The State Bank of India Act, 1955

(ACTNO. 23 OF 1955)

(*As on the 15th April, 2026*)

LIST OF AMENDING ACTS

1.The State Bank of India (Amendment) Act, 1955 (33 of 1955).

2.The State Bank of India (Amendment) Act, 1957 (21 of 1957).

3.The State Bank of India (Amendment) Act, 1959 (26 of 1959).

4.The State Bank of India (Subsidiary Bank) Act, 1959 (38 of 1959).

5.The State-Associated Bank (Miscellaneous Provisions) Act, 1962 (56 of 1962).

6.The Unit Trust of India Act, 1963 (52 of 1963).

7.The State Bank of India (Amendment) Act, 1964 (35 of 1964).

8.The Banking Laws (Amendment) Act, 1968 (58 of 1968).

9.The State Bank of India (Amendment) Act,1973 (48 of 1973).

10.The Banking and Public Financial Institution Laws (Amendment)Act, 1976 (73 of 1976).

11.The Banking Laws (Amendment) Act, 1983 (1 of 1984).

12.The Banking Laws (Amendment) Act, 1984 (64 of 1984).

13.The Banking Laws (Amendment) Act, 1985 (81 of 1985).

14.The Banking Public Financial Institutions and Negotiable Instruments Laws (Amendment) Act, 1988 (66 of 1988).

15.The State Bank of India (Amendment) Act, 1993 (3 of 1994).

16.The Depositories Related Laws (Amendment) Act, 1997 (8 of 1997).

17.The Credit Information Companies (Regulation) Act, 2005 (30 of 2005).

18.The Banking Companies (Acquisition and Transfer of Undertakings) and Financial Institutions Laws (Amendment) Act, 2006 (45 of 2006).

19.The State Bank of India (Amendment) Act, 2007 (32 of 2007).

20.The State Bank of India (Amendment) Act, 2010 (27 of 2010).

21.The State Bank of India (Repeal and Amendment) Act, 2018 (19 of 2018).

22.The Banking Laws (Amendment) Act, 2025 (16 of 2025).

LIST OF ABBREVIATIONS USED

Cl.,cls.	*for*	Clause, clauses.
Ins.	,,	Inserted.
Notifn.	,,	Notification.
S., ss.	,,	Section, sections.
Sch.	,,	Schedule.
Subs.	,,	Substituted.
w.e.f.	,,	with effect from.

THE STATE BANK OF INDIA ACT, 1955

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THE STATE BANK OF INDIA ACT, 1955

ACT NO. 23 OF 1955[1]

[8*th May*, 1955.] An Act to constitute a State Bank for India, to transfer to it the undertaking of the Imperial Bank of India and to provide for other matters connected therewith or incidental thereto.

WHEAEAS for the extension of banking facilities on a large scale, more particularly in the rural and semi-urban areas, and for diverse other public purposes it is expedient to constitute a State Bank for India, and to transfer to it the undertaking of the Imperial Bank of India and to provide for other matters connected therewith or incidental thereto;

BE it enacted by Parliament in the Sixth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title and commencement.—(*1*) This Act may be called the State Bank of India Act, 1955.

(*2*) It shall come into force on such date[2] as the Central Government may, by notification in the Official Gazette, appoint.

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

(*a*) "appointed day" means the date on which this Act comes into force;

(*b*) "Central Board" means the Central Board of Directors of the State Bank;

[3][(*bb*) "chairman" means the chairman of the Central Board;]

(*c*) "goods" includes bullion, wares and merchandise;

(*d*) "Imperial Bank" means the Imperial Bank of India constituted under the Imperial Bank of India Act, 1920 (47 of 1920);

[3][(*dd*) "Local Board" means a Local Board constituted under section 21;]

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

(*f*) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934);

(*g*) "State Bank" means the State Bank of India constituted under this Act;

[4]* * * * *

[5]* * * * *

[6][(*j*) "workman" has the meaning assigned to it in the Industrial Disputes Act, 1947 (14 of 1947).]

1. The Act has been extended to Dadra and Nagar Haveli by Reg. 6 of 1963, s. 2 and Sch. I (w.e.f. 1-7-1965); Pondicherry by Reg. 7 of 1963, s. 3 and Sch. I (w.e.f. 1-10-1963); and Goa, Daman and Diu by Reg. 11 of 1963, s. 3 and Sch. (w.e.f. 1-2-1965). 2. 1st July, 1955, *vide* notifin. No. S.R.O. 1077, dated 14th May, 1955, *see* Gazette of India, Part II, sec. 3(*ii*).

3. Ins. by Act 35 of 1964, s. 2 (w.e.f. 1-12-1964).

4. Cl. (*h*) omitted by Act 19 of 2018, s. 3 (w.e.f. 1-4-2017).

5. Cl. (*i*) omitted by Act 27 of 2010, s. 2 (w.e.f. 15-9-2010).

6. Ins. by Act 48 of 1973, s. 2 (w.e.f. 1-7-1974).

6 CHAPTER II

INCORPORATION AND SHARE CAPITAL OF STATE BANK

3. Establishment of the State Bank.—(*1*) A Bank to be called the State Bank of India shall be constituted to carry on the business of banking and other business in accordance with the provisions of this Act and for the purpose of taking over the undertaking of the Imperial Bank.

(*2*) The [1][Central Government], together with such other persons as may from time to time become shareholders in the State Bank in accordance with the provisions of this Act, shall, so long as they are shareholders in the State Bank, constitute a body corporate with perpetual succession and a common seal under the name of the State Bank of India, and shall sue and be sued in that name.

(*3*) The State Bank shall have power to acquire and hold property, whether movable or immovable, for the purposes for which it is constituted and to dispose of the same.

[2]**[4. Authorised capital.**—Subject to the provisions of this Act, the authorised capital of the State Bank shall be five thousand crores of rupees divided into five hundred crores of fully paid-up shares of ten rupees each:

Provided that the Central Board may reduce the nominal or face value of the shares, and divide the authorised capital into such denomination as it may decide with the approval of the Reserve Bank:

Provided further that the Central Government may, in consultation with the Reserve Bank, increase or reduce the authorised capital so however that the shares in all cases shall be fully paid-up shares.]

5. Issued capital.—(*1*) The issued capital of the State Bank shall, on the appointed day, be five crores, sixty-two lakhs and fifty thousand rupees divided into five lakhs, sixty-two thousand and five hundred shares, all of which shall, on the appointed day stand allotted to the Reserve Bank in lieu of the shares of the Imperial Bank [3][transferred to and vested in it under section 6].

[4][(*2*) The issued capital of the State Bank shall consist of equity shares or equity and preference shares:

Provided that the issue of preference shares shall be in accordance with the guidelines framed by the Reserve Bank specifying the class of preference shares, the extent of issue of each class of such preference shares (whether perpetual or irredeemable or redeemable) and the terms and conditions subject to which, each class of preference shares may be issued:

Provided further that the Central Board may from time to time increase, with the previous approval of the Reserve Bank and the Central Government, whether by public issue or rights issue or preferential allotment or private placement, in accordance with the procedure as may be prescribed, the issued capital by the issue of equity or preference shares:

Provided also that the Central Government shall, at all times, hold not less than fifty-one per cent. of the issued capital consisting of equity shares of the State Bank.]

(*3*) No increase in the issued capital beyond twelve crores and fifty lakhs of rupees shall be made under sub-section (*2*) without the previous sanction of the Central Government.

[5][(*4*) Subject to the provisions contained in sub-section (*2*), the Central Board may increase from time to time, by way of issuing bonus shares to existing equity shareholders, the issued capital in such manner as the Central Government may, after consultation with the Reserve Bank, direct.

(*5*) The State Bank may, accept the money in respect of shares issued towards increase in the issued capital in instalments, make calls, forfeit unpaid shares and re-issue them, in such manner as may be prescribed.]

1. Subs. by Act 32 of 2007, s. 2, for "Reserve Bank" (w.e.f. 29-6-2007).
2. Subs. by Act 27 of 2010, s. 3, for section 4 (w.e.f. 15-9-2010).
3. Subs. by Act 33 of 1955, s. 2, for "transferred to it by paragraph 2 of the first Schedule" (w.e.f. 21-9-1955).
4. Subs. by Act 27 of 2010, s. 4, for sub-section (*2*) (w.e.f. 15-9-2010).
5. Ins. by s. 4, *ibid*. (w.e.f. 15-9-2010).

CHAPTER III

TRANSFER OF UNDERTAKING OF THE IMPERIAL BANK TO STATE BANK

6. Transfer of assets and liabilities of the Imperial Bank to the State Bank.—(*1*) Subject to the other provisions contained in this Act, on the appointed day,—

(*a*) all shares in the capital of the Imperial Bank shall be transferred to, and shall vest in, the Reserve Bank, free of all trusts, liabilities and encumbrances, and

(*b*) the undertaking of the Imperial Bank shall be transferred to, and shall vest in, the State Bank.

(*2*) The undertaking of the Imperial Bank shall be deemed to include all rights, powers, authorities and privileges, and all property, mo uding cash balances, reserve funds,

investments and all other interests and rights in, or arising out of, such property as may be in the possession of that bank immediately before the appointed day, and all books, accounts, and documents relating thereto, and shall also be deemed to include all debts, liabilities and obligations of whatever kind then existing of that bank.

[1][(*3*) Unless otherwise expressly provided by or under this Act, 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 day and to which the Imperial Bank is a party or which are in favour of the Imperial Bank shall be of as full force and effect against or in favour of the State Bank, as the case may be, and may be enforced or acted upon as fully and effectually as if instead of the Imperial Bank the State Bank had been a party thereto or as if they had been issued in favour of the State Bank.]

(*4*) If on the appointed day any suit, appeal or other legal proceeding of whatever nature, is pending by or against the Imperial Bank, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the State Bank of the undertaking of the Imperial Bank or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the State Bank.

7. Transfer of service of existing officers and employees of the Imperial Bank to the State Bank.—(*1*) Every officer or other employee of the Imperial Bank (excepting the managing director, the deputy managing director and other directors) in the employment of the Imperial Bank immediately before the appointed day shall, on and from the appointed day, become an officer or other employee, as the case may be, of the State Bank, and shall hold his office or service therein by the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension, gratuity and other matters, as he would have held the same on the appointed day if the undertaking of the Imperial Bank had not vested in the State Bank, and shall continue to do so unless and until his employment in the State Bank is terminated or until his remuneration, terms or conditions are duly altered by the State Bank.

(*2*) Any person who, on the appointed day, is entitled to or is in receipt of, a pension or other superannuation or compassionate allowance or benefit from the Imperial Bank or any provident, pension or other fund or any authority administering such fund shall be entitled to be paid by, and to receive from the State Bank or any provident, pension or other fund or any authority administering such fund the same pension, allowance or benefit so long as he observes the conditions on which, the pension, allowance or benefit was granted, and if any question arises whether he has so observed such conditions, the question shall be determined by the Central Government and the decision of the Central Government thereon shall be final.

(*3*) Notwithstanding anything contained in sub-section (*1*) or sub-section (*2*), no appointment made or promotion, increment in salary, pension, allowance or any other benefit granted to any person after the 19th day of December, 1954, and before the appointed day which would not ordinarily have been made or granted or which would not ordinarily have been admissible under the rules or authorisations of the Imperial Bank or of any provident, pension or other fund in force prior to the 19th day of December, 1954, shall have effect or be payable or claimable from the State Bank or from any provident, pension or other fund or from

1. Subs. by Act 33 of 1955, s. 3, for sub-section (*3*) (w.e.f. 21-9-1955).

any authority administering the fund, unless the Central Government has, by general or special order, confirmed the appointment, promotion or increment or has directed the continued grant of the pension allowance or other benefit as the case may be.

(*4*) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947), or in any other law for the time being in force, the transfer of the services of any officer or other employees of the Imperial Bank from that Bank to the State Bank shall not entitle such officer or other employees to any compensation under that Act or other law, and no such claim shall be entertained by any court tribunal or other authority.

(*5*) Any person holding office as managing director, deputy managing director, director or member of any Local Board of the Imperial Bank immediately before the appointed day shall be deemed to have vacated his office as such on the appointed day, and notwithstanding anything contained in this Act or in any other law for the time being in force or in any agreement or contract, he shall not be entitled to any compensation from the Imperial Bank or the State Bank for the loss of office or for the premature termination of any agreement or contract relating to his employment, except such pension, compensation or other benefit which the State Bank may grant to him, having regard to what that person would have received as an officer of the Imperial Bank if this Act had not been passed and if he had retired from his employment in the ordinary course.

(*6*) Where any managing director, deputy managing director, director, officer or other employee of the Imperial Bank has, after the 19th day of December, 1954, and before the appointed day, been paid any sum by way of compensation or gratuity, the State Bank shall be entitled to claim refund of any sum so paid if the payment is not confirmed by the Central Government by general or special order.

8. Existing provident and other funds of the Imperial Bank.—For the persons who immediately before the appointed day are the trustees of the following funds, that is to say,—

(*a*) the Imperial Bank of India Employees Provident Fund;

(*b*) the Imperial Bank of India Employees Pension and Guarantee Fund;

(*c*) the Bank of Bombay Officers Pension and Guarantee Fund;

(*d*) the Bank of Madras Pension and Gratuity Fund; and

(*e*) the Bank of Madras Officers Provident and Mutual Guarantee Fund;

there shall be substituted as trustees such persons as the Central Government may, by general or special order, specify.

9. Compensation to be given to shareholders of Imperial Bank.—(*1*) Every person who immediately before the appointed day is registered as a holder of shares in the Imperial Bank shall be entitled to compensation in accordance with the provisions contained in the First Schedule.

(*2*) Nothing contained in sub-section (*1*) shall affect the rights *inter se* between the holder of any share in the Imperial Bank and any other person who may have an interest in such share, and such other person shall be entitled to enforce his interest against the compensation awarded to the holder of such share, but not against the Reserve Bank.

CHAPTER IV

SHARES

10. Transferability of shares.—(*1*) Save as otherwise provided in sub-section (*2*), the shares of the State Bank shall be freely transferable.

(*2*) Nothing contained in sub-section (*1*) shall entitle the [1][Central Government] to transfer any shares held by it in the State Bank if such transfer will result in reducing the shares held by it to less than [2][fifty-

1. Subs. by Act 32 of 2007, s. 4, for "Reserve Bank" (w.e.f. 29-6-2007).

2. Subs. by 27 of 2010, s. 5, for "fifty-five per cent. of the issued capital" (w.e.f. 15-9-2010).

one per cent. of the issued capital consisting of equity shares,] of the State Bank.

[1][**10A. Right of registered shareholders to nominate.**—(*1*) Every individual registered shareholder may, at any time, nominate, in the prescribed manner, an individual to whom all his rights in the shares shall vest in the event of his death.

(*2*) Where the shares are registered in the name of more than one individual jointly, the joint holders may together nominate in the prescribed manner, an individual to whom all their rights in the shares shall vest in the event of the death of all the joint holders.

(*3*) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination in respect of shares is made in the prescribed manner and which purports to confer on the nominee the right to vest the shares, the nominee shall, on the death of the shareholder or, as the case may be, on the death of all the joint holders, become entitled to all the rights of the shareholder or, as the case may be, of all the joint holders, in relation to such shares and all other persons shall be excluded unless the nomination is varied or cancelled in the prescribed manner.

(*4*) Where the nominee is a minor, it shall be lawful for the individual registered holder of the shares to make nomination to appoint, in the prescribed manner, any person to become entitled to the shares in the event of his death during the minority of the nominee.]

[2]**[11. Restrictions on voting rights.**—No shareholder, other than the [3][Central Government], shall be entitled to exercise voting rights in respect of any shares held by him in excess of ten per cent. of the issued capital:

Provided that such shareholder shall be entitled to exercise voting rights at such higher percentage as the Central Government may, after consultation with the [3][Central Government], specify.]

[4][Provided further that the shareholder holding any preference share capital in the State Bank shall, in respect of such capital, have a right to vote only on resolutions placed before the State Bank which directly affect the rights attached to his preference shares:

Provided also that no preference shareholder, other than the Central Government, shall be entitled to exercise voting rights in respect of preference shares held by him in excess of ten per cent. of total voting rights of all the shareholders holding preference share capital only.]

12. Shares to be approved securities.—Notwithstanding anything contained in the Acts hereinafter mentioned in this section, the shares of the State Bank shall be deemed to be included among the securities enumerated in section 20 of the Indian Trusts Act, 1882 (2 of 1882), and also to be approved securities for the purposes of the Insurance Act, 1938 (4 of 1938), and the [5][Banking Regulation Act, 1949 (10 of 1949)].

[6]**[13. Register of shareholders.**—(*1*) The State Bank shall keep at its Central Office, a register, in one or more books of the shareholders, and shall enter therein the following particulars so far as they may be available:—

(*i*) the names, addresses and occupations, if any, of the shareholders and a statement of the shares held by each shareholder, distinguishing each share by its denoting number;

(*ii*) the date on which each person is so entered as a shareholder;

(*iii*) the date on which any person ceases to be a shareholder; and

(*iv*) such other particulars as may be prescribed;

[7][Provided that nothing in this sub-section shall apply to the shares held with a depository.]

1. Ins. by Act 27 of 2010, s. 6 (w.e.f. 15-9-2010).

2. Subs. by Act 3 of 1994, s. 3, for section 11 (15-10-1993).

3. Subs. by Act 32 of 2007, s. 5, for "Reserve Bank" (w.e.f. 29-6-2007).

4. Ins. by Act 27 of 2010, s. 7 (w.e.f. 15-9-2010).

5. Subs. by Act 3 of 1994, s. 4, for "Banking Companies Act, 1949" (w.e.f. 15-10-1993).

6. Subs. by s. 5, *ibid*., for section 13 (w.e.f. 15-10-1993).

7. Ins. by Act 8 of 1997, s. 3 (w.e.f. 15-1-1997).

(*2*) Notwithstanding anything contained in sub-section (*1*), it shall be lawful for the State Bank to keep the register of shareholders [1][in computer floppies or diskettes or any other electronic form] subject to such safeguards as may be prescribed.

(*3*) Notwithstanding anything contained in the Indian Evidence Act, 1872 (1 of 1872), a copy of, or extract from, the register of shareholders, certified to be a true copy under the hand of an officer of the State Bank authorised in this behalf shall, in all legal proceedings, be admissible in evidence.]

[2]**[13A. Register of beneficial owners.**—The register of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996 (22 of 1996) shall be deemed to be a register of shareholders for the purposes of this Act.]

14. [*Branch registers*.] *Omitted by the State Bank of India* (*Amendment*) *Act*, 1993 (3 *of* 1994), *s*. 6 (*w.e.f.* 15-10-1993).

[3]**[15. Trusts not to be entered on the register of shareholders.**—No notice of any trust, express, implied or constructive, shall be entered on the register of shareholders or be receivable by the State Bank.]

[4][Provided that nothing in this section shall apply to a depository in respect of shares held by it as a registered owner on behalf of the beneficial owners.

Explanation.—For the purposes of section 13, section 13A and this section, the expressions "beneficial owner", "depository" and "registered owner" shall have the meanings respectively assigned to them in clauses (*a*), (*e*) and (*j*) of sub-section (*1*) of section 2 of the Depositories Act, 1996 (22 of 1996).]

CHAPTER V

MANAGEMENT

16. Offices, branches and agencies.—(*1*) Unless otherwise provided by the Central Government by notification in the Official Gazette, the central office of the State Bank shall be at [5][Mumbai, and shall also be known as Corporate Centre].

(*2*) The State Bank shall have local head offices in [6][Mumbai, Kolkata and Chennai] and at such other places in India as the Central Government, in consultation with the Central Board, may determine.

(*3*) The State Bank shall maintain as its branches or agencies all branches or agencies of the Imperial Bank which were in existence [7][in India] immediately before the appointed day, and no such branch may be closed without the previous approval of the Reserve Bank.

(*4*) The State Bank may establish branches or agencies at any place in or outside India in addition to the branches or agencies referred to in sub-section (*3*).

(*5*) Notwithstanding anything contained in sub-section (*4*), the State Bank shall establish not less than four hundred branches in addition to the branches referred to in sub-section (*3*) within five years of the appointed day or such extended period as the Central Government may specify in this behalf, and the places where such additional branches are to be established shall be determined in accordance with any such programme as may be drawn up by the Central Government from time to time in consultation with the Reserve Bank and the State Bank, and no branch so established shall be closed without the previous approval of the Reserve Bank.

17. Management.—(*1*) The general superintendence and direction of the affairs and business of the State Bank shall be entrusted to the Central Board which may exercise all powers and do all such acts and things as may be exercised or done by the State Bank and are not by this Act expressly directed or required to be done by the State Bank in general meeting.

1. Subs. by Act 27 of 2010, s. 8, for "in computer floppies or diskettes" (w.e.f. 15-9-2010).
2. Ins. by Act 8 of 1997, s. 4 (w.e.f. 15-1-1997).
3. Subs. by Act 3 of 1994, s. 7, for section 15 (w.e.f. 15-10-1993).
4. The Proviso and *Explanation* ins. by Act 8 of 1997, s. 5 (w.e.f. 15-1-1997). 5. Subs. by Act 27 of 2010, s. 9, for "Bombay" (w.e.f. 15-9-2010).
6. Subs. by s. 9, *ibid*., for "Bombay, Calcutta and Madras" (w.e.f. 15-9-2010).
7. Ins. by Act 33 of 1955, s. 4 (w.e.f. 21-9-1955).

(*2*) The Central Board in discharging its functions shall act on business principles regard being had to public interest.

18. Central Board to be guided by directions of Central Government.—(*1*) In the discharge of its functions, [1]*** the State Bank shall be guided by such directions in matters of policy involving public

interest as the Central Government may, in consultation with the Governor of the Reserve Bank and the chairman of the State Bank, give to it.

(*2*) [2][All directions shall be given by the Central Government] and, if any question arises whether a direction relates to a matter of policy involving public interest, the decision of the Central Government thereon shall be final.

19. Composition of the Central Board.—[3]*** The Central Board shall consist of the following, namely:—

(*a*) a chairman [4]*** to be appointed by the Central Government in consultation with the Reserve Bank [5]***.

[6][(*b*) such number of managing directors not exceeding four, as may be appointed by the Central Government in consultation with the Reserve Bank;]

[7]* * * * *

(*c*) if the total amount of the holdings of the shareholders, other than the [8][Central Government], whose names are on the [9][register of shareholders] three months before the date fixed for election of directors is—

(*i*) not more than ten per cent. of the total issued capital, two directors,

(*ii*) more than ten per cent. but not more than twenty-five per cent. of such capital three directors, and

(*iii*) more than twenty-five per cent. of such capital, four directors, to be elected in the prescribed manner by such shareholders;

[10][(*ca*) one director, from among the employees of the State Bank, who are workmen, to be appointed by the Central Government in the manner provided in the rules made under this Act;

(*cb*) one director, from among such of the employees of the State Bank, as are not workmen, to be appointed by the Central Government in the manner provided in the rules made under this Act];

(*d*) not less than two and not more than six directors to be nominated by the Central Government [11]***, from among persons having special knowledge of the working of co-operative institutions and of rural economy or experience in commerce, industry, banking or finance;]

(*e*) one director to be nominated by the Central Government; and

[12][(*f*) one director, possessing necessary expertise and experience in matters relating to regulation or supervision of commercial banks to be nominated by the Central Government on the recommendation of the Reserve Bank.]

1. The words “including those relating to a subsidiary bank” omitted by Act 19 of 2018, s. 4 (w.e.f. 1-4-2017).

2. Subs. by Act 32 of 2007, s. 6, for “All directions given by the Central Government shall be given through the Reserve Bank” (w.e.f. 29-6-2007).

3. The brackets and figure “(*1*)” omitted by Act 3 of 1994, s. 8 (w.e.f. 15-10-1993).

4. The words “and a vice-chairman” omitted by Act 27 of 2010, s. 10 (w.e.f. 15-9-2010).

5. Certain words omitted by Act 73 of 1976, s. 4 (w.e.f. 11-6-1976).

6. Subs. by Act 27 of 2010, s. 10, for clause (*b*) (w.e.f. 15-9-2010).

7. Cl. (*bb*) omitted by s. 10, *ibid*. (w.e.f. 15-9-2010).

8. Subs. by Act 32 of 2007, s. 7, for “Reserve Bank” (w.e.f. 29-6-2007).

9. Subs. by Act 3 of 1994, s. 8, for “principal register” (w.e.f. 15-10-1993).

10. Ins. by Act 48 of 1973, s. 3 (w.e.f. 1-7-1974).

11. The words “in consultation with the Reserve Bank” omitted by Act 27 of 2010, s. 10 (w.e.f. 15-9-2010).

12. Subs. by s. 10, *ibid*., for clause (*f*) (w.e.f. 15-9-2010).

[1]* * * * *

[2]**[19A. Qualifications for election of directors elected by shareholders.**—(*1*) The directors elected under clause (*c*) of section 19 shall—

(*a*) have special knowledge or experience in respect of one or more of the following areas, namely:—

(*i*) agriculture and rural economy,

(*ii*) banking,

(*iii*) co-operation,

(*iv*) economics,

(*v*) finance,

(*vi*) law,

(*vii*) small-scale industry,

(*viii*) any other area the special knowledge of, and experience in, which in the opinion of the Reserve Bank shall be useful to the State Bank;

(*b*) represent the interests of depositors; or

(*c*) represent the interests of farmers, workers and artisans.

(*2*) Without prejudice to the provisions of sub-section (*1*) and notwithstanding anything to the contrary contained in this Act or in any other law for the time being in force, no person shall be eligible to be elected as director under clause (*c*) of section 19 unless he is a person having fit and proper status based upon track record, integrity and such other criteria as the Reserve Bank may notify from time to time in this regard and the Reserve Bank may specify in the notification issued under this sub-section, the authority to determine the fit and proper status, the manner of such determination, the procedure to be followed for such determinations and such other matters as may be considered necessary or incidental thereto.

(*3*) Where the Reserve Bank is of the opinion that any director of the State Bank elected under clause (*c*) of section 19 does not fulfil the requirements of sub-sections (*1*) and (*2*), it may, after giving to such director and the State Bank a reasonable opportunity of being heard, by order, remove such director.

(*4*) On the removal of a director under sub-section (*3*), the Central Board shall co-opt any other person fulfilling the requirements of sub-sections (*1*) and (*2*), as a director in place of the person so removed, till a director is duly elected by the shareholders of the State Bank in the next annual general meeting; and the person so co-opted shall be deemed to have been duly elected by the shareholders of the State Bank as a director.

19B. Power of Reserve Bank to appoint additional directors.—(*1*) If the Reserve Bank is of the opinion that in the interest of banking policy or in the public interest or in the interests of the State Bank or its depositors, it is necessary so to do, it may, from time to time and by order in writing appoint, with effect from such date as may be specified in the order, one or more persons as additional directors of the State Bank.

(*2*) Any person appointed as additional director under sub-section (*1*) shall,—

(*a*) hold office during the pleasure of the Reserve Bank and subject thereto for a period not exceeding three years or such further periods not exceeding three years at a time as the Reserve Bank may, by order, specify;

1. Ss. (*2*) and (*3*) omitted by Act 35 of 1964, s. 3 (w.e.f. 1-12-1964). 2. Ins. by Act 27 of 2010, s. 11 (w.e.f. 15-9-2010).

(*b*) not incur any obligation or liability by reason only of his being an additional director or for anything done or omitted to be done in good faith in the execution of the duties of his office or in relation thereto; and

(*c*) not be required to hold qualification shares in the State Bank.

(*3*) For the purpose of reckoning any proportion of the total number of directors of the State Bank, any additional director appointed under this section shall not be taken into account.]

20. Term of office of chairman, managing director, etc.—(*1*) [1][The chairman, [2]*** and each managing director] shall hold office for such term, not exceeding five years, as the Central Government may fix when appointing them and shall be eligible for reappointment.

[3][(*1A*) Notwithstanding anything contained in sub-section (*1*), the Central Government shall have the right to terminate the terms of office of the chairman [2]*** or a managing director, as the case may be, 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; and the chairman [2]*** or a managing director, as the case may be, shall also have the right to relinquish his office at any time before the expiry of the term so fixed by giving to the Central Government notice of not less than three months in writing.]

[4]* * * * *

(*3*) Subject to the provisions contained in section 19 [5]***, a director elected under clause (*c*) [6]*** of [7][that section] shall hold office for [8][three years] and [9]*** [10]*** and shall be eligible for re-election [11]***:

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

[13][(*3A*) [14][subject to the provisions contained in sub-section (*4*), a director] appointed under clause (*ca*) or clause *(cb*) [15][of section 19 or nominated under clause (*d*) of that section] shall hold office for such term, not exceeding three years, as the Central Government may specify [16]*** and shall be eligible [17][for reappointment or re-nomination, as the case may be:]]

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

[18][(*4*) A director appointed under clause (*ca*) or clause (*cb*) [19][of section 19 or nominated under clause (*d*) or clause (*e*) or clause (*f*) of that section] shall hold office during the pleasure of the authority appointing or nominating him, as the case may be.]

1. Subs. by Act 73 of 1976, s. 4, for "The chairman and the vice-chairman" (w.e.f. 11-6-1976).
2. The words ", vice-chairman" omitted by Act 27 of 2010, s. 12 (w.e.f. 15-6-2010).
3. Ins. by Act 73 of 1976, s. 4 (w.e.f. 11-6-1976).
4. Sub-section (*2*) omitted by s. 4, *ibid*. (w.e.f. 11-6-1976).
5. The words, brackets and figure "and in sub-section (*5*)" omitted by Act 66 of 1988, s.12 (w.e.f. 8-7-1992).
6. The words, brackets and figure "of sub-section (*1*)" omitted by Act 3 of 1994, s. 9 (w.e.f. 15-10-1993).
7. Subs. by Act 66 of 1988, s. 12, for certain words (w.e.f. 8-7-1992).
8. Subs. by s. 12, *ibid*., for "four years" (w.e.f. 8-7-1992).
9. The words "and thereafter until his successor shall have been duly elected" omitted by Act 45 of 2006, s. 14 (w.e.f. 16-10-2006).
10. The words "or nominated" omitted by Act 66 of 1988, s. 12 (w.e.f. 8-7-1992).
11. The words "or renomination" omitted by s. 12, *ibid*. (w.e.f. 8-7-1992).
12. Ins. by s. 12, *ibid*. (w.e.f. 8-7-1992).
13. Ins. by Act 48 of 1973, s. 4 (w.e.f. 1-7-1974).
14. Subs. by Act 66 of 1988, s. 12, for "A director" (w.e.f. 8-7-1992).
15. Subs. by Act 3 of 1994, s. 9, for certain words (w.e.f. 15-10-1993).
16. The words "and thereafter until his successor shall have been duly appointed or nominated" omitted by Act 27 of 2010, s. 12 (w.e.f. 15-9-2010).
17. Subs. by Act 66 of 1988, s. 12, for certain words (w.e.f. 8-7-1992).
18. Subs. by s. 12, *ibid*., for sub-section (*4*) (w.e.f. 8-7-1992).
19. Subs. by Act 3 of 1994, s. 9, for certain words (w.e.f. 15-10-1993).

[1]* * * * *

[2][21. Local Boards.—(*1*) There shall be constituted at each place where the State Bank has a local head office, a Local Board which shall consist of the following members, namely:—

[3][(*a*) the chairman, *ex officio* or the managing director nominated by the chairman;]

[4][(*b*) all such directors elected or nominated to the Central Board under clause (*c*) or clause (*d*) of section 19 as are ordinarily resident in the area falling within the jurisdiction of the local head office;]

(*c*) six members to be nominated by the Central Government [5]***;

[6]* * * * *

(*e*) [7][the Chief General Manager] of the local head office, appointed by the State Bank, *ex officio*.

[8][(*2*) Where as a result of the establishment of any local head office (hereinafter referred to as the new local head office) for any area which is already falling within the jurisdiction of another local head office (hereinafter referred to as the existing local head office) a Local Board (hereinafter referred to as the new Local Board) is constituted for the new local head office, any person who is, at the time of such Constitution, holding office as a member of a Local Board (hereinafter referred to as the existing Local Board) for an existing local head office under clause (*c*) of sub-section (*1*) and is ordinarily resident in the area falling within the jurisdiction of the new local head office, shall cease to hold office as member of the existing Local Board and shall become a member of the new Local Board and shall on becoming such member be deemed to have been nominated to the new Local Board and shall hold office as such member for the unexpired portion of his term of office as a member of the existing Local Board.]

(*3*) Any vacancy caused in the existing Local Board as a result of any member thereof becoming a member of the new Local Board under sub-section (*2*) shall be deemed to be a casual vacancy and be filled in accordance with the provisions of section 25.

[9]* * * * *

[10][(*5*) The [11][Central Government] shall, in consultation with the chairman, appoint—

(*a*) a member of a Local Board nominated under clause (*c*) of sub-section (*1*) to be the president thereof; and

(*b*) a member of a Local Board holding office under clause (*b*) or nominated under clause (*c*) of that sub-section to be the vice-president thereof.]

[12]**[21A. Term of office of members of Local Board**.—[13][(*1*) Subject to the provisions contained in this section and in sub-section (*2*) of section 21, a member of a Local Board nominated under clause (*c*) of sub-section (*1*) of section 21 shall hold office for such term, not exceeding three years, as the central Government may specify in this behalf [14]*** and shall be eligible for renomination:

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

1. Sub-section (*5*) omitted by Act 66 of 1988, s. 12 (w.e.f. 8-7-1992).
2. Subs. by Act 35 of 1964, s. 5, for section 21 (w.e.f. 1-12-1974).
3. Subs. by Act 27 of 2010, s. 13, for clause (*a*) (w.e.f. 15-9-2010).
4. Subs. by Act 3 of 1994, s. 10, for clause (*b*) (w.e.f. 15-10-1993).
5. The words "in consultation with the Reserve Bank" omitted by Act 27 of 2010, s. 13 (w.e.f. 15-9-2010).
6. Cl. (*d*) omitted by s. 10, *ibid.* (w.e.f. 15-10-1993).
7. Subs. by Act 48 of 1973, s. 5, for "the Secretary and Treasurer" (w.e.f. 1-7-1984).
8. subs. by Act 3 of 1994, s. 10, for sub-section (*2*) (w.e.f. 15-10-1974).
9. Sub-section (*4*) omitted by Act 3 of 1994, s. 10 (w.e.f. 15-10-1993).
10. Subs. by s. 10, *ibid*., for sub-section (*5*) (w.e.f. 15-10-1993).
11. Subs. by Act 27of 2010, s. 13, for "Governor of the Reserve Bank" (w.e.f. 15-9-2010).
12. Ins. by Act 35 of 1964, s. 6 (w.e.f. 1-12-1964).
13. Subs. by Act 3 of 1994, s. 13, for sub-section (*1*) (w.e.f. 15-10-1993).
14. The words "and thereafter until his successor has been duly nominated" omitted by Act 45 of 2006, s. 15 (w.e.f. 16-10-2006).

[1]* * * * *

(*3*) A director of the Central Board becoming a member of a Local Board by virtue of the provisions of clause (*b*) of sub-section (*1*) of section 21 shall cease to hold office as such member on his ceasing to be a director or on his ceasing to be ordinarily resident in the relevant area.

(*4*) The president and the vice-president of a Local Board shall each hold office for two years or the remaining period of his office as a member of the Local Board, whichever is shorter, and shall be eligible for re-appointment so long as he is a member of the Local Board.

[2][(*5*) A member of a Local Board nominated under clause (*c*) of sub-section (*1*) of section 21 shall hold office during the pleasure of the Central Government.]

[3][**21B. Powers of Local Board.**—In respect of the area falling within the jurisdiction of the local head office for which the Local Board has oard shall, subject to such general or

special direction as the Central Board may give from time to time, exercise such powers and perform such duties and functions as may be entrusted or delegated to it by the Central Board.]

21C. Local Committees.—[4][(*1*) A Local Committee may be constituted by the Central Board for any area and shall consist of such number of members as may be prescribed.

[5][(*2*) The chairman or the managing director nominated by him shall be an *ex officio* member of every such Local Committee.]

(*3*) A Local Committee shall exercise such powers and perform such functions and duties as the Central Board may confer on or assign to it.]

22. Disqualifications for directorship of Central Board or membership of Local Boards or Committees.—(*1*) No person shall be qualified to be a director of the Central Board or a member of a Local Board or of a Local Committee if—

(*a*) he holds the office of director, provisional director, promoter, agent or manager of any banking company already established or advertised as about to be established; or

(*b*) he is a salaried officer of Government not specially authorised by the Central Government to be a director or member; or

(*c*) he has been removed or dismissed from the service of Government on a charge of corruption or bribery; or

(*d*) he holds any office of profit under the State Bank other than the office of chairman, [6]*** [7][managing director [8][[9][Chief General Manager], or legal or technical adviser]]; or

1. Sub-section (*2*) omitted by Act 3 of 1994, s. 11 (w.e.f. 15-10-1993).
2. Ins. by Act 66 of 1988, s. 13 (w.e.f. 8-7-1992).
3. Subs. by Act 27 of 2010, s. 14, for section 21B (w.e.f. 15-9-2010).
4. Ins. by Act 35 of 1964, s. 6 (w.e.f. 1-12-1964).
5. Subs. by Act 27 of 2010, s. 15, for sub-section (*2*) (w.e.f. 15-9-2010).
6. The word "vice-chairman" omitted by s. 16, *ibid*. (w.e.f. 15-9-2010).
7. Subs. by Act 26 of 1959, s. 2, for "or managing director" (w.e.f. 11-6-1976).
8. Ins. by Act 35 of 1964, s. 7 (w.e.f. 1-12-1964).
9. Subs. by Act 48 of 1973, s. 7, for "secretary and treasurer" (w.e.f. 26-6-1974).

[1][(*da*) in the case of a director appointed under clause (*ca*) or clause (*cb*) [2]*** of section 19,—

(*i*) he is not serving in the State Bank or has not been serving in it for a continuous period of at least five years; and

(*ii*) he is of such age that there is a likelihood of his attaining the age of superannuation during his term of office as a director; or]

(*e*) he is or at any time has been adjudicated an insolvent or has suspended payment of his debts or has compounded with his creditors; or

(*f*) he is declared lunatic or becomes of unsound mind; or

(*g*) he is or has been convicted of any offence involving moral turpitude; or

[3][(*h*) in the case of an elected director, he is not registered as a holder in his own right of unencumbered shares in the State Bank, either as sole holder or as first named holder when jointly held, of a nominal value of at least five thousand rupees.]

(*2*) No two persons who are partners of the same firm or are directors of the same private company or one of whom is an agent of the other or holds a power of attorney from a firm of which the other is a partner may be directors of the Central Board or members of the same Local Board or Local Committee at the same time.

(*3*) The appointment, nomination or election as director or member of a Local Board or of a Local Committee of any person who is a member of Parliament or the Legislature, of any State shall be void unless within two months of the date of his appointment, nomination or election he ceases to be a member of Parliament or the State Legislature, and if any director or member of a Local Board or of a Local Committee is elected or nominated as a member of Parliament or any State Legislature, he shall cease to

be a director or member of the Local Board or of Local Committee as from the date of such election or nomination, as the case may be.

[4][(*4*) In this section,—

(*a*) "banking company" has the same meaning as in the [5][Banking Regulation Act, 1949 (10 of 1949)];

(*b*) "manager" means the chief executive officer, by whatever name called, of a Banking company;

(*c*) "private company" has the same meaning as in the Companies Act, 1956 (1 of 1956)].

23. Vacation of office of directors, etc.—If a director of the Central Board or a member of a Local Board or a Local Committee—

(*a*) becomes subject to any of the disqualifications mentioned in section 22; or

(*b*) resigns his office by giving notice in writing under his hand, in the case of the [6][chairman [7]*** and amanaging director] to the Central Government and in the case of other directors or members of Local Boards or Committees, to the Central Board, and the resignation is accepted; or

(*c*) is absent without leave of the Central Board, the Local Board or the Local Committee of which he is a director or member, as the case may be, for more than three consecutive meetings thereof;

his seat shall thereupon become vacant.

1. Ins. by Act 48 of 1973, s. 7 (w.e.f. 26-6-1974).
2. The words, brackets and figure "of sub-section (*1*)" omitted by Act 3 of 1994, s. 13 (w.e.f. 15-10-1993).
3. Subs. by Act 27 of 2010, s. 16, for cl. (*h*) (w.e.f. 15-9-2010).
4. Ins. by Act 26 of 1959, s. 2 (w.e.f. 28-8-1959).
5. Subs. by Act 3 of 1994, s. 13, for "Banking Companies Act, 1949" (w.e.f. 15-10-1993).
6. Subs. by Act 73 of 1976, s. 4, for "the chairman and vice-chairman" (w.e.f. 11-6-1976).
7. The word ", vice-chairman" omitted by Act 27 of 2010, s. 17 (w.e.f. 15-9-2010).

[1]* * * * *

24. Removal from office of directors, etc.—(*1*) The Central Government may, after consulting the Reserve Bank, remove from office [2][the chairman [3]*** or a managing director.]

[4]* * * * *

(*3*) The Central Government, [5]*** may remove from office any director [6][appointed under clause (*ca*) or clause (*cb*) or nominated under clause (*d*)] [7][of section 19] [8][or any member of a Local Board nominated under clause (*c*) of sub-section (*1*) of section 21] and [9][appoint or nominate, as the case may be,] in his stead another person to fill the vacancy.

(*4*) The shareholders, other than the [10][Central Government], may, by a resolution passed by majority of the votes of such shareholders holding in the aggregate not less than one-half of the share capital held by all such shareholders, remove any director elected under clause (*c*) [11]***of section 19 and elect in his stead another person to fill the vacancy.

[12]* * * * *

(*6*) No person shall be removed from his office under sub-section (*1*) [13]*** or sub-section (*3*) unless he has been given an opportunity of showing cause against his removal.

[14][**24A. Supersession of Central Board in certain cases.—**(*1*) Where the Central Government, on the recommendation of the Reserve Bank is satisfied that in the public interest or for preventing the affairs of the State Bank being conducted in a manner detrimental to the interest of the depositors or the State Bank or for securing the proper management of the State Bank, it is necessary so to do, the Central Government may, for reasons to be recorded in writing, by order, supersede the Central Board for a period not exceeding six months as may be specified in the order:

Provided that the period of supersession of the Central Board may be extended from time to time, so, however, that the total period shall not exceed twelve months.

(*2*) On supersession of the Central Board under sub-section (*1*), the Central Government may, in consultation with the Reserve Bank, appoint an Administrator (not being an officer of the Central Government or a State Government) who has experience in law, finance, banking, economics or accountancy, for such period as it may determine.

(*3*) The Central Government may issue such directions to the Administrator as it may consider necessary and the Administrator shall be bound to follow such directions.

(*4*) Notwithstanding anything contained in this Act, upon making the order of supersession of the Central Board—

(*a*) the chairman, managing director and other directors shall, as from the date of supersession, vacate their offices as such;

(*b*) all the powers, functions and duties which may, by or under the provisions of this Act or any other law for the time being in force, be exercised and discharged by or on behalf of the Central Board, or by a resolution passed in the general meeting of the State Bank, shall, until the Central Board is reconstituted,

1. The proviso omitted by Act 26 of 1959, s. 3 (w.e.f. 11-6-1976).
2. Subs. by Act 73 of 1976, s. 4, for "the chairman or the vice-chairman" (w.e.f. 11-6-1976).
3. The word ", vice-chairman" omitted by Act 27 of 2010, s. 18 (w.e.f. 15-9-2010).
4. Sub-section (*2*) omitted by Act 73 of 1976, s. 4 (w.e.f. 11-6-1976).
5. The words "after consulting the Reserve Bank," omitted by Act 27 of 2010, s. 18 (w.e.f. 15-9-2010). 6. Subs. by Act 48 of 1973, s. 8, for "nominated under clause (*d*)" (w.e.f. 1-7-1974).
7. Subs. by Act 3 of 1994, s. 14, for "of sub-section (*1*) of section 19" (w.e.f. 15-10-1993).
8. Ins. by Act 35 of 1964, s. 8 (w.e.f. 1-12-1964).
9. Subs. by Act 48 of 1973, s. 8, for "nominate" (w.e.f. 1-7-1974).
10. Subs. by Act 32 of 2007, s. 8, for "Reserve Bank" (w.e.f. 29-6-2007).
11. Certain words omitted by Act 3 of 1994, s. 14 (w.e.f. 15-10-1993).
12. Sub-section (*5*) omitted by s. 14, *ibid*. (w.e.f. 15-10-1993).
13. The words, bracket and figure "or sub-section (*2*)" omitted by Act 73 of 1976, s. 4 (w.e.f. 11-6-1976). 14. Ins. by Act 27 of 2010, s. 19 (w.e.f. 15-9-2010).

be exercised and discharged by the Administrator appointed under sub-section (*2*):

Provided that the powers exercised by the Administrator shall be valid notwithstanding that such power is also exercisable by a resolution passed in the general meeting of the State Bank.

(*5*) The Central Government may, in consultation with the Reserve Bank, constitute a committee of three or more persons who have experience in law, finance, banking, economics or accountancy to assist the Administrator in the discharge of his duties.

(*6*) The committee shall meet at such times and places and observe such rules of procedure as may be specified by the rules made under this Act.

(*7*) The salary and allowances of the Administrator and the members of the committee shall be such as may be specified by the rules made under this Act and be payable by the State Bank.

(*8*) On and before the expiration of two months before the expiry of the period of supersession of the Central Board, the Administrator of the State Bank shall call the general meeting of the State Bank to elect new directors and re-constitute the said Board.

(*9*) Notwithstanding anything contained in any other law for the time being in force or in any contract, no person shall be entitled to claim any compensation for the loss or termination of his office on supersession of the Central Board.

(*10*) The Administrator appointed under sub-section (*2*) shall vacate office immediately after the re-constitution of the Central Board.]

25. Casual vacancies.—[1][(*1*) If the chairman, [2]*** or a managing director is rendered incapable of discharging his duties by reason of infirmity or otherwise or is absent on leave or otherwise in circumstances not involving the vacation of his office, the Central Government may, in consultation with the Reserve Bank, appoint another perso .]

[3][(*2*) Where any vacancy occurs before the expiry of the term of office of a director, other than the Chairman, [2]*** or a managing director or [4][a director appointed under clause (*ca*) or [5][clause (*cb*) of section 19 or of a member of a Local Board other than the Chief General Manager] the vacancy shall be filled—

(*a*) in the case of an elected director, by election; and

(*b*) in the case of a director nominated under clause (*d*) of section 19 or a member of a Local Board nominated under clause (*c*) of sub-section (*1*) of section 21, by nomination [6]***:

Provided that where the duration of the vacancy in the office of an elected director is likely to be less than six months, the vacancy may be filled by the remaining directors] by co-opting a person not disqualified under section 22.]

(*3*) A person elected or nominated or co-opted, as the case may be, [7][under sub-section (*2*)] shall hold office for the unexpired portion of the term of his predecessor.

[8][(*4*) Where any vacancy occurs before the expiry of the term of office of a director appointed under clause (*ca*) or clause (*cb*) [9]*** of section 19, such vacancy shall be filled in accordance with the said clause (*ca*) or as the case may be, clause (*cb*), and the director so appointed shall hold office for the period specified under sub-section (*3A*) of section 20.]

1. Subs. by Act 73 of 1976, s. 4, for sub-section (*1*) w.e.f. 11-6-1976).

2. The word ", vice-chairman" omitted by Act 27 of 2010, s. 20 (w.e.f. 15-9-2010).

3. Subs. by Act 35 of 1964, s. 9, for sub-section (*2*) (w.e.f. 1-12-1964).

4. Subs. by Act 48 of 1973, s. 9, for certain words (w.e.f. 1-7-1974).

5. Subs. by Act 3 of 1994, s. 15, for certain words, brackets, letters and figure (w.e.f. 15-10-1993). 6. The words "in consultation with the Reserve Bank" omitted by Act 27 of 2010, s. 20 (w.e.f. 15-9-2010). 7. Subs. by Act 48 of 1973, s. 9, for "under this section" (w.e.f. 1-7-1974).

8. Ins. by s. 9, *ibid*. (w.e.f. 1-7-1974).

9. The words, brackets and figure "by sub-section (*1*)" omitted by Act 3 of 1994, s. 15 (w.e.f. 15-10-1993).

26. Remuneration of directors.—(*1*) Without prejudice to the provisions contained in sections 27, 28 and 29, the directors shall be paid such fees and allowances for attending the meetings of the Central Board or of any of its Committees and for attending to any other work of the State Bank as may be prescribed.

(*2*) Notwithstanding anything contained in sub-section (*1*), no fees shall be payable to a managing director or any other director who is an officer of the Central Government or the Reserve Bank.

27. Powers and remuneration of chairman.—(*1*) The Chairman shall preside at all meetings of the Central Board and subject to such general or special directions as the Central Board may give, exercise all such powers and do all such acts and things as may be exercised or done by the State Bank.

(*2*) The chairman shall receive such salary, fees, allowances and perquisites [1][as may be determined by the Central Government].

[2]* * * * *

28. [*Powers and remuneration of vice-chairman*.] *Omitted by the State Bank of India* (*Amendment*) *Act*, 2010 (27 *of* 2010), *s*. 21 (*w.e.f*. 15-9-2010).

29. Powers and remuneration of managing director.—(*1*) A managing director—

(*a*) shall be a whole-time officer of the State Bank; [3]***

(*b*) subject to the general control of the chairman [4]***, shall exercise such powers and perform such duties as may be entrusted or delegated to him by the Central Board [5][; and]

[5][(*c*) when authorised by the chairman, shall preside at the meetings of the Central Board in his absence.]

(*2*) A managing director shall receive such salary and allowances [6][as may be determined by the Central Government].

[7]* * * * *

30. Executive and other committees of the Central Board.—The Central Board may constitute such and so many committees, including an executive committee, of itself as it deems fit to exercise such powers and perform such duties as may, subject to such conditions, if any, as the Central Board may impose, be delegated to them by the Central Board.

31. Meetings of the Central Board.—[8][(*1*) The Central Board shall meet at such time and place and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed; and the meeting of the Central Board may be held by participation of the directors of the Central Board through videoconferencing or such other electronic means, as may be prescribed, which are capable of recording and recognising the participation of the directors and the proceedings of such meetings are capable of being recorded and stored:

Provided that the Central Government may in consultation with the Reserve Bank, by notification in the Official Gazette, specify the matters which shall not be discussed in a meeting of the Central Board held through videoconferencing or such other electronic means.

(*2*) All questions at the meeting shall be decided by a majority of the votes of the directors present in the meeting or through videoconferencing or such other electronic means and in the case of equality of votes the chairman or, in his absence, the managing director authorised by the chairman shall have a second or casting vote.]

1. Subs. by Act 73 of 1976, s. 4, for certain words (w.e.f. 11-6-1976).
2. The proviso omitted by s. 4, *ibid*. (w.e.f. 11-6-1976).
3. The word "and" omitted by Act 27 of 2010, s. 22 (w.e.f. 15-9-2010).
4. The words "and the vice-chairman" omitted by s. 22, *ibid*. (w.e.f. 15-9-2010).
5. Ins. by s. 22, *ibid.* (w.e.f. 15-9-2010).
6. Subs. by Act 73 of 1976, s. 4, for certain words (w.e.f. 11-6-1976).
7. The proviso omitted by s. 4, *ibid*. (w.e.f. 11-6-1976).
8. Subs. by Act 27 of 2010, s. 23, for sub-section (*1*) and (*2*) (w.e.f. 15-9-2010).

(*3*) A director who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into or proposed to be entered into by or on behalf of the State Bank shall at the earliest possible opportunity disclose the nature of his interest to the Central Board and shall not be present at any meeting of the Central Board when any such contract, loan, arrangement or proposal is discussed unless his presence is required by the other directors for the purpose of eliciting information, and no director so required to be present shall vote on any such contract, loan, arrangement or proposal.

[1][Provided that nothing contained in this sub-section shall apply to such director by reason only of his being—

(*i*) a shareholder (other than a director) holding not more than two per cent. of the paid-up capital in any public company as defined in the Companies Act, 1956 (1 of 1956) or any corporation established by or under any law for the time being in force in India or any co-operative society with which or to which the State Bank has entered into or made, or proposes to enter into or make, a contract, loan, arrangement or proposal; or

(*ii*) a director *ex officio* of the State Bank [2]***,[3][or]]

[4][(*iii*) an officer or other employee of the State Bank, if he is a director appointed under clause (*ca*) or clause (*cb*) [5]*** of section 19.]

(*4*) If for any reason neither the chairman nor the vice-chairman is able to be present at a meeting of the Central Board, any director, [6]*** authorised by the chairman in writing in this behalf, and in the absence of such authorisation, [7][any director] elected by the directors present from amongst themselves, shall preside at the meeting and, in the event of equality of votes, shall have a second or casting vote.

[8][**31A. Meetings of Local Boards**.—(*1*) A Local Board shall meet at such time and place and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

(*2*) All questions at the meeting shall be decided by a majority of the votes of the members present and in the case of equality of votes, the person presiding at the meeting shall have a second or casting vote.

(*3*) A member who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into or proposed to be entered into by or on behalf of the State Bank, shall, at the earliest possible opportunity, disclose the nature of his interest to the Local Board and shall not be present at any meeting of the Local Board when any such contract, loan, arrangement or proposal is discussed unless his presence is required by the other members for the purpose of eliciting information, and no member so required to be present shall vote on any such contract, loan, arrangement or proposal:

Provided that nothing contained in this sub-section shall apply to such member by reason only of his being—

(*i*) a shareholder (other than a director) holding not more than two per cent. of the paid-up capital in any public company as defined in the Companies Act, 1956 (1 of 1956), or any corporation established by or under any law for the time being in force in India or any co-operative society, with which or to which the State Bank has entered into or made or proposes to enter into or make, a contract, loan, arrangement or proposal; or

(*ii*) a director *ex officio* of the State Bank [9]***.

1. Ins. by Act 56 of 1962, s. 2 (w.e.f. 1-1-1963).

2. The words "or a director of a subsidiary bank" omitted by Act 19 of 2018, s. 5 (w.e.f. 1-4-2017).
3. Added by Act 48 of 1973, s. 10 (w.e.f. 1-7-1974).
4. Ins. by s. 10, *ibid*. (w.e.f. 26-6-1976).
5. The words, brackets and figure "of sub-section (*1*)" omitted by Act 3 of 1994, s. 16 (w.e.f. 15-10-1993) 6. The words ", other than a managing director" omitted by Act 48 of 1973, s. 10 (w.e.f. 1-7-1974). 7. Subs. by s. 10, *ibid.,* for "any such director" (w.e.f. 1-7-1974).
8. Ins. by Act 35 of 1964, s. 10 (w.e.f. 1-2-1964).
9. The words "or a director of a subsidiary bank" omitted by Act 19 of 2018, s. 6 (w.e.f. 1-4-2017).

(*4*) If for any reason neither the president nor the vice-president is able to be present at a meeting of the Local Board, any member, [1][other than the Chief General Manager], elected by the members present from amongst themselves, shall preside at the meeting.

(*5*) Notwithstanding anything contained in this section, the chairman shall preside at any meeting of a Local Board at which he is present and in the absence of the chairman, [2][the managing director authorised by the chairman], shall, whenever he is present, preside at such meeting.]

CHAPTER VI

BUSINESS OF THE STATE BANK

32. State Bank to act as agent of the Reserve Bank.—(*1*) The State Bank shall, if so required by the Reserve Bank, act as agent of the Reserve Bank at all places in India where it has a branch [3]***, and where there is no branch of the banking department of the Reserve Bank, for—

(*a*) paying, receiving, collecting and remitting money, bullion and securities on behalf of any Government in India; and

(*b*) undertaking and transacting any other business which the Reserve Bank may from time to time entrust to it.

(*2*) The terms and conditions on which any such agency business shall be carried on by the State Bank on behalf of the Reserve Bank shall be such as may be agreed upon.

(*3*) If no agreement can be reached on any matter referred to in sub-section (*2*) or if a dispute arises between the State Bank and the Reserve Bank as to the interpretation of any agreement between them, the matter shall be referred to the Central Government and the decision of the Central Government thereon shall be final.

(*4*) The State Bank may transact any business or perform any functions entrusted to it under sub-section (*1*) [4][by itself [5]***] or through an agent approved by the Reserve Bank.

[6][**33. Other business which the State Bank may transact.**—Subject to the other provisions contained in this Act, the State Bank may carry on and transact the business of banking as defined in clause (*b*) of

section 5 of the Banking Regulation Act, 1949 (10 of 1949), and may engage in one or more of the other forms of business specified in sub-section (*1*) of section 6 of that Act.]

34. Business which the State Bank may not transact.—[7]***.

(*6*) Save as otherwise provided in [8][this Act] the State Bank shall not own or acquire any [9]*** immovable property except for the purpose of providing buildings or other accommodation in which to carry on the business of the State Bank or for providing residences for its officers and other employees:

Provided that if any such building or other accommodation is not immediately required for any of the purposes of the State Bank, the State Bank may utilise it to the best advantage by letting it out or in any other manner.

35. State Bank may acquire the business of other Banks.—(*1*) The State Bank may, with the sanction of the Central Government, and shall, if so directed by the Central Government in consultation with the Reserve Bank, enter into negotiations for acquiring the business, including the assets and liabilities, of any banking institution.

1. Subs. by Act 48 of 1973, s. 11, for certain words (w.e.f. 1-7-1974).

2. Subs. by Act 27 of 2010, s. 24, for "the vice-chairman, if he is a member of the Local Board" (w.e.f. 15-9-2010). 3. The words "or where there is a branch of a subsidiary bank" omitted by Act 19 of 2018, s. 7 (w.e.f. 1-4-2017). 4. Subs. by Act 38 of 1959, s. 64 and the Sch. III, for "either by itself" (w.e.f. 10-9-1959).

5. The words "or through a subsidiary bank" omitted by Act 19 of 2018, s. 7 (w.e.f. 1-4-2017).

6. Subs. by Act 48 of 1973, s. 12, for section 33 (w.e.f. 1-3-1977).

7. Sub-sections (*1*), (*2*), (*3*) and (*5*) omitted by s. 13, *ibid*. (w.e.f. 1-3-1977).

8. Subs. by Act 56 of 1962, s.2, for "section 33" (w.e.f. 1-1-1963).

9. The words "interest in" omitted by s. 2, *ibid*. (w.e.f. 1-1-1963).

[1][(*2*) The terms and conditions relating to such acquisition, if agreed upon by the Central Board of the State Bank and the directorate or management of the banking institution concerned and approved by the Reserve Bank, shall be submitted to the Central Government for its sanction and that Government may by order in writing (hereafter in this section referred to as the order of sanction) accord its sanction thereto.

(*3*) Notwithstanding anything contained in this Act or any other law for the time being in force or any instrument regulating the constitution of the banking institution concerned, the terms and conditions as sanctioned by the Central Government shall come into effect on the date specified by the Central Government in this behalf in the order of sanction and be binding upon the State Bank and the banking institution concerned as well as upon the shareholders (or, as the case may be, proprietors) and creditors of that banking institution.

(*4*) If for any reason the terms and conditions cannot come into effect on the date specified in the order of sanction, the Central Government may fix another suitable date for that purpose.

(*5*) On the date on which the terms and conditions as aforesaid come into effect the business and the assets and liabilities of the banking institution concerned as covered by the acquisition shall, by virtue, and in accordance with the provisions, of the order of sanction stand transferred to, and become respectively the business and the assets and liabilities of, the State Bank.

(*6*) The consideration for the acquisition of the business and the assets and liabilities of any banking institution under this section may, if so agreed upon, be paid either in cash or by allotment of shares in the capital of the State Bank or partly in cash and partly by allotment of shares, and the State Bank may, for the purpose of any such allotment, increase, subject to the other provisions contained in this Act relating to the increase of capital, the capital of the State Bank by the issue of such number of shares as may be determined by the State Bank.

(*7*) Any business acquired under this section shall thereafter be carried on by the State Bank in accordance with the provisions of this Act, subject to such exemptions or modifications as the Central Government may, by notification in the Official Gazette, make in this behalf in consultation with the Reserve Bank:

Provided that no such exemption or modification shall be made so as to have effect for a period of more than seven years from the date of

(*8*) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947), or in any other law or in any agreement for the time being in force, on the acquisition of the business and the assets and liabilities of any banking institution under this section, no officer or other employee of that banking institution shall be entitled to any compensation to which he may be entitled under that Act or that other law or that agreement and no claim in respect of such compensation shall be entertained by any court, tribunal or other authority, if on his having accepted in writing an offer of employment by the State Bank on the terms and conditions proposed by it he has been employed in accordance with such terms and conditions.

(*9*) The Central Government may, if it considers necessary or expedient in the case of any banking institution in relation to which an order of sanction has been made under this section, appoint, whether before or after the coming into effect of the terms and conditions relating to the acquisition of the business and the assets and liabilities of that banking institution, a suitable person to take over the management of that banking institution for the purposes of winding up its affairs and distributing its assets, and the expenditure incurred in connection with such management (including the remuneration for the person so appointed and his staff, if any) shall be paid out of the assets of the banking institution or by the State Bank as the Central Government may direct.

(*10*) Simultaneously with the appointment of a suitable person to take over the management of any banking institution under sub-section (*9*) or immediately thereafter, the Central Government shall issue directions to be followed by that person in the management of that banking institution for the purposes aforesaid and thereupon—

1. Subs. by Act 26 of 1959, s. 6, for ss. (*2*), (*3*) and (*4*) (w.e.f. 28-8-1959).

(*a*) the provisions of the Companies Act, 1956 (1 of 1956), or the [1][Banking Regulation Act, 1949 (10 of 1949),] or any other law for the time being in force or any instrument having effect by virtue of any such Act or law, in so far as they are inconsistent with such directions, shall cease to apply to or in relation to that banking institution;

(*b*) all persons in charge of the management, including any person holding office as manager or director of the banking institution immediately before the issue of such directions, shall be deemed to have vacated their offices as such; and

(*c*) the persons appointed to take over the management of the banking institution shall in accordance with those directions take all such steps as may be necessary to facilitate the winding up of its affairs and distribution of its assets.

(*11*) The Central Government, when satisfied that nothing further remains to be done in order to wind up the affairs of any such banking institution, may by another order in writing direct that as from such date as may be specified therein the banking institution shall stand dissolved and thereupon any such direction shall have effect notwithstanding anything to the contrary contained in any other law.

(*12*) No action under this section shall be questioned on the ground merely of any defect in the constitution of any banking institution in relation to which such action has been taken or in the constitution of its Board of Directors or in the appointment of any person entrusted with the management of its affairs.

(*13*) In this section "banking institution" includes any individual or any association of individuals (whether incorporated or not, or whether a department of Government or a separate institution), carrying on the business of banking.]

[2]**[35A. Arrangement with the State Bank on appointment of directors to prevail.**—(*1*) Where any arrangement entered into by the State Bank with a company provides for the appointment by the State Bank of one or more directors of such company, such provisions and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956 (1 of 1956), 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, 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 State Bank in pursuance of the arrangement as aforesaid.

(*2*) Any director appointed as aforesaid shall—

(*a*) hold office during the pleasure of the State Bank and may be removed or substituted by any person by order in writing of the State 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.]

CHAPTER VII

FUNDS, ACCOUNTS AND AUDIT

36. Integration and Development Fund.—(*1*) The State Bank shall maintain a special fund to be known as the Integration and Development Fund into which shall be paid—

(*a*) the dividends payable to the [3][Central Government] on such shares of the State Bank held by it as do not exceed fifty-five per cent. of the total issued capital; and

1. Subs. by Act 3 of 1994, s. 17, for "Banking Companies Act, 1949" (w.e.f. 15-10-1993).
2. Ins. by Act 1 of 1984, s. 43 (w.e.f. 15-2-1984).
3. Subs. by Act 32 of 2007, s. 9, for "Reserve Bank" (w.e.f. 29-6-2007).

(*b*) such contributions as the [1]*** the Central Government may make from time to time:

[2][Provided that if the balance in the Integration and Development Fund on the date of declaration of any dividends by the State Bank is rupees five crores or more, no amount shall be paid into that Fund under clause (*a*) and the dividends payable to the [3][Central Government] shall be [4][paid to that Government]; and if such balance on such date is less than rupees five crores, only so much of dividends then payable as will bring such balance to rupees five crores shall be paid into that Fund and the balance of such dividends shall be paid to the [3][Central Government].]

(*2*) The amount in the said Fund shall be applied exclusively for meeting—

(*a*) losses in excess of such yearly sum as may be agreed upon between the [3][Central Government] and the State Bank and attributable to the branches established in pursuance of sub-section (*5*) of section 16; [5]***

[6]* * * * * *

(*b*) such other losses or expenditure as may be approved by the Central Government in consultation with the Reserve Bank.

(*3*) Subject to the provisions of sub-section (*2*), the said Fund shall be the property of the [3][Central Government] and no shareholder of the State Bank or any other person shall have any claim to the amount held in the said Fund.

[7][(*4*) No amount applied for any of the purposes specified in sub-section (*2*) shall, for the purposes of the [8][Income-tax Act, 1961 (43 of 1961)], be treated as income, profits or gains of the State Bank.]

37. Reserve Fund.—The State Bank shall establish a Reserve Fund which shall consist of—

(*a*) the amount held in the Reserve Fund of the Imperial Bank transferred to the State Bank on the appointed day; and

(*b*) such further sums as may be transferred to it by the State Bank out of its annual net profits before declaring a dividend.

38. Disposal of profits.—(*1*) After making provision for bad and doubtful debts, depreciation in assets, equalisation of dividends, contribution to staff and superannuation funds and for all other matters

for which provisions is necessary by or under this Act or which are usually provided for by banking companies, the State Bank may, out of its net profits, declare a dividend.

(*2*) Subject to the provisions of paragraph 6 of the First Schedule, the rate of dividend shall be determined by the Central Board.

9[**38A. Transfer of unpaid or unclaimed 10[money].**—(*1*) Where, after the commencement of the State Bank of India (Amendment) Act, 2010 (27 of 2010), a dividend has been declared by the State Bank but which has not been paid to a shareholder or claimed by any shareholder entitled to it, within thirty days from the date of declaration, the State Bank shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid, or unclaimed, to a special account to be named, the "unpaid dividend account" maintained by it.

Explanation.—In this sub-section, the expression "dividend which remains unpaid" means any dividend the warrant in respect thereof has not been encashed or which has otherwise not been paid or claimed.

(*2*) Where the whole or any part of any dividend, declared by the State Bank before the commencement

1.The words "the Reserve Bank or" omitted by Act 32 of 2007, s. 9 (w.e.f. 29-6-2007).

2.The proviso added by Act 35 of 1964, s. 12 (w.e.f. 1-12-1964).

3. Subs. by Act 32 of 2007, s. 9, for "Reserve Bank" (w.e.f. 29-6-2007).

4. Subs. by s. 9, *ibid*., for "paid to that Bank" (w.e.f. 29-6-2007).

5. The word "and" omitted by Act 38 of 1959, s. 64 and the Sch. III (w.e.f. 10-9-1959).

6. Cl.(*aa*) omitted by Act 19 of 2018, s. 8 (w.e.f. 1-4-2017).

7. Ins. by Act 26 of 1959, s. 7 (w.e.f. 28-8-1959).

8. Subs. by Act 3 of 1994, s. 18, for "Indian Income-tax Act, 1922 (11 of 1922)" (w.e.f. 15-10-1993). 9. Ins. by Act 27 of 2010, s. 25 (w.e.f. 15-9-2010).

10. Subs. by Act 16 of 2025, s. 15, for "dividend" (w.e.f. 1-8-2025).

of the State Bank of India (Amendment) Act, 2010 (27 of 2010), remains unpaid at such commencement, the State Bank shall, within a period of six months from such commencement, transfer such unpaid amount to the account referred to in sub-section (*1*).

1[(*3*) The State Bank shall transfer, in accordance with the rules made under section 124 of the Companies Act, 2013 (18 of 2013), to the Investor Education and Protection Fund established under section 125 of the said Act,—

(*i*) any money which remains unpaid or unclaimed for a period of seven years from the date of its transfer in the Unpaid Dividend Account of the State Bank;

(*ii*) all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, along with a statement thereof containing the details specified in the said rules;

(*iii*) any interest or redemption amount upon any bond issued by the State Bank which remain unpaid or unclaimed for a period of seven years from the date such interest or such redemption amount became due for payment.

(*4*) Any person whose shares or unclaimed or unpaid money has been transferred to the Investor Education and Protection Fund under sub-section (*3*), shall be entitled to claim the transfer or refund from the said Fund, in accordance with the rules made under section 124 and section 125 of the Companies Act, 2013 (18 of 2013).

(*5*) The money transferred under sub-section (*3*) to the Investor Education and Protection Fund shall be utilised for the purposes and in the manner specified in section 125 of the Companies Act, 2013 (18 of 2013).]]

39. Books to be balanced each year.—The Central Board shall cause the books of the State Bank to be closed, and balanced 2[as] on the 31st day of 3[March] 4[or such other date in each year as the Central Government may, by notification in the Official Gazette, specify]:

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

40. Returns.—(*1*) The State Bank shall furnish to the Central Government and to the Reserve Bank 6[within three months from the 31st day of 7[March] 8[or the date specified under section 39, as the case

may be] as on which its books are closed and balanced] its balance sheet, together with the profit and loss account and the [9][auditors, report and a report by the Central Board on the working and activities of the State Bank] during the period covered by the accounts:

[10][Provided that the Central Government may, after consultation with the Reserve Bank, extend the said period of three months by such further period, not exceeding three months, as it may think fit.]

[11][(*2*) The balance sheet and the profit and loss account shall be signed by the chairman, managing directors and at least three other directors of the Central Board.]

(*3*) The State Bank shall also, within two months from the date on which its accounts are closed and balanced, transmit to the Central Government and the Reserve Bank a statement showing, as far as may be available, the name, address and occupation of, and the number of shares held by, each shareholder of the State Bank as on the said date.

[12][(*4*) The Central Government shall cause the auditors' report and the report by the Central Board on the working and activities of the State Bank to be laid, as soon as may be after they are received, before each House of Parliament [13]***.

1. Subs. by Act 16 of 2025, s. 15, for sub-section (*3*) (w.e.f. 1-8-2025). 2. Ins. by Act 48 of 1973, s. 14 (w.e.f. 31-12-1973).
3. Subs. by Act 27 of 2010, s. 26, for "December" (w.e.f. 15-9-2010).
4. Subs. by Act 66 of 1988, s. 14, for "in each year" (w.e.f. 30-12-1988). 5. Ins. by s. 14, *ibid.* (w.e.f. 30-12-1988).
6. Subs. by Act 48 of 1973, s. 15, for certain words (w.e.f. 31-12-1973).
7. Subs. by Act 27 of 2010, s. 27, for "December" (w.e.f. 15-9-2010). 8. Ins. by Act 66 of 1988, s. 15 (w.e.f. 30-12-1988).
9. Subs. by Act 1 of 1984, s. 44, for certain words (w.e.f. 15-2-1984).
10.The proviso added by Act 48 of 1973, s. 15 (w.e.f. 31-12-1973). 11. Subs. by Act 27 of 2010, s. 27, for sub-section (*2*) (w.e.f. 15-9-2010).
12. Ins. by Act 1 of 1984, s. 44 (w.e.f. 15-2-1984).
13. Certain words omitted by Act 81 of 1985, s. 3 (w.e.f. 1-5-1986).

41. Audit.—(*1*) The affairs of the State Bank shall be [1][audited by two or more auditors] duly qualified to act as auditors of companies under [2][section 141 of the Companies Act, 2013 (18 of 2013)], who shall be appointed by [3][the State Bank with the previous approval of the Reserve Bank].

[4][(*2*) The auditors shall receive such remuneration as the State Bank may fix.]

(*3*) An auditor may be a shareholder but not director or member of a Local Board or of a Local Committee or an officer of the State Bank shall be eligible to be an auditor during his continuance in office as such director, member or officer.

(*4*) An auditor shall on relinquishing office be eligible for reappointment.

(*5*) The auditors shall severally be, and continue to act as, auditors until the [5][annual] general meeting after their respective appointment, and if any vacancy arises before the expiry of the term of office of an auditor, the vacancy may be filled by [6][the State Bank with the previous approval of the Reserve Bank].

(*6*) Every auditor shall be supplied with a copy of the annual balance sheet and profit and loss account, and a list of all books kept by the State Bank, and it shall be the duty of the auditor to examine the balance sheet and profit and loss account with the accounts and vouchers relating thereto, and in the performance of his duties, the auditor—

(*a*) shall have, at all reasonable times, access to the books, accounts and other documents of the State Bank;

(*b*) may, at the expense of the State Bank, or if he is appointed by the Central Government, at the expense of the Central Government, employ accountants or other persons to assist him in investigating such accounts; and

(*c*) may, in relation to such accounts, examine any director or any member of a Local Board or of a Local Committee or any officer of the State Bank.

(*7*) The auditors shall make a report to the Central Government upon the annual balance sheet and accounts, and in every such report they shall state—

(*a*) whether, in their opinion, the balance sheet is a full and fair balance sheet containing all the necessary particulars and properly drawn up so as to exhibit [7][a true and fair view] of the affairs of the State Bank, and in case they have called for any explanation or information, whether it has been given and whether it is satisfactory;

(*b*) whether or not the transactions of the State Bank which have come to their notice have been within the powers of the State Bank;

(*c*) whether or not the returns received from the offices and branches of the State Bank have been found adequate for the purpose of their audit;

(*d*) whether the profit and loss account shows a true balance of [8][profit or loss] for the period covered by such account; and

(*e*) any other matter which they consider should be brought to the notice of the shareholders or the Central Government, as the case may be.

[9][*Explanation* 1.—For the purposes of this Act,—

(*a*) the balance sheet shall not be treated as not disclosing a true and fair view of the affairs of the State Bank, and

(*b*) the profit and loss account shall not be treated as not showing a true balance of profit or loss of the period covered by such account,

1. Subs. by Act 48 of 1973, s. 16, for "audited by two auditors" (w.e.f. 31-12-1973).

2. Subs. by Act 16 of 2025, s. 16, for "section 226 of the Companies Act, 1956 (1 of 1956)" (w.e.f. 1-8-2025). 3. Subs. by Act 27 of 2010, s. 28, for "the Reserve Bank in consultation with the Central Government" (w.e.f. 15-9-2010). 4. Subs. by Act 16 of 2025, s. 16, for sub-section (*2*) (w.e.f. 1-8-2025).

5. Subs. by Act 26 of 1959, s. 8, for "first" (w.e.f. 28-8-1959).

6. Subs.by Act 27 of 2010, s. 28, for "the Reserve Bank" (w.e.f. 15-9-2010).

7. Subs. by Act 35 of 1964, s. 13, for "a true and correct view" (w.e.f. 1-12-1964).

8. Subs. by Act 26 of 1959, s. 8, for "profit and loss" (w.e.f. 28-8-1959).

9. Ins. by Act 48 of 1973, s. 16 (w.e.f. 31-12-1973).

merely by reason of the fact that the balance sheet or, as the case may be, the profit and loss account, does not disclose any matters which are, by the provisions of the Banking Regulation Act, 1949 (10 of 1949), read with the relevant provisions of this Act, not required to be disclosed.

Explanation 2.—For the purposes of this Act, the accounts of the State Bank shall not be deemed as having not been properly drawn up on the ground merely that they do not disclose certain matters if—

(*i*) those matters are such as the State Bank is, by virtue of any provision contained in the Banking Regulation Act, 1949 (10 of 1949), read with the relevant provisions of this Act, or any other Act, not required to disclose; and

(*ii*) the provisions referred to in clause (*i*) are specified in the balance-sheet and profit and loss account of the State Bank or in the auditors' report.]

(*8*) The auditors shall also forward a copy of the audit report to the State Bank.

(*9*) Without prejudice to anything contained in the foregoing provisions, the Central Government may appoint at any time such auditors as it thinks fit to examine and report on the accounts of the State Bank.

[1][**42. Balance sheet, etc., of State Bank may be discussed at general meeting.**—(*1*) An annual general meeting shall be held in each financial year at the Corporate Centre or at such other place in Mumbai other than the Corporate Centre or at such other place in India and at such time, as shall from time to time be specified by the Central Board and a general meeting other than an annual general meeting may be convened by the State Bank at any other time and at such place in India as shall from time to time be specified by the Central Board:

Provided that such annual general meeting shall be held before the expiry of six weeks from the date on which the balance sheet together with the profit and loss account and auditors' report, under sub-section (*1*) of section 40, is forwarded to the Central Government or to the Reserve Bank, whichever date is earlier.

(*2*) The shareholders present at an annual general meeting shall be entitled to discuss and adopt the balance sheet and the profit and loss account of the State Bank made up to the previous 31st day of March or the date specified under section 39, as the case may be, the report of the Central Board on the working and activities of the State Bank for the period covered by the accounts and the auditors' report on the balance sheet and accounts.]

CHAPTER VIII

MISCELLANEOUS

43. State Bank may appoint officers and other employees.—[2][(*1*)] The State Bank may appoint such number of officers, advisers and 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.

[3][(*2*) The officers, advisers and employees of the State Bank shall individually or jointly or with other officers, advisers and employees in a Local Committee exercise such powers and perform such duties as may by general or special order, be entrusted or delegated to them by the Central Board or its executive committee.]

[4][**43A. Bonus.**—(*1*) No officer, adviser or other employee [other than an employee within the meaning of clause (*13*) of section 2 of the Payment of Bonus Act, 1965 (21 of 1965)] of the State Bank shall be entitled to be paid any bonus.

(*2*) No employee of the State Bank, being an employee within the meaning of clause (*13*) of section 2 of the Payment of Bonus Act, 1965 (21 of 1965), shall be entitled to be paid any bonus except in accordance with the provisions of that Act.

(*3*) The provisions of this section shall have effect notwithstanding any judgment, decree or order of any Court, tribunal or other authority and notwithstanding anything contained in any other provision of this Act or in the Industrial Disputes Act, 1947 (14 of 1947), or any other law for the time being in force or any practice, usage or custom or any contract, agreement, settlement, award or other instrument.]

1. Subs. by Act 27 of 2010, s. 29, for s. 42 (w.e.f. 15-9-2010).
2. S. 43 renumbered as sub-section (*1*) thereof by Act 35 of 1964, s. 14 (w.e.f. 1-12-1964).
3. Subs. by Act 27 of 2010, s. 30, for sub-section (*2*) (w.e.f. 15-9-2010).
4. Ins. by Act 64 of 1984, s. 2 (w.e.f. 11-9-1984).

44. Obligation as to fidelity and secrecy.—(*1*) The State Bank shall observe, except as otherwise required by law, the practices and usages customary among bankers, and, in particular, it shall not 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 State Bank to divulge such information.

(*2*) Every director, member of a Local Board or of a Local Committee, auditor, adviser, officer or other employee of the State Bank shall, before entering upon his duties, make a declaration of fidelity and secrecy as in the form set out in the Second Schedule.

[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).]

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

46. Indemnity of directors and members of Local Board and Local Committees, etc.—(*1*) Every director and every member of a Local Board or a Local Committee shall be indemnified by the State 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*) Neither a director nor a member of a Local Board or a Local Committee shall be responsible for any loss or expense caused to the State Bank by the insufficiency or deficiency of the value of or title to any property or security acquired or taken on behalf of the State Bank or by the insolvency or wrongful act of

any customer or debtor or by anything done in or in relation to the execution of the duties of his office or otherwise than for his wilful act or default.

47. Defects in appointment or constitution not to invalidate acts or proceedings.—(*1*) No act or proceeding of the Central Board or of a Local Board or a Local Committee shall be questioned on the ground merely of the existence of any vacancy or defect in the constitution of the Board or Committee, as the case may be.

(*2*) All acts done by any person acting in good faith as a director or as a member of a Local Board or of a Local Committee shall, notwithstanding that there was some defect in his appointment or qualifications, be as valid as if he was a director of the Central Board or a member of the Local Board or the Local Committee, as the case may be.

48. [*Power to remove difficulties.*]*Omitted by the State Bank of India* (*Amendment*) *Act*, 1964 (35 *of* 1964), *s*.15 (*w.e.f.* 1-12-1964).

49. Power of Central Government to make rules.—(*1*) The Central Government, in consultation with the Reserve Bank, may, by notification in the Official Gazette, [2][make rules 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 rules may provide for—

(*a*) the procedure for the payment of compensation under this Act;

(*b*) the determination of persons to whom the said compensation shall be payable in all cases, including cases where shares in the Imperial Bank have been held by more than one person, or where they have been transferred before the appointed day but the transfer has not been registered or where the shareholder is dead;

1. Ins. by Act 30 of 2005, s. 34 and the Sch. (w.e.f. 14-12-2006).

2. Subs. by Act 48 of 1973, s. 18, for certain words (w.e.f. 31-12-1973).

[1][(*c*) the manner of appointment of a director under clause (*ca*) or clause (*cb*) [2]*** of section 19, and all other matters connected therewith or incidental thereto;]

[3][(*d*) the time and place of meeting of the Committee and the rules of procedure to be observed by it under sub-section (*6*) of section 24A;

(*e*) the salary and allowances of the Administrator and the members of the committee under sub-section (*7*) of section 24A.]

[4][(*3*) Every rule made by the Central Government under this Act shall 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 rule or both Houses agree that the rule should not be made, the rule 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 rule.]

50. Power of Central Board to make regulations.—(*1*) The Central Board may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, [5][by notification in the Official Gazette,] make regulations, not inconsistent with this Act and the rules made thereunder to provide for all matters for which provision is 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—

(*a*) the nature of shares of the State Bank, the manner in which and the conditions subject to which shares may be held and transferred and generally all matters relating to the rights and duties of shareholders;

[6][(*aa*) the procedure for increasing issued capital by the issue of equity or preference shares under sub-section (*2*) and the manner of accepting money for issued capital, forfeiture and re-issue of shares under sub-section (*5*), of section 5;

(*ab*) the manner of nominating an individual by one individual under sub-section (*1*), the manner of nominating an individual by the joint holders under sub-section (*2*), the manner of varying or cancellation of nomination under sub-section (*3*), and the manner of nominating a minor under sub-section (*4*), of section 10A;]

[7][(*b*) the maintenance of register of shareholders, and the particulars to be entered in such register in addition to those specified in section 13, the safeguards to be observed in the maintenance of register of shareholders on computer [8][floppies or diskettes or any other electronic form], the inspection and closure of the register of shareholders and all other matters connected therewith;]

(*c*) the holding and conduct of elections under this Act, including the allocation of elected directors to the various areas [9][falling within the jurisdiction of each local head office], and the final determination of doubts or disputes regarding the qualifications of candidates for election or regarding the validity of elections;

1. Ins. by Act 48 of 1973, s. 18 (w.e.f. 31-12-1973).
2. The words, brackets and figure "of sub-section (*1*)" omitted by Act 3 of 1994, s. 19 (w.e.f. 15-10-1993).
3. Ins. by Act 27 of 2010, s. 31 (w.e.f. 15-9-2010).
4. Ins. by Act 1 of 1984, s. 47 (w.e.f. 15-2-1984).
5. Ins. by Act 66 of 1988, s. 17 (w.e.f. 30-12-1988).
6. Ins. by Act 27 of 2010, s. 32 (w.e.f. 15-9-2010).
7. Subs. by Act 3 of 1994, s. 20, for clause (*b*) (w.e.f. 15-10-1993).
8. Subs. by Act 27 of 2010, s. 32, for "floppies or diskettes" (w.e.f. 15-9-2010).
9. Subs. by Act 3 of 1994, s. 20, for certain words (w.e.f. 15-10-1993).

[1][(*ca*) the determination of areas falling within the jurisdiction of each local head office;]

[2][(*d*) the powers, functions and duties of Local Boards and the restrictions, conditions or limitations, if any, subject to which they may be exercised or performed, the formation and constitution of Local Committees (including the number of members of any such Committee) and of Committees of Local Boards, the powers, functions and duties of such Committees, the holding of meetings of Local Committees and Committees of Local Boards and the conduct of business thereat;]

(*e*) the fees and allowances which may be paid to directors, or members of Local Boards or Local Committees for attending any meetings of the Central Board or of its committees or of the Local Boards or Local Committees, as the case may be, or for attending to any other work of the State Bank;

(*f*) the manner in which the business of the Central Board [3][or of Local Boards] shall be transacted and the procedure to be followed at the meetings thereof;

(*g*) the formation of committees of the Central Board and the delegation of powers and functions of the Central Board to such committees and the conduct of business in such committees;

[4]* * * * *

(*i*) the manner in which general meetings shall be convened, the procedure to be followed thereat and the manner in which voting rights may be exercised;

(*j*) the holding of meetings of shareholders [5]*** and the business to be transacted thereat;

(*k*) the manner in which notices may be served on behalf of the State Bank upon shareholders or other persons;

(*l*) the provision of seals for the State Bank and the manner and effect of their use;

(*m*) the conduct and defence of legal proceedings and the manner of signing pleadings;

(*n*) the duties and conduct of officers, other employees, advisers and agents of the State Bank;

[6][(*o*) the establishment and maintenance of superannuation pension, provident or other funds for the benefit of the employees of the State Bank or of the dependants of such employees or for the

purposes of the State Bank, and the granting of superannuation allowances, annuities and pensions payable out of any such fund;]

(*p*) the form and manner in which contracts binding on the State Bank may be executed;

7[(*q*) the terms, conditions, stipulations, restrictions and limitations, if any, in the transaction by the State Bank of its businesses in regard to the advancing or lending of money or the discounting or purchase of any instrument, negotiable or otherwise, with or without reference to any security, purpose, amount, period or otherwise;]

(*r*) the conditions subject to which alone, advances may be made to directors, members of Local Boards or of Local Committees or officers of the State Bank, or the relatives of such directors, members or officers or to companies, firms or individuals with which or with whom such directors, members, officers, or relatives, are connected as partners, directors, managers, servants, shareholders or otherwise;

(*s*) the statements, returns, and forms that are required for the purposes of this Act;

(*t*) the payment of dividends, including interim dividends;

(*u*) generally for the conduct of the business of the State Bank.

1. Ins. by Act 3 of 1994, s. 20 (w.e.f. 15-10-1993).

2. Subs. by Act 35 of 1964, s. 16, for clause (*d*) (w.e.f. 1-12-1964).

3. Ins. by s. 16, *ibid*. (w.e.f. 1-12-1964).

4. Cl. (*h*) omitted by s. 16, *ibid.* (w.e.f. 1-12-1964).

5. The words "on branch registers" omitted by Act 3 of 1994, s. 20 (w.e.f. 15-10-1993). 6. Subs. by Act 26 of 1959, s. 10, for clause (*o*) (w.e.f. 28-8-1959).

7. Subs. by Act 48 of 1973, s. 19, for clause (*q*) (w.e.f. 31-12-1973).

1[(*2A*) All regulations made under this section shall have effect from such earlier or later date as may be specified in the regulations.]

(*3*) Notwithstanding anything contained in this section, the first regulations shall be made by the Reserve Bank with the previous sanction of the Central Government, and thereupon shall be deemed to be the regulations made by the Central Board under this section and shall have force accordingly until they are amended or repealed.

2[(*4*) Every regulation shall, as soon as may be after it is made under this Act by the Central Board, be forwarded to the Central Government and that Government shall cause a copy of the same to be laid 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.]

3[**51. Requirements of foreign law to be complied within certain cases.—**If, according to the laws of any country outside India, the provisions of this Act by themselves are not effective to transfer to and vest in the State Bank any asset or liability which forms part of the undertaking of the Imperial Bank and which is situate in that country, the Imperial Bank shall take all such steps as may be required by the laws of that country for the purpose of effecting or perfecting such transfer and vesting, and in connection therewith the Imperial Bank may realise any asset and discharge any liability and transfer the net proceeds thereof to the State Bank.]

52. [*Amendment of Act* 2 *of* 1934.] *Rep. by the Repealing and Amending Act*, 1960 (58 *of* 1960), *s*. 2 *and the I Sch.* (*w.e.f.* 26-12-1960).

53. [*Amendment of Act* 10 *of* 1949.]*Rep. by s*. 2 *and the I Sch.*, *ibid.* (*w.e.f*. 26-12-1960).

4[**54.** [*Amendment of Act* 47 *of* 1920.] *Rep. by* s. 2 *and the I Sch.*, *ibid*. (*w.e.f*. 26-12-1960).

55. No proceeding to lie in India against Imperial Bank after appointed day.—On and from the appointed day, no person shall make any claim or demand or take any proceeding in India against the Imperial Bank or a director, officer or other employee thereof in his capacity as such director, officer or employee except in so far as may be necessary for enforcing the provisions of this Act or except in so far as it relates to any offence committed by any such director, officer or employee.

56. References to the Imperial Bank, the Bank of Bengal, etc., in other laws.—On and from the appointed day, any reference to the Imperial Bank or to the Bank of Bengal, the Bank of Madras or the Bank of Bombay in any law [other than this Act or the Imperial Bank of India Act, 1920 (47 of 1920)] or in any contract or other instrument shall, except as otherwise provided in any general or special order made by the Central Government, be deemed to be a reference to the State Bank.

57. Dissolution of Imperial Bank, etc.—(*1*) On such day as the Central Government may, by notification in the Official Gazette, specify in this behalf, the Imperial Bank shall stand dissolved, and the Imperial Bank of India Act, 1920 (47 of 1920), shall stand repealed.

(*2*) On the day specified in the notification under sub-section (*1*), the State Bank shall pay to the Reserve Bank a sum of ten lakhs of rupees.

(*3*) If, on the day specified in the notification under sub-section (*1*), the Imperial Bank has in its possession or custody any assets created on or after the appointed day, such assets shall be disposed of in accordance with directions issued by the Central Government in this behalf.]

1. Ins. by Act 48 of 1973, s. 19 (w.e.f. 31-12-1973).

2. Ins. by Act 1 of 1984, s. 48 (w.e.f. 15-2-1984).

3. Subs. by Act 33 of 1955, s. 5, for s. 51 (w.e.f. 1-4-1957).

4. Ins. by s. 6, *ibid.* (w.e.f. 1-4-1957).

THE FIRST SCHEDULE

(*See* section 9)

COMPENSATION FOR THE TRANSFER OF SHARES OF THE IMPERIAL BANK TO THE RESERVE BANK

1. In this Schedule "shareholder" means any person who immediately before the appointed day is registered as the holder of a share in the Imperial Bank.

2. As compensation for the shares in the capital of the Imperial Bank which, by reason of this Act, are transferred to and vested in the Reserve Bank, the Reserve Bank shall pay to every shareholder, in the manner set out hereinafter, an amount calculated at the rate of one thousand seven hundred and sixty-five rupees and ten annas per share in the case of a fully paid-up share and four hundred and thirty-one rupees, twelve annas and four pies per share in the case of a partly paid-up share.

3. Notwithstanding the transfer of the shares in the capital of the Imperial Bank to the Reserve Bank, any shareholder who immediately before the appointed day is entitled to payment of dividend on the shares of the Imperial Bank held by him shall be entitled to receive from the State Bank—

(*a*) all dividends accruing due on his shares in respect of any half-year which ended before the appointed day and remaining unpaid;

(*b*) dividends calculated at a rate to be specified by the Central Government in respect of any period immediately preceding the appointed day for which the Imperial Bank has not declared any dividend.

4.(*1*) The compensation provided for in this Schedule shall be given in Central Government securities, and the form of such securities and the value thereof, computed with reference to their market value, shall be such as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided that where the amount of such compensation is not an exact multiple of the value of the Government security as so notified, the amount in excess of the nearest lower multiple of such value shall be paid by cheque drawn on the Reserve Bank.

(*2*) Notwithstanding anything contained in sub-paragraph (*1*), any person who is registered as the holder of a share in the Imperial Bank on the 19th day of December, 1954, and continues to be so until the appointed day shall, if he applies in writing in this behalf to the Reserve Bank before the expiry of three months from the appointed day, be entitled to be paid, by cheque drawn on the Reserve Bank, any compensation payable to him upto the first ten thousand rupees.

5. (*1*) Any shareholder to whom compensation is payable under this Schedule may apply to the Reserve Bank before the expiry of three months from the appointed day for the transfer to him of shares in the State Bank *in lieu* of such compensation, and for the purposes of such transfer the value of each share of the State Bank shall be such as may be determined by the Reserve Bank in this behalf.

(*2*) If on receipt of an application under sub-paragraph (*1*), the Reserve Bank, in its discretion, decides to transfer any shares to the applicant, it shall issue to the State Bank a warrant in the prescribed

form directing it to transfer in favour of the person specified in the warrant such number of shares as may be specified therein out of the shares standing allotted to it under sub-section (*1*)of section 5, and the State Bank shall be bound to comply with such warrant.

(*3*) A warrant issued by the Reserve Bank under this paragraph shall not be liable to duty under the Indian Stamp Act, 1899 (2 of 1899).

6. (*1*) The Reserve Bank may, if it decides to transfer, in pursuance of paragraph 5, more than two lakhs, fifty-three thousand and one hundred and twenty-five shares, require the State Bank to issue to it such further shares as may be necessary to secure that it holds not less than fifty-five per cent. of the issued capital of the State Bank, and the State Bank shall, without prejudice to the provisions contained in sub-section (*3*) of section 5, comply with such requirement on the Reserve Bank subscribing one hundred rupees for each share.

(*2*) No share issued to the Reserve Bank at par under this paragraph shall carry dividend at a rate higher than four per cent. per annum.

THE SECOND SCHEDULE

(*See* section 44)

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, member of Local Board, member of Local Committee, auditor, adviser, officer or other employee (as the case may be) of the State Bank and which properly relate to the office or position in the said State Bank held by me.

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 State Bank or to the affairs of any person having any dealing with the State 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 State Bank and relating to the business of the State Bank or to the business of any person having any dealing with the State Bank.

THE THIRD SCHEDULE.—[*Amendments to the Reserve Bank of India Act,* 1934.] *Rep. by the Repealing and Amending Act,* 1960 (58 *of* 1960), *s*. 2, *and the First Sch.* (*w.e.f.* 26-12-1960).

THE FOURTH SCHEDULE.—[*Amendments to the Banking Companies Act*, 1949.] *Rep. by s*. 2 *and the Sch. I, ibid.* (*w.e.f.* 26-12-1960).

THE FIFTH SCHEDULE.—[*Amendment to the Imperial Bank of India Act,* 1920.] *Ins. by the State Bank of India* (*Amendment*) *Act*, 1955 (33 *of* 1955), *s*. 7 (*with retrospective effect*). *Rep. by the Repealing and Amending Act,* 1960 (58 *of* 1960), *s*. 2 *and the First Sch.* (*w.e.f.* 26-12-1960).

STATEMENT OF OBJECTS AND REASONS

"The Scheme of the State Bank of India Act, 1955, envisaged the State Bank of India coming into existence and the Imperial Bank of India going out of existence simultaneously on the 'appointed day' (being the day notified in this behalf by the Central Government) and provided for the automatic transfer of all the assets and liabilities of the undertaking of the Imperial Bank of India from that institution to the State Bank of India. While there was no difficulty about such transfer so far as the assets and liabilities of the imperial Bank situated in India were concerned Government were advised that it was doubtful whether such an automatic transfer of assets and liabilities made by virtue of an Indian law from one corporate body to another would be recognised and given effect to in foreign countries in respect of the assets and liabilities of the foreign branches of the Imperial Bank of India. In the light of the advice obtained on this legal issue from counsel in the different foreign countries concerned. It was decided that it would be advisable to amend the scheme of the Act and to provide for the continued existence of the Imperial Bank of India as a corporate entity beyond the 'appointed day' to enable it to make over its business in its foreign branches by execution of documentary transfers, if necessary to the corresponding branches of the State Bank of India to be opened there. It was, therefore, necessary to amend the State Bank of India Act, 1955, and as this had to be done prior to the 1st of July, 1955, which had been notified as the 'appointed day' under the State Bank of India Act, the State Bank of India (Amendment) Ordinance, 1955 was promulgated on the 23rd June, 1955. The present Bill seeks to convert that Ordinance into an Act."

NEW DELHI; A. C.
GUHA. *The* 23*rdJuly*, 1955.