fees.—(*1*) The Chairman shall hold office for such term not exceeding five years and shall receive such salary and allowances as the Central Government may, at the time of appointment, specify [3][and shall be eligible for reappointment]:

[4]* * * * *

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1. The words “and the Board” omitted by Act 81 of 1985, s. 17(w.e.f. 1-5-1986).
2. The proviso omitted by s. 17, *ibid.* (w.e.f. 1-5-1986).
3. Ins. by Act 55 of 2000, s. 6 (w.e.f. 1-2-2001).
4. The proviso omitted by Act 81 of 1985, s.18 (w.e.f. 1-5-1986).

[1][(*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.]

[2][(*1B*) In the case of a vacancy in the office of the Chairman, the Managing Director shall perform the functions and duties of the Chairman during such vacancy.]

[3][(*2*) Subject to the provisions contained in sub-section (*5*), a director appointed under clause (*b*) or clause (*c*) of sub-section (*1*) of section 6, shall hold office for such term, not exceeding three years, as the Central Government may specify in this behalf [4]***, and shall be eligible for reappointment:

Provided that no such director shall hold office continuously for a period exceeding six years.]

(*3*) The Central Government may, in consultation with the Reserve Bank, remove the Chairman [5]*** at any time before the expiry of his term of office after giving him a reasonable opportunity of showing cause against the proposed removal.

[6][(*4*) The Chairman and any other director, who is not an officer of the Central Government or a State State Government or an officer of the Reserve Bank or any body or corporation established by or under any Central Act or any State Act and owned or controlled by such Government, shall be paid such fees and allowances as may be prescribed for attending the meetings of the Board or of any of its committees and for attending to any other work of the National Bank.]

[7][(*5*) The directors appointed under clauses (*b*) to (*f*) of sub-section (*1*) of section 6 shall hold office during the pleasure of the Central Government.]

8.Term of office of Managing Director and whole-time directors, conditions of service, etc.—(*1*) The Managing Director and any whole-time director appointed under sub-section (*3*) of section 6 shall,—

(a)hold office for such term not exceeding five years as the Central Government may, at the time of appointment, specify [8][and shall be eligible for reappointment];

(b)receive such salary and allowances and be governed by such terms and conditions of service as the Board may, with the previous approval of the Central Government and in consultation with the Reserve Bank, determine:

Provided that the Managing Director and any such whole-time director appointed to the first Board shall receive such salary and allowances and be governed by such terms and conditions of service as the Central Government may, in consultation with the Reserve Bank, determine.

(2)The Central Government may, in consultation with the Reserve Bank, remove the Managing Director or any whole-time director appointed under sub-section (*3*) of section 6 at any time before the expiry of his term of office, after giving him a reasonable opportunity of showing cause against the proposed removal.

(3)Notwithstanding anything contained in sub-section (*1*) or sub-section (*2*), the Central Government shall have the right to terminate the term of office of the Managing Director or of any whole-time director appointed under sub-section (*3*) of section 6 at any time before the expiry of the term fixed under sub-section (*1*) by giving him notice of not less than three months in writing or three months' salary and allowances in lieu of such notice:

1. Ins. by Act 81 of 1985, s. 18 (1-5-1986).
2. Ins. by Act 55 of 2000, s. 6 (w.e.f. 1-2-2001).
3. Subs. by Act 66 of 1988, s. 45, for sub-section (2) (w.e.f. 30-12-1988).
4. The words "and thereafter until his successor enters upon his office" omitted by Act 55 of 2000, s. 6 (w.e.f. 1-2-2001).
5. The words, brackets and figure "or any other director referred to in sub-section (2)" omitted by Act 66 of 1988, s. 45 (w.e.f. 30-12-1988).
6. Subs. by Act 55 of 2000, s. 6, for sub-section (4) (w.e.f. 1-2-2001).
7. Ins. by Act 66 of 1988, s. 45 (w.e.f. 30-12-1988).
8. Ins. by Act 55 of 2000, s. 7 (w.e.f. 1-2-2001).

Provided that the Central Government shall, before terminating the term of office of the Managing Director or any whole-time director appointed under sub-section (*3*) of section 6, consult the Reserve Bank.

9.Disqualifications.—(*1*) No person shall be a director who—

(a)is of unsound mind and stands so declared by a competent court; or

(b)is or has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude; or

(c)is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors.

(*2*) The appointment as director of any person who is a Member of Parliament or the Legislature of any State shall, unless within two months of the date of his appointment he ceases to be such member, be void on the expiry of the said period of two months and if any director is elected or nominated as a Member of Parliament or of any State Legislature he shall cease to be a director as from the date of such election or nomination, as the case may be.

10.Vacation and resignation of office by directors.—(*1*) If a director—

(a)becomes subject to any of the disqualifications mentioned in section 9; or

(b)is absent without leave of the Board for more than three consecutive meetings thereof,

his seat shall thereupon become vacant.

(*2*) Any director may resign his office by giving notice thereof in writing to the Central Government, and on his resignation being accepted by the Central Government or if his resignation is not sooner accepted, on the expiry of three months from the receipt thereof by the Central Government, he shall be deemed to have vacated his office.

11.Casual vacancy in the office of Managing Director.—If the Managing Director is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise, in circumstances not involving the vacation of his appointment, the Central Government may, after consultation with the Reserve Bank and the Board, appoint another person to act in his place as Managing Director during his absence.

12.Meetings of Board.—(*1*) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

(2)The Chairman of the Board, or, if for any reason he is unable to attend any meeting, [1][the Managing Director and in the absence of both, the Chairman and the Managing Director] any other director nominated by the Chairman in this behalf, and in the absence of such nomination, any other director elected by the directors present at the meeting, shall preside at the meeting of the Board.

(3)All questions which come up before any meeting of the Board shall be decided by a majority of votes of the directors present and voting, and in the event of an equality of votes, the Chairman, or, in his absence, the person presiding, shall have a second or casting vote.

13.Committees of National Bank.—(*1*) The Board may constitute an Executive Committee consisting of such number of directors as may be prescribed.

(2)The Executive Committee shall discharge such functions as may be prescribed or may be delegated to it by the Board.

(3)The Board may constitute such other committees, whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons as it thinks fit and for such purposes as it may decide and every committee so constituted shall discharge such functions as may be delegated to it by the Board.

1. Ins. by Act 55 of 2000, s. 8 (w.e.f. 1-2-2001).

(4)The Executive Committee shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings, as may be prescribed.

(5)The times and places at which any committee constituted under sub-section (*3*) shall meet, the rules of procedure which such committee shall observe in regard to the transaction of business at its meetings, and the fees and allowances which may be paid to the members of such committee for

attending the meetings of the committee and for attending to any other work of the National Bank shall be such as may be specified by that Bank.

14.Advisory Council.—(*1*) [1][The Board may] constitute an Advisory Council consisting of such number of directors and such other persons who, in the opinion of the Board, have special knowledge of agriculture, agricultural credit, co-operation and rural economics, [2][micro-enterprises, small enterprises and medium enterprises,] village and cottage industries and handicrafts and other rural crafts or have special knowledge and appreciation of the country's overall developmental policies and in particular overall monetary and credit policies, which is considered by the Board as useful to the National Bank.

(2)The Advisory Council shall advise the National Bank in such matters as may be referred to the Advisory Council by the National Bank and may discharge such other functions as may be entrusted or delegated to the Advisory Council by the National Bank.

(3)A member of the Advisory Council shall hold office for such term not exceeding five years as the National Bank may fix, and receive such fees and allowances as may be prescribed for attending the meetings of the Advisory Council and for attending to any other work of the National Bank.

(4)The Advisory Council shall meet at such times and places and shall observe such rules of procedure in regard to transaction of business at its meetings as may be prescribed.

15.Member of Board or Committee thereof not to participate in meetings in certain cases.—A director of the Board or a member of a Committee, who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the Board or a Committee thereof, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting, and the disclosure shall be recorded in the minutes of the Board, or the Committee, as the case may be, and the director or member shall not take any part in any deliberation or decision of the Board or the Committee with respect to that matter.

CHAPTER IV
TRANSFER OF BUSINESS TO THE NATIONAL BANK

16.Transfer of assets and liabilities of Agricultural Refinance and Development Corporation.—(1)On such date as the Central Government, in consultation with the Reserve Bank may, by notification, appoint, the entire undertaking of the Agricultural Refinance and Development Corporation (hereafter in this Chapter referred to as the "Corporation") including all business, property, assets and liabilities, rights, interests, privileges and obligations of whatever nature, shall stand transferred to and vest in the National Bank.

(2)As compensation for the transfer of the undertaking of the Corporation to the National Bank under sub-section (*1*), the National Bank shall within six months from the date appointed under that sub-section (hereafter in this section referred to as the appointed date) pay to the shareholders of the Corporation a sum equal to the total paid-up capital of the Corporation as on the date immediately preceding the appointed date.

(3)The amount of compensation payable under sub-section (*2*) to the shareholders of the Corporation shall be apportioned among the shareholders in proportion to their contributions to the paid-up capital of the Corporation as on the date immediately preceding the appointed date.

Explanation.—For the purposes of this sub-section, "shareholders of the Corporation" means shareholders of the Corporation whose names appear on the register of shareholders maintained under section 8 of the Agricultural Refinance and Development Corporation Act, 1963 (10 of 1963), on the date immediately preceding the appointed date.

1. Subs. by 55 of 2000, s. 9, for "The Board shall" (w.e.f. 1-2-2001).

2. Subs. by Act 7 of 2018, s. 7, for "small-scale industries" (w.e.f. 15-3-2018).

(4)The National Bank shall also pay to the shareholders of the Corporation referred to in sub-section (*2*) an amount calculated at the rate at which the shares of the Corporation were guaranteed as to the payment of minimum divided under section 6 of the Agricultural Refinance and Development Corporation Act, 1963 (10 of 1963), for the period, if any, that has expired in the accounting year of the Corporation

before the appointed date and this amount the National Bank shall distribute to the shareholders of the Corporation referred to in sub-section (*2*) in proportion to the shares held by such shareholders on the date immediately preceding the appointed date and at the rate at which such shares were guaranteed as to the payment of minimum dividend.

(5)All contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature subsisting or having effect immediately before the appointed date and to which the Corporation is a party, or which are in favour of the Corporation, shall be of as full force and effect against or in favour of the National Bank, as the case may be, and may be enforced or acted upon as fully and effectually as if instead of the Corporation the National Bank had been a party thereto, or as if they had been in favour of the National Bank.

(6)If, immediately before the appointed date, any suit, appeal or other legal proceeding of whatever nature, is pending, by or against the Corporation, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the National Bank of the undertaking of the Corporation, or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted and enforced, by or against the National Bank.

17.Dissolution of the Corporation and repeal of Act 10 of 1963.—On the date appointed under sub-section (*1*) of section 16,—

(a)the Corporation shall stand dissolved; and

(b)the Agricultural Refinance and Development Corporation Act, 1963, shall stand repealed.

18.Transfer of business from Reserve Bank.—(*1*) On such date as the Central Government may, in consultation with the Reserve Bank, by notification, appoint, the assets and liabilities with the Reserve Bank relating to—

(a)the National Agricultural Credit (Long Term Operations) Fund established and maintained under section 46A of the Reserve Bank of India Act, 1934 (2 of 1934); and

(b)the National Agricultural Credit (Stabilisation) Fund established and maintained under section 46B of the Reserve Bank of India Act, 1934 (2 of 1934),

shall stand transferred to the National Bank and form part of the National Rural Credit (Long Term Operations) Fund referred to in section 42 and the National Rural Credit (Stabilisation) Fund referred to in section 43, respectively.

(2)With effect from such date as the Central Government may, in consultation with the Reserve Bank, by notification, appoint, the loans and advances which the Reserve Bank has granted to State co-operative banks and regional rural banks under section 17 [except sub-clause (*a*) of clause (*4*)] of the Reserve Bank of India Act, 1934 (2 of 1934), and which the Reserve Bank may specify by a general or special order, shall, as far as may be, become and be deemed to be loans and advances granted by the National Bank under section 21, and the National Bank shall repay to the Reserve Bank, the amount of such loans and advances on such terms and conditions as the Central Government may specify, in consultation with the Reserve Bank.

(3)All rights, liabilities, interests, privileges and obligations of whatever nature (including the rights and obligations arising by way of purchase, sale and rediscount of any bills of exchange and promissory notes) of the Reserve Bank in relation to any asset or liability referred to in sub-section (*1*) or any loan or advance referred to in sub-section (*2*) shall stand transferred to and vest in the National Bank on the date on which such asset or liability stands transferred to the National Bank under sub-section (*1*) or, as the case may be, such loan or advance becomes under sub-section (*2*) a loan or advance granted by the National Bank.

(4)All contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature relating to any asset or liability referred to in sub-section (*1*) and subsisting or having effect immediately before the date appointed under that sub-section or relating to any loan or advance referred to in sub-section (*2*) and subsisting or having effect immediately before the date appointed under that sub-section shall be of as full force and effect against, or in favour of, the

National Bank, as the case may be, and may be enforced or acted upon as fully and effectually as if instead of the Reserve Bank, the National Bank had been a party thereto, or as if they had been in favour of the National Bank.

(5)If, immediately before the date appointed under sub-section (*1*) or sub-section (*2*), as the case may be, any suit, appeal or other legal proceedings of whatever nature relating to any asset or liability referred to in sub-section (*1*) or any loan or advance referred to in sub-section (*2*) is pending, by or against the Reserve Bank, the same shall not abate, be discontinued, or be in any way prejudicially affected by reason of the transfer to the National Bank of such asset or liability under sub-section (*1*), or as the case may be, such loan or advance becoming under sub-section (*2*) a loan or advance granted by the National Bank, or of anything contained in this Act, but the suit, appeal or other proceedings may be continued, prosecuted and enforced, by or against the National Bank.

CHAPTER V
BORROWINGS BY THE NATIONAL BANK

19.Borrowings by the National Bank.—The National Bank may, for the purpose of carrying out its functions under this Act,—

1[(*a*) issue and sell bonds, debentures and other financial instruments with or without guarantee of the Central Government on such terms and conditions as may be approved by the Board;]

2[(*b*) borrow money from the Reserve Bank repayable on demand or otherwise on such terms and conditions including the terms relating to security and purposes as may be specified by the Reserve Bank;

(c)borrow money from the Central Government and from any other authority or organisation or institution approved by the Board, on such terms and conditions as may be agreed upon;

(d)accept from the Central Government, a State Government, a local authority, a State land development bank, a State co-operative bank or a scheduled bank or any person or body, whether incorporated or not, deposits repayable on such terms as the National Bank may, with the approval of the Reserve Bank, fix; and

(e)receive gifts, grants, donations or benefactions from the Central Government or any State Government or any other source.]

3[**20. Borrowings in foreign currency**.—(*1*) Notwithstanding anything contained in the Foreign Exchange Management Act, 1999 (42 of 1999), or in any other law for the time being in force, relating to foreign exchange, the National Bank may borrow, with the previous approval of the Central Government and in consultation with the Reserve Bank, foreign currency from any bank or financial institution in India or elsewhere, for granting loans and advances or for utilising such currency for any other purpose specified under the provisions of this Act.]

CHAPTER VI
CREDIT FUNCTIONS OF THE NATIONAL BANK

21. Production and marketing credit.—(*1*) The National Bank may provide by way of refinance, loans and advances, repayable on demand or on the expiry of fixed periods not exceeding eighteen

1. Subs. by Act 55 of 2000, s. 10, for clause (*a*) (w.e.f. 26-9-2000).
2. Subs. by s. 10, *ibid*., for clauses (*b*) to (*e*) (w.e.f. 26-9-2000). 3.
Subs. by s. 11, *ibid.*, for section 20 (w.e.f. 1-2-2001).

months, 1[to State co-operative banks, central co-operative banks], regional rural banks, or to any financial institution or to any class of financial institutions, which are approved by the Reserve Bank in this behalf, for financing—

(i)agricultural operations or the marketing of crops, or

(ii)the marketing and distribution of inputs necessary for agriculture or rural development, or

(iii)any other activity for the promotion of or in the field of agriculture or rural development, or

(iv)*bona fide* commercial or trade transactions, or

(v)the production or marketing activities of artisans or of [2][village and cottage industries, micro-enterprises, small enterprises and medium enterprises or of those engaged in the field of handicrafts, handlooms] and other rural crafts.

(2)The National Bank may make loans and advances under sub-section (*1*) against the security of—

(i)stocks, funds and securities other than immovable property, in which a trustee is authorised to invest trust money by any law for the time being in force;

(ii)promissory notes supported by documents of title to goods, such documents having been transferred, assigned or pledged to the borrowing institution as security for a loan or advance made for any of the purposes specified in sub-section (*1*):

Provided that the National Bank may, whenever it considers it necessary so to do, accept, in lieu of the actual assignment of any such security in favour of the National Bank, a declaration in writing from the borrowing institution,—

(a)stating that it holds such documents of title to goods as may be set out in the declaration; and

(b)containing such other particulars as may be required by the National Bank.

(3)Notwithstanding anything contained in sub-section (*2*), the National Bank may in its discretion grant a loan or advance—

(a)[3][to any State co-operative bank or central co-operative bank] if the loan or advance is fully guaranteed for repayment of principal and interest by Government;

(b)to any State co-operative bank which is a scheduled bank, if the loan or advance is secured either by a bill of exchange or promissory note executed by the central co-operative bank and assigned in favour of the State co-operative bank.

(4)Notwithstanding anything contained in sub-sections (*2*) and (*3*), the National Bank may also make loans and advances repayable on demand or on the expiry of fixed periods not exceeding eighteen months against promissory notes of a State co-operative bank or a regional rural bank or an institution approved under sub-section (*1*):

Provided that the borrowing institution furnishes a declaration in writing, setting out the purpose for which it has made loans and advances and such other particulars as may be required by the National Bank.

[4]**[22. Conversion loan for production credit**.—Where the National Bank is satisfied that owing to drought, famine or other natural calamities, military operations or enemy action, any State co-operative bank, central co-operative bank, regional rural bank or any such financial institution or any financial institution falling under any such class of financial institutions, as may be approved by the Reserve Bank in this behalf, requires assistance under this section, it may provide to such bank or institution such

1. Subs. by Act 48 of 2003, s. 2, for "to State co-operative banks" (w.e.f. 19-9-2003).

2. Subs. by Act 7 of 2018, s. 8, for "small-scale industries, industries in the tiny and decentralised sector, village and cottage industries or of those engaged in the field of handicrafts" (w.e.f. 15-3-2018).

3. Subs. by Act 48 of 2003, s. 2, for "to any State co-operative bank" (w.e.f. 19-9-2003).

4. Subs. by s. 3, *ibid*., for section 22 (w.e.f. 19-9-2003).

financial assistance as it may deem fit by way of making loans and advances repayable on the expiry of fixed periods not exceeding seven years and on such terms and conditions as may be specified in this behalf by the National Bank:

Provided that loans and advances may be made under this section only for the purpose of enabling the borrowing bank or institution,—

(a)to pay any dues to the National Bank for credit extended for financing agricultural operations or the marketing of crops under clause (*i*) of sub-section (*1*) of section 21, or

(b)(*i*) to make loans or advances to central co-operative banks or primary rural credit societies in cases where the borrowing bank is a State co-operative bank, and

(*ii*) to make loans and advances to primary rural credit societies in cases where the borrowing bank is a central co-operative bank,

and such loans or advances in both the cases being repayable on the expiry of fixed periods not being less than eighteen months and not exceeding seven years, by way of reimbursement of loans and advances made by such co-operative banks or societies for agriculture or agricultural operations or for reimbursement of such loans or advances which have been converted into loans or advances repayable on expiry of fixed periods not being less than eighteen months and not exceeding seven years from the date of conversion:

Provided further that no loan or advance shall be made under this section to a State co-operative bank or a central co-operative bank unless such loan or advance is fully guaranteed as to the repayment of the principal and payment of interest, by the State Government.]

23.Rescheduling of loans to artisans, small-scale industries, etc.—Where the National Bank is satisfied that owing to unforeseen circumstances the rescheduling of any loans and advances made to artisans, [1][village and cottage industries, micro enterprises, small enterprises and medium enterprises and those engaged in the field of handicrafts, handlooms and other rural crafts], by any State co-operative bank, regional rural bank or any such financial institution or any financial institution falling under such class of financial institutions as may be approved by the Reserve Bank in this behalf, has become necessary, it may provide to such bank or institution such financial assistance as it may deem fit by way of loans and advances repayable on the expiry of fixed periods not being less than eighteen months and not exceeding seven years against such securities as may be specified in this behalf by the National Bank:

Provided that no loan or advance shall be made under this section to a State co-operative bank unless such loan or advance is fully guaranteed as to the repayment of the principal and payment of interest, by the State Government but such guarantee may be waived by the National Bank if other security to the satisfaction of the National Bank is furnished, or if, for reasons to be recorded by it in writing, the National Bank is satisfied that the guarantee or other security is not necessary.

24.Investment credit—medium term.—The National Bank shall provide such financial assistance as it may consider necessary by way of making to State co-operative banks, regional rural banks, loans and advances repayable on the expiry of fixed periods not being less than eighteen months and not exceeding seven years against such securities as may be specified, in this behalf, by the National Bank and such loans or advances may be made for agriculture, rural development or such other purposes as the National Bank may, from time to time, determine:

Provided that no loan or advance shall be made under this section to a State co-operative bank unless such loan or advance is fully guaranteed as to the repayment of the principal and payment of interest, by the State Government but such guarantee may be waived by the National Bank, if other security to the satisfaction of the National Bank is furnished, or if, for reasons to be recorded by it in writing, the National Bank is satisfied that the guarantee or other security is not necessary.

25.Other investment credit.—(*1*) The National Bank may provide such financial assistance as it may consider necessary for promoting agriculture and rural development by—

1. Subs. by Act 7 of 2018, s. 9, for "small-scale industries, industries in the tiny and decentralised sector, village and cottage industries and those engaged in the field of handicrafts and other rural crafts," (w.e.f 15-3-2018).

(a)making loans and advances, by way of refinance, on such terms and conditions as the National Bank may think fit to impose, to a State land development bank or a State co-operative bank or a scheduled bank or any other financial institution approved by the Reserve Bank in this behalf, and also rescheduling the payment of such loans and advances:

Provided that the maximum period for which any such loan or advance may be granted, whether originally or by rescheduling the payment thereof, shall not exceed twenty-five years;

(b)purchasing or selling, or subscribing to the bonds or debentures issued by any bank or institution referred to in clause (*a*) and repayable within a period not exceeding twenty-five years from the dates on which they are issued;

(c)making loans and advances on such terms and conditions as the National Bank may think fit to impose, to a State co-operative bank or a scheduled bank for the purpose of enabling such bank to make loans or advances to artisans, [1][village and cottage industries, micro-enterprises, small enterprises and medium enterprises and those engaged in the field of handicrafts, handlooms] and other rural crafts and also rescheduling the payment of such loans and advances:

Provided that the maximum period for which any such loan or advance may be granted, whether originally or by rescheduling the payment thereof, shall not exceed twenty-five years;

(d)making, where it is considered necessary so to do in connection with any financial assistance under clause (*a*) or clause (*b*) or clause (*c*) to a State land development bank or a State co-operative bank or a scheduled bank, loans and advances repayable on demand or on the expiry of a fixed period not exceeding eighteen months, by way of refinance [2][or otherwise] to such bank and also rescheduling the payment of such loans and advances for such period as the National Bank may deem fit.

(*2*) The provisions of this section shall be in addition to, and not in derogation of, the provisions of section 21 and section 24.

[3]**[26. Purchase and sale of shares**.—The National Bank may subscribe to, or purchase or sell stocks, shares, bonds or debentures of, or invest in the securities of, any institution or class of institutions concerned with agriculture and rural development which the Board may approve subject to such terms and conditions as it may deem fit.]

27.Loans to State Governments for share capital contribution.—The National Bank may make loans and advances to State Governments, repayable on the expiry of fixed periods not exceeding twenty years from the date of making such loans and advances, from the National Rural Credit (Long Term Operations) Fund established under section 42 for enabling them to subscribe directly or indirectly to the share capital of a co-operative credit society.

[4]**[27A. Loans to State Government, undertakings, etc**.—The National Bank may make loans and advances to any State Government or a corporation owned or controlled by the State Government or to any other person or class of persons, as may be approved by the Board, repayable on the expiry of a fixed period not exceeding twenty-five years from the date of making of such loans and advances and subject to such terms and conditions, as may be approved by the Board, for the purpose of development of infrastructure facilities for promotion of agriculture and rural development.]

28.Security for credit.—(*1*) No accommodation shall be granted by the National Bank under clause (*a*) or clause (*c*) of sub-section (*1*) of section 25 or section 30 or section 32 to any institution other than a scheduled bank unless it is fully and unconditionally guaranteed by the Government as to the repayment of principal and payment of interest:

1. Subs. by Act 7 of 2018, s. 10, for "small-scale industries, industries in the tiny and decentralised sector, village and cottage industries and those engaged in the field of handicrafts" (w.e.f. 15-3-2018).
2. Ins. by Act 55 of 2000, s. 12 (w.e.f. 1-2-2001).
3. Subs. by s. 13, *ibid.,* for section 26 (w.e.f. 1-2-2001).
4. Ins. by s. 14, *ibid*. (w.e.f. 1-2-2001).

Provided that no such guarantee shall be required in cases in which security to the satisfaction of the Board is furnished by the borrowing institution.

(*2*) No accommodation shall be granted by the National Bank under clause (*a*) or clause (*c*) of sub-section (*1*) of section 25 or section 32 to any scheduled bank unless security to the satisfaction of the Board is furnished by such scheduled bank.

[1][(*3*) Notwithstanding anything contained in sub-section (*1*) or sub-section (*2*), no guarantee or security referred to therein shall be required in cases in which the Board, for reasons to be recorded in writing, decides that no such security or guarantee is necessary in respect of a scheduled bank, a State co-

operative bank or any person or class of persons, specifically approved by the Board or in respect of any scheme or class of schemes, having regard to the nature and scope of the scheme or schemes for which accommodation is proposed to be granted by the National Bank.]

29. Amounts and securities to be held in trust.—(*1*) Any sums received by a borrowing institution in repayment or realisation of loans and advances refinanced either wholly or partly by the National Bank shall, to the extent of the accommodation granted by the National Bank and remaining outstanding, be deemed to have been received by the borrowing institution in trust for the National Bank, and shall accordingly be paid by such institution to the National Bank, as per the repayment schedule fixed by the National Bank.

(*2*) Where an accommodation has been granted to a borrowing institution, all securities held, or which may be held, by such borrowing institution, on account of any transaction in respect of which such accommodation has been granted by the National Bank, shall be held by such institution in trust for the National Bank.

2[(*3*) Notwithstanding anything to the contrary contained in any law for the time being in force, where a liquidator is appointed for winding up a borrowing institution, it shall be the duty of the liquidator to forthwith pass on to the National Bank the sums recovered by the borrowing institution or the liquidator, as the case may be, in repayment or realisation of the loans and advances refinanced either wholly or partly by the National Bank to the extent the refinance is outstanding and the National Bank shall be entitled to enforce the securities held by the borrowing institution in trust for the National Bank as if every reference to the borrowing institution in any contract, security or other document obtained by borrowing institution is a reference to the National Bank and accordingly, the National Bank shall be entitled to recover the balance sums due under such loans and advances from the constituents of borrowing institution and any discharge given by the National Bank to such constituent shall be a valid discharge and the liquidator shall, on demand made by the National Bank, deliver to it all such contracts, securities and other documents, for due enforcement thereof by the National Bank.

Explanation.—For the purposes of this sub-section, the word "liquidator" shall include liquidator or a provisional liquidator or any person or authority entrusted with the duty of liquidating the borrowing institution.]

3**[30. Direct loans**.— The National Bank may, in exceptional circumstances to be recorded in writing by the Board, by itself or in association with other financial institutions or scheduled banks, make loans and advances, otherwise than by way of refinance to any person or class of persons or body corporate, on such terms and conditions, including security and repayable within such period not exceeding twenty-five years, as the National Bank may deem fit.

30A. Bills rediscounting.—The National Bank may rediscount bills of exchange and promissory notes made, drawn, accepted or endorsed by any company or body corporate concerned with agriculture and rural development presented by a scheduled bank, a State co-operative bank, State land development bank, regional rural bank or any other institution or class of institutions approved by the Board.]

1. Subs. by Act 55 of 2000, s. 15, for sub-section (3) (w.e.f. 1-2-2001).
2. Ins. by s. 16, *ibid*. (w.e.f. 1-2-2001).
3. Subs. by s. 17, *ibid.,* for section 30 (w.e.f. 1-2-2001).

31. Commission.—The National Bank may receive, for the rendering of any of the services mentioned in this Chapter or Chapter VII, such commission or other consideration as may be agreed upon.

45**[32. Issue of guarantees**.— The National Bank may guarantee, subject to such directions as may be issued by the Board, from time to time, deferred payments in connection with the purchase of capital goods or for any other purpose for giving effect to the provisions of this Act, due from any person or class of persons, whether incorporated or not.]

33.Power to impose conditions for accommodation.—In entering into any transaction 46[under this Act with a borrower], the National Bank may impose such conditions as it may think necessary or expedient for protecting the interests of the National Bank.

[47][**34. Power to call for repayment before agreed period**.—Notwithstanding anything to the contrary contained in any agreement or arrangement, the National Bank may, by notice in writing, require any borrower or assisted person to whom it has granted any loan or other financial assistance including grants, to discharge forthwith in full, the loan or other financial assistance, including grants, as the case may be,—

(a)if it appears to the National Bank that false or misleading information in any material particulars was given in the application for the loan or other financial assistance; or

(b)if the borrower or the person has failed to comply with any of the terms of the contract or arrangement with the National Bank in the matter of loan or other financial assistance, including grants; or

(c)if there is a reasonable apprehension that the borrower is unable to pay its debts or that proceedings for liquidation may be commenced in respect thereof; or

(d)if for any reason it is necessary so to do, to protect the interests of the National Bank.]

35.National Bank to have access to records.—[48][(*1*) The National Bank shall have free access to all such records of a borrower seeking to avail of any credit or other facilities from the National Bank under this Act and also to all such records of any person seeking to avail of any credit or other facilities from such borrower, perusal whereof may appear to the National Bank to be necessary in connection with the providing of finance or other assistance to such borrower or the refinancing of any loan or advance made to such person by the borrower.]

(*2*) The National Bank may require any institution or person referred to in sub-section (*1*) to furnish to it copies of any of the records referred to in that sub-section and the institution or the person, as the case may be, shall be bound to comply with such requisition.

36.Validity of loan or advance not to be questioned.—Notwithstanding anything to the contrary contained in any other law for the time being in force, the validity of any loan or advance granted by the National Bank in pursuance of the provisions of this Act shall not be called in question merely on the ground of non-compliance with the requirements of such other law as aforesaid or of any resolution, contract, memorandum, articles of association or other instrument:

Provided that nothing in this section shall render valid any loan or advance obtained by any company or co-operative society where such company or co-operative society is not empowered by its memorandum to obtain loans or advances.

37.National Bank not to grant loans or advances against its own bonds or debentures.—The National Bank shall not grant any loan or advance on the security of its own bonds or debentures.

1. Subs. by Act 55 of 2000, s. 18, for section 32 (w.e.f. 1-2-2001).

2. Subs. by s. 19, *ibid*., for "under this Chapter with a borrowing institution" (w.e.f. 1-2-2001).

3. Subs. by s. 20, *ibid*., for section 34 (w.e.f. 1-2-2001).

4. Subs. by s. 21, *ibid*., for sub-section (*1*) (w.e.f. 1-2-2001).

[49][**37A. Prohibited business**.—(*1*) The National Bank shall not make any loans or advances under section 30 or make any grants under this Act to any person or body of persons of which any of the directors of the National Bank is a proprietor, partner, director, manager, agent, employee or guarantor or in which one or more directors of the National Bank together hold substantial interest:

Provided that this sub-section shall not apply to any borrower if any director of the National Bank—

(a)is nominated as director of the Board of such borrower by the Government or a Government company as defined [50][in clause (*45*) of section 2 of the Companies Act, 2013 (18 of 2013)] or by a corporation established by any other law;

(b)is elected on the Board of such borrower by virtue of shares held in the borrower organisation by the Government, or a Government company as defined [2][in clause (*45*) of section 2 of the Companies Act, 2013 (18 of 2013)] or by a corporation established by any other law,

by reason only of such nomination or election, as the case may be.

Explanation.—For the purposes of this sub-section, "substantial interest", in relation to a borrower, means the beneficial interest held by one or more of the directors of the National Bank or by any relative of such director as defined [51][in clause (*77*) of section 2 of the Companies Act, 2013 (18 of 2013)] whether singly or taken together, in the shares of the borrower, the aggregate amount paid-up on which either exceeds five lakhs of rupees or five per cent. of the paid-up share capital of the borrower, whichever is lesser.

(2)The provisions of sub-section (*1*)—

(a)shall not apply to any borrower, if the National Bank is satisfied that it is necessary in the public interest to enter into business with that borrower and entering into any kind of business with such borrower shall be in accordance with and subject to such conditions and limitations, as may be approved by the Board;

(b)shall not apply to any transaction relating to the business entered into prior to the commencement of the National Bank for Agriculture and Rural Development (Amendment) Act, 2000 (55 of 2000), and all such business and any transaction in relation thereto may be implemented or continued as if that Act had not come into force;

(c)shall apply only so long as the conditions precedent to such disability as set out in the said sub-section continue.]

CHAPTER VII
OTHER FUNCTIONS OF THE NATIONAL BANK

38.Other functions of National Bank.—The National Bank—

(i)shall co-ordinate its operations and the operations of various institutions engaged in the field of rural credit and maintain expert staff to study all problems relating to agriculture and rural development and be available for consultation to the Central Government, the Reserve Bank, the State Governments and the other institutions engaged in the field of rural development;

(ii)may act as the agent for the Central Government or a State Government or the Reserve Bank in the transaction of any business in respect of loans and advances granted or to be granted, or bonds or debentures purchased or subscribed for, or to be purchased or subscribed for;

(iii)may provide facilities for training, for dissemination of information and the promotion of research including the undertaking of studies, researches, techno-economic and other surveys in the field of rural banking, agriculture and rural development and it may for the said purposes [52][make loans or advances or grants] including grants by way of provision for fellowships and chairs to any institution.

1. Ins. by Act 55 of 2000, s. 22 (w.e.f. 1-2-2001).

2. Subs. by Act 7 of 2018, s. 11, for "in section 617 of the Companies Act, 1956 (1 of 1956)" (w.e.f. 15-3-2018).

3. Subs. by s. 11, *ibid*., for "in clause (41) of section 2 of the Companies Act, 1956 (1 of 1956)" (w.e.f. 15-3-2018). 4. Subs. by Act 55 of 2000, s. 23, for "make grants" (w.e.f. 1-2-2001).

[1][(*iv*) may provide technical, legal, financial, marketing and administrative assistance to any person engaged in agriculture and rural development activities;

(v)may provide consultancy services in the field of agriculture and rural development and other related matters in or outside India, on such terms and against such remuneration, as may be agreed upon;

(vi)may perform the functions entrusted to or required of the National Bank by any other law for the time being in force; and

(vii)do any other kind of business or undertake any other kind of activity which the Central Government or the Reserve Bank may authorise.]

[2]**[38A. Promotion of subsidiaries**.—The National Bank may, in consultation with the Reserve Bank, promote, form or manage or associate itself in promotion, formation or management of companies, subsidiaries, affiliates, societies, trusts or such other association of persons, as it may deem fit, for the purpose of carrying out its functions under this Act.

38B. Securitisation of debt.—Notwithstanding anything contained in this Act, the National Bank may—

(a)create one or more trusts and transfer loans and advances granted by it, with or without the securities, to such trusts, for consideration;

(b)set aside loans or advances held by the National Bank and issue and sell securities based upon such loans or advances so set aside in the form of debt obligations, trust certificates of beneficial interest or other instruments, by whatever name called, and act as a trustee for the holders of such securities.

38C. Exemption from compulsory registration.—Notwithstanding anything contained in sub-section (*1*) of section 17 of the Registration Act, 1908 (16 of 1908)—

(a)any instrument in the form of debt obligations or trust certificate of beneficial interest or any other instrument, by whatsoever name called, issued by the National Bank or the trust created by it to securitise the loans granted by it and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property; or

(b)any transfer of such instruments referred to in clause (*a*), shall not require compulsory registration.]

39. Incidental powers.—The National Bank may also do all such things as may be necessary or incidental to or consequential upon the exercise of its powers, discharge of its functions and the performance of its duties, under this Act, or under any other law for the time being in force.

[3][**40. Deposits and investments**.—(*1*) The National Bank may invest its funds in promissory notes, stocks or securities of the Central Government or keep the moneys deposited with the Reserve Bank or with any agency of the Reserve Bank or with a State co-operative bank or a scheduled bank.

(*2*) Notwithstanding anything contained in sub-section (*1*) or section 30A, the National Bank may, for beneficial investment of its surplus funds, rediscount bills of exchange or promissory notes arising out of *bona fide* trade and commercial transactions and also lend repayable at call or short notice to a scheduled bank or any financial institution approved by the Reserve Bank, or invest in certificates of deposit and other instruments or schemes as may be approved by the Board.]

41. Credit information.—The National Bank may, for the purpose of the efficient discharge of its functions under this Act, collect from or furnish to the Central Government, the Reserve Bank or any banking company or such other financial institution as may be notified by the Central Government in this behalf, credit information or other information.

1. Ins. by Act 55 of 2000, s. 23 (w.e.f. 1-2-2001).

2. Ins. by s. 24, *ibid*. (w.e.f. 1-2-2001).

3. Subs. by s. 25, *ibid*., for section 40 (w.e.f. 1-2-2001).

Explanation.—For the purposes of this section, the expressions "banking company" and "credit information" shall have the same meanings as in section 45A of the Reserve Bank of India Act, 1934 (2 of 1934).

CHAPTER VIII

FUNDS, ACCOUNTS AND AUDIT

42.National Rural Credit (Long Term Operations) Fund.—(*1*) The National Bank shall establish and maintain a Fund to be known as the National Rural Credit (Long Term Operations) Fund.

(2)The Fund shall (in addition to assets and liabilities transferred under section 18) include,—

(a)such sums of money as the Central Government and the State Governments may contribute from time to time;

(b)such sums of money as the Reserve Bank may contribute every year; and

(c)such further sums of money as the Board may contribute every year.

(3)The amount in the said Fund shall be applied by the National Bank only to provide financial assistance by way of loans and advances under section 23, section 24, sub-section (*1*) of section 25 or section 27 or for the purposes of section 26.

43.National Rural Credit (Stabilisation) Fund.—(*1*) The National Bank shall establish and maintain a Fund to be known as the National Rural Credit (Stabilisation) Fund.

(2)The Fund shall (in addition to assets and liabilities transferred under section 18) include,—

(a)such sums of money as the Central Government and the State Governments may contribute from time to time;

(b)such sums of money as the Reserve Bank may contribute every year; and

(c)such further sums of money as the Board may contribute every year.

(3)The amounts in the said Fund shall be applied by the National Bank only to provide loans and advances under section 22.

44.Research and Development Fund.—(*1*) The National Bank shall establish and maintain a Fund to be known as the Research and Development Fund, to which shall be credited—

(a)such sums of money as are transferable to this Fund in accordance with section 47;

(b)such sums of money as the Board may contribute every year to this Fund from out of its annual profits; and

(c)such gifts, grants, donations or benefactions which the National Bank may receive and which the Board may earmark for this purpose.

(*2*) The Research and Development Fund shall be expended on matters of importance to agriculture, agricultural operations and rural development, including the provision of training and research facilities and the [56][making of loans or advances or grants] under clause (*iii*) of section 38.

45.Reserve Fund and other Funds.—The National Bank shall establish a Reserve Fund [57][and other Funds] as the Board may consider necessary by transferring such sums as it may deem fit, out of its annual profits and out of receipts from gifts, grants, donations or benefactions, which it may receive.

46.Preparation of balance-sheet, etc., of National Bank.—(*1*) The balance-sheet and accounts of the National Bank shall be prepared and maintained in such form and manner as may be prescribed.

1. Subs. by Act 55 of 2000, s. 26, for "making of grants" (w.e.f. 1-2-2001).
2. Subs. by s. 27, *ibid.,* for "and such other Funds" (w.e.f. 1-2-2001).

(*2*) The Board shall cause the books and accounts of the National Bank to be balanced and closed as on the thirtieth day of June [58][or such other date in each year as the Central Government may, by notification in the Official Gazette, specify].

[59][Provided that with a view to facilitating the transition from one period of accounting to another period of accounting under this sub-section, the Central Government may, by order published in the Official Gazette, make such provisions as it considers necessary or expedient for the balancing and closing of, or for other matters relating to, the books or accounts in respect of the concerned years.]

47.Disposal of surplus.—After making provision for bad and doubtful debts, depreciation of assets and all other matters for which provision is necessary or expedient or which is usually provided for by bankers, and for the Funds referred to in sections 42, 43 and 45, the National Bank shall transfer—

(i)for a period of fifteen years, following the accounting year during which the National Bank is established, the amount remaining (hereafter in this section referred to as surplus) to the Research and Development Fund under section 44; and

[60][(*ii*) after the expiry of the said period of fifteen years, the Board shall, after making provision for the Fund referred to in clause (*i*), disburse or spend the balance of the surplus in such manner as may be approved by the Board.]

48.Audit.—(*1*) The accounts of the National Bank shall be audited by auditors duly qualified to act as auditors under sub-section (*1*) of [61][section 141 of the Companies Act, 2013 (18 of 2013)] who shall be appointed by the Central Government in consultation with the Reserve Bank, for such term and on such remuneration as the Central Government may fix.

(2)The auditors shall be supplied with a copy of the annual balance-sheet of the National Bank and it shall be their duty to examine it together with the accounts and vouchers relating thereto and they shall have a list delivered to them of all books kept by the National Bank and shall at all reasonable times have access to the books, accounts, vouchers and other documents of the National Bank.

(3)The auditors may, in relation to the accounts of the National Bank, examine any director of the Board or any officer or other employee of the National Bank and shall be entitled to require from the Board or officers or employees of the National Bank such information and explanation as they may think necessary for the performance of their duties.

(4)The auditors shall make a report to the National Bank upon the annual balance-sheet and accounts examined by them and in every such report, they shall state whether in their opinion the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the state of affairs of the National Bank and in case they had called for any explanation or information from the Board or any officer or other employee of the National Bank, whether it has been given and whether it is satisfactory.

(5)The National Bank shall furnish to the Central Government and the Reserve Bank within four months from the date on which the annual accounts of the National Bank are closed and balanced, a copy of its balance-sheet as on the close of that year together with a copy of the profit and loss account for the year and a copy of the auditors' report and a report of the working of the National Bank during the relevant year, and the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament and cause the copies of the said balance-sheet, profit and loss account and auditors' report to be published in the Official Gazette.

(6)Without prejudice to anything contained in the preceding sub-sections, the Central Government may, at any time, appoint the Comptroller and Auditor General of India to examine and report upon the accounts of the National Bank and any expenditure incurred by him in connection with such examination and report shall be payable by the National Bank to the Comptroller and Auditor General of India.

1. Subs. by Act 66 of 1988, s. 46, for ", each year" (w.e.f. 30-12-1988).

2. The proviso ins. by s. 46, *ibid*. (w.e.f. 30-12-1988).

3. Subs. by Act 55 of 2000, s. 28, for clause (*ii*) (w.e.f. 1-2-2001).

4. Subs. by Act 7 of 2018, s. 12, for "section 226 of the Companies Act, 1956 (1 of 1956)" (w.e.f. 15-3-2018).

49.Returns.—The National Bank shall furnish, from time to time, to the Central Government and to the Reserve Bank, such returns as the Central Government or the Reserve Bank may require.

CHAPTER IX

STAFF

50.Staff of National Bank.—(*1*) The National Bank may appoint such number of officers and other employees as it considers necessary or desirable for the efficient performance of its functions and determine the terms and conditions of their appointment and service.

(2)Without prejudice to the provisions of sub-section (*1*), it shall be lawful for the National Bank to utilise, and for the Reserve Bank to make available, the services of such staff of the Reserve Bank on such terms and conditions as may be agreed upon between the National Bank and the Reserve Bank.

(3)Subject to the provisions of sub-section (*6*), at any time before the expiry of six months from the appointed day, the Reserve Bank may, in public interest, transfer to the National Bank, such members of the staff of Reserve Bank whom the Reserve Bank considers as engaged, or as suitable to be engaged, in attending to the work of a nature which is same or similar to that which the National Bank may require for its efficient functioning, and upon such transfer they shall be deemed to be appointed by the National Bank under sub-section (*1*) with effect from the date of such transfer:

Provided that every person so transferred may, before the expiry of a period of six months from the appointed day, or before the expiry of a period of thirty days from such transfer, whichever period expires later, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of eighteen months from the appointed day, take back such member of the staff and he shall be deemed to have been on deputation to the National Bank during the period he was a member of the staff of the National Bank.

(4)(*a*) Any member of the staff of the Reserve Bank who is not appointed under sub-section (*3*), may, if he so desires, make an application to the Reserve Bank within six months from the appointed day, to be considered for appointment as a member of the staff of the National Bank.

(b)The Reserve Bank may, in consultation with the National Bank, consider such application having regard to the suitability of the person so applying, the availability of vacancies in the National Bank, the exigencies of service in the Reserve Bank and the National Bank and such other factors as may be considered relevant in this regard, and, if the Reserve Bank is satisfied having regard to these factors, that such applicant is suitable for being so appointed recommend his appointment to the National Bank.

(c)The National Bank may thereupon, within eighteen months from the appointed day, appoint such a person applying under this sub-section, as a member of the staff of the National Bank, and on such appointment, such a person shall be deemed to have been appointed in the National Bank under sub-section (*3*):

Provided that the proviso to sub-section (*3*) and the proviso to sub-section (*5*) shall not apply in respect of such a person.

(5)Notwithstanding anything contained elsewhere in this Act or in any other law or in any contract, for the time being in force, at any time before the expiry of six months from the appointed day, the Reserve Bank may, if it considers it necessary in consultation with the National Bank so to do in the interest of the National Bank, transfer on promotion any member of the staff of the National Bank to the Reserve Bank, and on such transfer to the Reserve Bank, each such member of the staff shall be deemed to be a member of the staff of the Reserve Bank and shall be entitled to the same salary, emoluments and other conditions of service to which he was entitled immediately before the date of such transfer, including benefits, if any, arising directly out of such promotion:

Provided that every member of the staff who is transferred as aforesaid may, before the expiry of a period of six months from the appointed day or within thirty days from such transfer, whichever period expires later, elect to go back to the National Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the National Bank shall, before the expiration of a period of eighteen months from the appointed day, take back such member of the staff and he shall be deemed to have been on deputation to the Reserve Bank during the period he was a member of the staff of the Reserve Bank.

(6)Every person,—

(a)who, immediately before the date appointed under sub-section (*1*) of section 16, is a member of the staff of the Agricultural Refinance and Development Corporation; or

(b)who is a member of the staff of the Reserve Bank but whose services are being utilised immediately before that date by the said Corporation,

shall be deemed to be appointed by the National Bank under sub-section (*1*) on the said date:

Provided that every member of the staff of the Reserve Bank, who is so deemed to be appointed, and who was not recruited specifically for utilisation in the Agricultural Refinance and Development Corporation, may, before the expiry of a period of six months from the appointed day or within a period of thirty days from the date appointed under sub-section (*1*) of section 16, whichever period expires later, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of eighteen months from the appointed day, take back such member of the staff and he shall be deemed to have been on deputation to the National Bank during the period he was a member of the staff of the National Bank.

(7)Notwithstanding anything contained in any other law or in any agreement, for the time being in force, no member of the staff shall be entitled to claim any compensation for, or in relation to any matter concerning, his transfer, appointment or as the case may be, return, under sub-sections (*3*) to (*6*) and no claim in respect thereof shall be entertained by any court, tribunal or other authority.

(8)Subject to the provisions of sub-section (*10*) and sub-section (*11*), every member of the staff of the Agricultural Refinance and Development Corporation or of the Reserve Bank who is deemed to be appointed as a member of the staff of the National Bank under this section, shall be deemed to have been appointed by the National Bank on the same salary, emoluments and other terms and conditions of service to which he was entitled immediately before his appointment in the National Bank.

(9)The provisions relating to superannuation benefits, namely, the regulations relating to provident fund and the rules relating to payment of gratuity and compassionate gratuity and any other provision relating to superannuation as are applicable to the staff of the Reserve Bank on the appointed day shall, so far as may be, apply to the staff of the National Bank, unless and until the National Bank alters or amends the same:

Provided that after the appointed day, any such alteration or amendment may be effected by the National Bank as regards provident fund regulations in accordance with section 60, and as regards the other rules in the manner they would have been altered or amended but for this sub-section:

Provided further that after the expiry of six months from the appointed day, the balances held in the Reserve Bank of India Employees' Provident Fund to the credit of any member of the staff of the Reserve Bank whose services are transferred under this section to the National Bank and who does not opt to go back to the Reserve Bank, shall be transferred to, and held in, the Provident Fund of the National Bank on same or similar terms subject to which those balances were held earlier in the Reserve Bank of India Employees' Provident Fund.

(10)Notwithstanding anything contained in any other law, settlement, or agreement, every person employed by the National Bank or whose services have been transferred to the National Bank under this Act, shall be liable to serve anywhere in India.

(11)Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947), or any other law for the time being in force, or in any award, judgment, decree, decision or order of any Industrial Tribunal, Court or other authority, or any settlement or agreement, made or entered into before the date of transfer to the National Bank of the services of any person under this section, the National Bank shall be free to alter, amend or repeal in such manner and to such extent it may consider necessary,

any of the terms and conditions of service applicable to such persons whose services are so transferred to the National Bank and who are appointed in the National Bank under this section except that the National Bank shall not alter to their prejudice the terms relating to payment of salary and other emoluments, retirement benefits and eligibility for leave.

Explanation.—For the purposes of this section, "appointed day" means the date of establishment of the National Bank under section 3.

CHAPTER X
MISCELLANEOUS

51.Obligation as to fidelity and secrecy.—(*1*) The National Bank shall not, except as otherwise required by this Act or any other law, divulge any information relating to, or to the affairs of, its constituents except in circumstances in which it is, in accordance with the law or practice and usage customary among bankers, necessary or appropriate for the National Bank to divulge such information.

(*2*) Every director, member of a committee, auditor, officer or other employee of the National Bank or of the Reserve Bank, whose services are utilised by the National Bank under the provisions of this Act, shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the First Schedule to this Act.

[1][(*3*) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005 (30 of 2005).]

52.Defects in appointment not to invalidate acts, etc.—(*1*) No act or proceeding of the Board or of any committee of the National Bank shall be questioned on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Board or the committee, as the case may be.

(*2*) No act done by any person acting in good faith as a director of the Board or as a member of a committee of the National Bank shall become invalid merely on the ground that he was disqualified to be a director or that there was any other defect in his appointment.

[2]**[52A. Agreement with National Bank on appointment of directors to prevail**.—(*1*) Where any agreement entered into by the National Bank with a company or a body corporate while granting loans and advances, provides for the appointment by the National Bank of one or more directors of such company or body corporate, such provisions and any appointment of directors made in pursuance thereof shall be valid and effective, notwithstanding anything to the contrary contained in [3][the Companies Act, 2013 (18 of 2013)] or in any other law for the time being in force, or in the memorandum, articles of association or any other instrument relating to the company or body corporate, and any provision regarding share qualification, age-limit, number of directorships, removal from office of directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any director appointed by the National Bank in pursuance of the agreement as aforesaid.

(2)Any director appointed as aforesaid shall—

(a)hold office during the pleasure of the National Bank and may be removed or substituted by any person by order in writing of the National Bank;

(b)not incur any obligation or liability by reason only of his being a director or for anything done or omitted to be done in good faith in the discharge of his duties as a director or anything in relation thereto;

(c)not be liable to retirement by rotation and shall not be taken into account for computing the number of directors liable to such retirement.]

53.Protection of action taken under the Act.—No suit or other legal proceeding shall lie against the National Bank or any director or any officer or other employee of the National Bank or any other person authorised by the National Bank to discharge any functions under this Act for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act or of any other law or provision having the force of law.

1. Ins. by Act 30 of 2005, s. 34 and the Schedule (w.e.f. 14-12-2006).
2. Ins. by Act 55 of 2000, s. 29 (w.e.f. 1-2-2001).
3. Subs. by Act 7 of 2018, s. 13, for "the Companies Act, 1956 (1 of 1956)" (w.e.f. 15-3-2018).

54.Indemnity of directors.—(*1*) Every director shall be indemnified by the National Bank against all losses and expenses incurred by him in, or in relation to, the discharge of his duties, except such as are caused by his own wilful act or default.

(*2*) A director shall not be responsible for any other director or for any officer or other employee of the National Bank or for any loss or expenses resulting to the National Bank from the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of the National Bank or the insolvency or wrongful act of any debtor or any person under obligation to the National Bank or anything done in good faith in the execution of the duties of his office in relation thereto.

55. [*Exemption from income-tax, etc.*]—*Omitted by the Finance Act,* 2001 (14 *of* 2001)*, s.* 140 *(w.e.f.* 1-4-2002*)*.

56.Penalties.—(*1*) Whoever in any return, balance-sheet, or other document or in any information required or furnished by or under or for the purposes of any provision of this Act, wilfully makes a statement which is false in any material particular, knowing it to be false, or wilfully omits to make a material statement, shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine.

[1][(*2*) If any person fails to produce any book, account or other document, or to furnish any statement or information which, under the provisions of this Act, it is his duty to produce or furnish, he shall be liable to penalty which may extend to one lakh fifty thousand rupees in respect of each failure and in the case of a continuing failure, an additional penalty which may extend to seven thousand five hundred rupees for every day during which the failure continues after the first such failure.

(*3*) For the purpose of adjudging penalty under sub-section (*2*), the National Bank shall serve notice on the person requiring it to show cause why the amount specified in the notice should not be imposed as a penalty and a reasonable opportunity of being heard shall also be given to such person.

(*4*) Any penalty imposed by the National Bank under this section shall be payable within a period of fourteen days from the date on which notice issued by the National Bank demanding payment of the sum is served on the person and, in the event of failure of the person to pay the sum within such period, may be levied on a direction made by the principal civil court having jurisdiction in the area where the person is situated:

Provided that no such direction shall be made except on an application made to the court by the National Bank or by any officer authorised by the National Bank in this behalf.

(*5*) The court which makes a direction under sub-section (*4*) shall issue a certificate specifying the sum payable by the person and every such certificate shall be enforceable in the same manner as if it were a decree made by the court in a civil suit.

(*6*) No complaint shall be filed against any person in any court relating to any contravention or default in respect of which any penalty has been imposed by the National Bank under sub-section (*2*).

(*7*) Where any complaint has been filed against any person in any court in respect of the contravention or default of the nature referred to in sub-section (*1*), then, no proceedings for the imposition of any penalty on the person shall be initiated under sub-section (*2*).]

57.Offences by companies.—(*1*) Where an offence has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2)Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or

1. Subs. by Act 18 of 2023, s. 2 and the Schedule, for sub-section (*2*) (w.e.f. 22-01-2024).

connivance of, or is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purpose of this section—

(a)"company" means any body corporate and includes a firm or other association of individuals; and

(b)"director", in relation to a firm, means a partner in the firm.

58.Bankers' Books Evidence Act, 1891, to apply in relation to National Bank.—The Bankers' Books Evidence Act, 1891 (18 of 1891), shall apply in relation to the National Bank as if it were a bank as defined in section 2 of that Act.

59.Liquidation of National Bank.—No provision of law relating to the winding up of companies shall apply to the National Bank and the National Bank shall not be placed in liquidation save by order of the Central Government and in such manner as it may direct.

60.Power of Board to make regulations.—(*1*) The Board may, with the previous approval of the Central Government and in consultation with the Reserve Bank, by notification, make regulations not

inconsistent with this Act to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a)the fees or allowances that may be paid to the directors or members of the Advisory Council;

(b)the times and places of the meetings of the Board or the Executive Committee or the Advisory Council and the procedure to be followed at such meetings including the quorum necessary for the transaction of business;

(c)the number of directors constituting the Executive Committee and the functions that such Committee shall discharge;

(d)the manner and terms of issue and redemption of bonds and debentures by the National Bank;

[1][(*e*) the manner of election of directors under clause (*f*) of sub-section (*1*) of section 6;]

[2]* * * * *

(*g*) The form and manner in which the balance-sheets and the accounts of the National Bank shall be prepared or maintained;

[2]* * * * *

(i)the duties and conduct, salaries, allowances and conditions of service of officers and other employees;

(j)the establishment and maintenance of provident or other benefit funds for employees of the National Bank; and

(k)such other matters for which the Board may consider it expedient or necessary to provide for by way of regulations.

(3)Any regulation which may be made by the Board under this Act may be made by the Reserve Bank, in consultation with the Central Government, before the expiry of three months from the date of establishment of the National Bank, and any regulation so made may be altered and rescinded by the Board in the exercise of its powers under this Act.

1. Subs. by Act 55 of 2000, s. 30, for clause (e) (w.e.f. 1-2-2001).

2. Clauses (*f*) and (*h*) omitted by s. 30, *ibid*. (w.e.f. 1-2-2001).

(4)The power to make regulations conferred by this section shall include the power to give retrospective effect to the regulations or any of them from a date not earlier than the date of commencement of this Act, but no retrospective effect shall be given to any regulation so as to prejudicially affect the interest of any person to whom such regulation may be applicable.

(5)The Central Government shall cause every regulation made under this Act to be laid, as soon as may be after it is made, before each House of Parliament, 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, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation.

[61. ***Amendment of certain enactments***].—*Rep. by the Repealing and Amending Act,* 1988 (19 *of* 1988), *s.* 2 *and the First Schedule* (*w.e.f.* 31-3-1988).

62. Power to remove difficulty.—If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of three years from the commencement of this Act.

THE FIRST SCHEDULE

[*See* section 51(*2*)]

DECLARATION OF FIDELITY AND SECRECY

I do hereby declare that I will faithfully, truly and to the best of my skill and ability execute and perform the duties required of me as director, auditor officer or other employee (as the case may be) of the National Bank for Agriculture and Rural Development and which properly relate to the office or position held by me in the said National Bank.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the National Bank for Agriculture and Rural Development or to the affairs of any person having any dealing with the said National Bank nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the National Bank for Agriculture and Rural Development and relating to the business of the said National Bank or the business of any persons having any dealing with the said National Bank.

Signed before me (*Signature*)