

THE NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970¹

In exercise of the powers conferred by section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), the Central Government, after consultation with the Reserve Bank, hereby makes the following Scheme, namely:—

CHAPTER I INTRODUCTORY

1. Short title and commencement.—(1) This scheme may be called the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970.

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

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

- (a) "Act" means the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970);
- (b) "Board" means the Board of Directors constituted under clause 3;
- (ba) ²[***]
- (c) "Chairman" in relation to a nationalised bank, means the Chairman of the Board of that bank;
- ³[(ca) "Appellate Authority" means the Central Government or the Deputy Chief Labour Commissioner (Central), Ministry of Labour, Government of India, as the case may be;]
- (d) "director" means a director for the time being of a nationalised bank;
- ⁴[(da) "elected director" means a director referred to in clause (i) of sub-section (3) of section 9 of the Act;]
- (e) "nationalised bank" means a corresponding new bank constituted under sub-section (1) of section 3 of the Act;
- (f) "representative union" means a union registered under the Trade Union Act, 1925 (16 of 1925), or a federation of such unions where such union or federation, as the case may be, is certified after due verification, as having the largest number of workmen employed in the nationalised bank as members who have regularly paid their dues to the union or to any of the unions constituting the federation:
Provided that no union or federation, as the case may be, shall be deemed for the purposes of this scheme, to be a representative union unless the verified membership of such union or the unions constituting the federation, as the case may be, is fifteen per cent. or more of the total number of workmen employed by the nationalised bank;
- (g) "schedule" means a schedule to this section;
- (h) "verification", with its grammatical variations and cognate expression, means, the verification by the ⁵[Designated Officer] in accordance with the procedure specified in the First Schedule.

1. *Vide* S.O. 3793, dated 16th November, 1970, published in the Gazette of India, Extra., Pt. II, Sec. 3(ii), dated 28th November, 1970.

2. Clause (ba) omitted by S.O. 3026(E), dated 1st July, 2022 (w.e.f. 1-7-2022). Earlier clause (ba) was inserted by S.O. 1216(E), dated 23rd March, 2016 (w.e.f. 28-3-2016). Clause (ba) before omission, stood as under:

"(ba) "Bureau" means the Banks Board Bureau established under clause 7-A;"

3. Ins. by S.O. 2695(E), dated 19th November, 2008 (w.e.f. 19-11-2008).

4. Ins. by S.O. 289(E), dated 3rd April, 1995 (w.e.f. 3-4-1995).

5. Subs. by S.O. 2695(E), dated 19th November, 2008, for "Chief Labour Commissioner (Central)" (w.e.f. 19-11-2008).

- (i) "workman" has the meaning assigned to it in clause(s) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947);
- (j) Words and expressions used herein and not defined but defined in the Act have the meanings respectively assigned to them in the Act.

CHAPTER II

BOARD OF DIRECTORS

¹[3. **Constitution of the Board.**—(1) The Central Government shall by notification in the Official Gazette, constitute the Board of a Nationalised Bank.

(2) ²[(i) The director referred to in clause (e) of sub-section (3) of section 9 of the Act shall be nominated by the Central Government from a panel of not less than three number of employees as furnished by the representative Union to the Bank within a period of 30 days from the receipt of such panel:

Provided that on the request of the representative Union, the Central Government may, at its discretion, increase further period of 15 days to furnish the panel of names of employees to the Bank:

Provided further that in case the representative Union fails to furnish the panel of names of employees and does not send the same within the period as specified above, the Bank shall inform the Central Government and, after receipt of information from the Bank, the Central Government may ask the management of the Bank to obtain a panel of three names of employees from the next largest Union:

Provided also that in case at any time, if the Central Government is of opinion that there is likely to be delay in the verification and certification of any Union, Federation, Association of the Bank, as a representative Union and it is necessary in the interests of the Nationalized Bank so to do, it may nominate any employee of the Nationalised Bank, who is a workman, to be a director of that Bank.]

(ii) ³[***]

(iii) A workman of a Nationalised Bank shall be disqualified for being nominated as a director unless—

1. Subs. by S.O. 289(E), dated 3rd April, 1995, for clause (3) (w.e.f. 3-4-1995).

2. Subs. by S.O. 2695(E), dated 19th November, 2008, for item (i) (w.e.f. 19-11-2008). Item (i), before substitution, stood as under:

"(i) The director referred to in clause (e) of sub-section (3) of section 9 of the Act, shall be nominated by the Central Government from out of a panel of three such employees furnished to it by the representative union, within a date to be specified by the Central Government, which date shall not be more than six weeks from the date of communication made by the Central Government, requiring the representative union to furnish the panel of names:

Provided that where the Central Government is of the opinion that owing to the delay which is likely to occur in the verification and certification of any union or federation as a representative union, it is necessary in the interest of the Nationalised Bank so to do, it may nominate any employee of the Nationalised Bank, who is a workman, to be a director of that bank."

3. Item (ii) omitted by S.O. 2695(E), dated 19th November, 2008 (w.e.f. 19-11-2008). Item (ii), before omission, stood as under:

"(ii) (a) Where there is no representative union, to represent the workmen of a Nationalised Bank, or

(b) where such representative union being in existence omits or fails to furnish any panel of names within the specified date, or

(c) where all the persons specified in the panel furnished by the representative union are disqualified whether under item (iii) of this sub-clause or under clause 10, the Central Government may, at its discretion appoint such workman of the Nationalised Bank, as it may think fit, to be a director of such bank."

- (a) he is and has been, serving for a continuous period of not less than five years in the Nationalised Bank, and
- (b) he is of such age that there is no likelihood of his attaining the age of superannuation during his term of office as director.]

¹[(3) The director referred to in clause (f) of sub-section (3) of section 9 of the Act, shall be nominated by the Central Government in consultation with the Reserve Bank, after the procedure for verification of membership of officers' associations by whatever name called operating in the nationalised banks and for obtaining a panel of names for appointment of non-workmen employee director on the Boards of nationalised banks as mentioned in the Third Schedule has been followed.]

²[4. **Manner of retirement of nominee directors.**—The director referred to in clause (h) of sub-section (3) of section 9 of the Act, shall retire by rotation, when the elected directors assume charge, in such manner that the directors who have been longest in office since the last nomination, shall retire first and as between persons, who became directors on the same day, those who are to retire, shall, in default of or subject to any agreement among themselves, be decided by the Central Government.]

³[4A. **Manner of retirement of excess elected director.**—The number of excess directors shall be determined under the second proviso to clause (i) of sub-section (3) of section 9 of the Act and such number of directors elected by the shareholders (other than the Central Government) equal to the number so determined shall retire, and the order in which the directors shall retire, will begin with the longest serving director:

Provided that, if two or more directors have served for the same period of time the older among the said directors shall retire first.]

5. Chairman.—(1) The Central Government shall, after consultation with the Reserve Bank, appoint one of the Directors to be the Chairman of the Board ⁴[***].

(2) The Chairman shall preside over the meetings of the Board.

⁵[6. **Managing Director.**—⁶[1] The Central Government shall, after consultation with the Reserve Bank, appoint one of the directors referred to in clause (a) of sub-section (3) of section 9 of the Act to be the Managing Director, who shall be the Chief Executive Officer of the Nationalised Bank and shall exercise the powers and discharge such duties as may be delegated to him by the Board.]

(2) ⁷[***]

7. Same person may hold office as Chairman and Managing Director.—The Central Government may, after consultation with the Reserve Bank appoint the same person to hold, at the same time, both the office of the Chairman and the Managing Director.

1. Ins. by S.O. 934(E), dated 17th October, 2000.

2. Subs. by S.O. 289(E), dated 3rd April, 1995, for clause (4) (w.e.f. 3-4-1995).

3. Ins. by G.S.R. 251(E), dated 19th February, 2007 (w.e.f. 19-2-2007).

4. The words "in the manner as specified in clause 7B" omitted by S.O. 3026(E), dated 1st July, 2022 (w.e.f. 1-7-2022). Earlier these words were inserted by S.O. 1216(E), dated 23rd March, 2016 (w.e.f. 28-3-2016).

5. Subs. by S.O. 289(E), dated 3rd April, 1995, for clause (6) (w.e.f. 3-4-1995).

6. Clause (6) re-numbered as sub-clause (1) by S.O. 1216(E), dated 23rd March, 2016 (w.e.f. 28-3-2016).

7. Sub-para (2) omitted by S.O. 3026(E), dated 1st July, 2022 (w.e.f. 1-7-2022). Earlier sub-para (2) was inserted by S.O. 1216(E), dated 23rd March, 2016 (w.e.f. 28-3-2016). Sub-para (2) before omission, stood as under:

"(2) The Managing Director shall be appointed in the manner as specified in clause 7B."

7A. 1[***]

7B. 2[***]

1. Para 7A omitted by S.O. 3026(E), dated 1st July, 2022 (w.e.f. 1-7-2022). Earlier para 7A was inserted by S.O. 1216(E), dated 23rd March, 2016 (w.e.f. 28-3-2016). Para 7A before omission, stood as under:

"7A. *Creation of Banks Board Bureau.*—(1) The Banks Board Bureau (hereafter in this notification referred to as Bureau) shall be established by the Central Government for the purpose of evolving a sound managerial policy for the nationalised banks.

(2) The Board of Directors of the Bureau shall consist of seven members with one Chairman and six members as mentioned in the Table given below

TABLE

Serial number	Name/Designation	Designation
1.	Part time Chairman	Chairman
2.	Secretary, Department of Financial Services	ex-officio member
3.	Secretary, Department of Public Enterprises	ex-officio member
4.	Deputy Governor, Reserve Bank of India	ex-officio member
5.	Part time Member	Member
6.	Part time Member	Member
7.	Part time Member	Member

(3)(i) The Chairman shall be a retired official from the banking sector or regulatory institutions or a business person of repute with sufficient knowledge of the financial sector, or a person with at least twenty five years of experience in public administration with experience of banking and financial sectors.

(ii) Out of three part time members of the Board, at least two shall be ex-public or private sector bankers and the rest shall be academicians, former regulators, and business people, former administrators with experience in business management, information technology, human resource, finance and accounting.

(4) All the members except the official members as indicated in sub-clause (3) including Chairman of the Bureau shall be nominated by the Central Government on part time basis and shall be paid a sitting fee of fifty thousand rupee per sitting or as determined by Central Government from time to time.

(5) The Bureau shall appoint a person to act as Secretary of the Bureau Secretariat and the Secretariat shall have its office in Mumbai or such other place as the Central Government may, by notification specify.

(6) The Secretary and staff of the Bureau shall be appointed as per notified recruitment rules by the Department in consultation with the Reserve Bank of India.

(7) The general superintendence, direction and management of the affairs of the Banks Board Bureau shall vest in the Secretary (BBB), who shall exercise all powers and do all acts and things which may be exercised or done by the Bureau in accordance with the Scheme."

2. Para 7B omitted by S.O. 3026(E), dated 1st July, 2022 (w.e.f. 1-7-2022). Earlier para 7B was inserted by S.O. 1216(E), dated 23rd March, 2016 (w.e.f. 28-3-2016). Para 7B before omission, stood as under:

"7B. *Manner of Appointment of whole time Director and Chairman and creation of Bureau.*—A whole time Director referred to in clause (a) of sub-section (3) of section 9 of the Act and the Chairman referred to in clause 5 shall be appointed by the Central Government, after consultation with the Reserve Bank, from out of a panel of names of persons recommended by the Bureau as established under clause 7A."

7C. 1^[***]

8. Term of office and remuneration of a whole-time Director including Managing Director.—²[(1) A whole-time Director, including the Managing Director, shall devote his whole-time to the affairs of the nationalised bank and shall hold office for such initial term not exceeding five years and extendable up to a total period, including the initial term, not exceeding ten years, as the Central Government may, after consultation with the Reserve Bank, specify and shall be eligible for re-appointment.]

³[(1A) Notwithstanding anything contained in sub-clause (1), the Central Government shall have the right to terminate the term of office of a whole-time Director, including the Managing Director, at any time before the expiry of the term specified under that sub-clause by giving to ~~him a notice~~ of not less than three months, in writing or three months' salary and allowances in lieu of notice; and the whole-time Director, including the Managing Director, shall also have the right to relinquish his office at any time before the expiry of the term specified under that sub-clause by giving to the Central Government notice of not less than three months in writing.]

(1B) Any reference to a whole-time Director, including the Managing Director, in sub-clause (1A) shall be construed as including a reference to the person holding office as such at the commencement of the Nationalised Banks (Management and Miscellaneous Provisions) (Second Amendment) Scheme, 1976.]

1. Para 7C omitted by S.O. 3026(E), dated 1st July, 2022 (w.e.f. 1-7-2022). Earlier para 7C was inserted by S.O. 1216(E), dated 23rd March, 2016 (w.e.f. 28-3-2016). Para 7C before omission, stood as under:

"7C. *Functions.*—The Bureau shall perform the following functions, namely:—

- (a) to recommend the selection and appointment of Board of Directors in Nationalised Banks (Whole Time Directors and Chairman);
- (b) to advise the Central Government on matters relating to appointments, confirmation or extension of tenure and termination of services of the Directors of nationalised banks;
- (c) to advise the Central Government on the desired management structure of nationalised banks, at the level of Board of Directors and senior management;
- (d) to advise the Central Government on a suitable performance appraisal system for nationalised banks;
- (e) to build a data bank containing data relating to the performance of nationalised banks and its officers;
- (f) to advise the Central Government on the formulation and enforcement of a code of conduct and ethics for managerial personnel in nationalised banks;
- (g) to advise the Central Government on evolving suitable training and development programs for managerial personnel in nationalised banks;
- (h) to help the banks in terms of developing business strategies and capital raising plan and the like; and
- (i) any other work assigned by the Government in consultation with Reserve Bank of India."

2. Subs. by S.O. 5381(E), dated 17th November, 2022, for sub-paragraph (1) (w.e.f. 17-11-2022). Sub-paragraph (1) before substitution, stood as under:

²(1) A whole-time Director, including the Managing Director shall devote his whole-time to the affairs of the Nationalised Bank and shall hold office for such terms not exceeding five years as the Central Government may, after consultation with the Reserve Bank, specify and shall be eligible for re-appointment."

3. Ins. by S.O. 421(E), dated 21th June, 1976.

(2) A whole-time Director, including the Managing Director shall receive from the Nationalised Bank such salary, allowance, fees and perquisites and be governed by such terms and conditions as the Central Government may determine, after consultation with the Reserve Bank ¹[***].

(3) If a whole-time Director including the Managing Director is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his office, the Central Government may, after consultation with the Reserve Bank, appoint another person to act in his place during his absence.

(4) The Central Government may, if it is satisfied that it is expedient in the interests of the nationalised bank so to do, remove a whole-time Director including the Managing Director from office:

Provided that no such removal shall be made except after—

- (a) consultation with the Board, and
- (b) giving a reasonable opportunity to the whole-time Director, including the Managing Director, of showing cause against the proposed action.

²[(5) The Competent Authority may withhold or withdraw a pension or a part thereof, whether permanently or for a specified period, or order recovery from pension of the whole or part of any pecuniary loss caused to the Bank where he served as Whole Time Director, if the pensioner is found guilty of grave misconduct or negligence or criminal breach of trust or forgery or act done fraudulently during the period of his service, by the Competent Authority.]

³[9. Term of office of other directors.—(1) A director other than a director referred to in clause (a) and clause (i) of sub-section (3) of section 9 of the Act shall hold office during the pleasure of the Central Government.

⁴(2) subject to the provisions of sub-clause (1),—

- (a) a director referred to in clause (e) and clause (f) of sub-section (3) of section 9 of the Act shall hold office for such term not exceeding **three years** as the Central Government may specify at the time of his nomination ⁵[***] and shall be eligible for re-nomination.
- (b) a director referred to in clause (g) and clause (h) of sub-section (3) of section 9 of the Act shall hold office for such term not exceeding **three years** as the Central Government may specify at the time of his nomination and shall be eligible for re-nomination:

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

(3) Without prejudice to the provisions of sub-clauses (1) and (2), a director referred to in clause (b) of sub-section (3) of section 9 of the Act shall retire in the manner specified in clause 4.

1. The words "in the case of first appointment and after consultation with the Board in the case of any subsequent appointment" omitted by S.O. 3467, dated 19th November, 1973.
2. Ins. by S.O. 1836(E), dated 7th July, 2015 (w.e.f. 8-7-2015).
3. Subs. by S.O. 289(E), dated 3rd April, 1995, for clause (9) (w.e.f. 3-4-1995).
4. Subs. by S.O. 197(E), dated 2nd March, 2001, for sub-clause (2) (w.e.f. 2-3-2001).
5. The words "and thereafter until his successor has been nominated" omitted by S.O. 2383(E), dated 15th September, 2009 (w.e.f. 15-9-2009). Earlier these words were reinstated by corrigendum S.O. 334(E), dated 8th March, 2007 and omitted by S.O. 251(E), dated 19th February, 2007 (w.e.f. 19-2-2007).

(4) An elected director shall hold office for three years ¹[and thereafter until his successor shall have been duly elected] and shall be eligible for re-election: Provided that no such director shall hold office continuously for a period exceeding six years.]

10. Disqualification of Directors.—A person shall be disqualified for being appointed as, and for being, a director,—

- (a) if he has at any time been adjudicated an insolvent or has suspended payment or has compounded with his creditors; or
- (b) if he has been found to be of unsound mind and stands so declared by a competent Court; or
- ²[(c) if he has been convicted by a Criminal Court of an offence which involves moral turpitude; or
- (d) if he holds any office of profit under any nationalised bank or State Bank of India constituted under sub-section (1) of section 3 of the State Bank of India Act, 1955, or any subsidiary bank as defined in section 3 of the State Bank of India (Subsidiary Banks) Act, 1959, except for holding the post of a whole time director, including the managing director and directors nominated under clauses (e) and (f) of sub-section (3) of section 9 of the Act from among the employees of the corresponding new bank.]

11. Vacancy of office of directors, etc.—(1) If a director becomes subject to any of the disqualifications specified in clause 10 or is absent without leave of the Board for more than three consecutive meetings thereof he shall be deemed to have vacated his office as such and thereupon his office shall become vacant.

(2) The Chairman or whole-time director including the Managing Director or a director ³[referred to in clause (b) or clause (c) ⁴[***] of sub-section (3) of section 9 of the Act] may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted by that Government shall be deemed to have vacated his office; any other director may resign his office by giving notice thereof in writing to the Central Government and such resignation shall take effect on the receipt of the communication of the resignation by the Central Government.

⁵[(3) Without prejudice to the provisions of the foregoing sub-clauses, the office of a director referred to in clause (e) or clause (f) of sub-section (3) of section 9 of the Act shall become vacant as soon as the director ceases to be a workman or an employee, other than a workman of the nationalised bank of which he is a director.]

⁶[(4) Where any vacancy occurs in the office of a director, other than an elected director, it shall be filled in accordance with sub-section (3) of section 9 of the Act.]

1. The words "and thereafter until his successor shall have been duly elected" omitted by S.O. 251(E), dated 19th February, 2007 (w.e.f. 19-2-2007) and these words reinstated by corrigendum S.O. 334(E) dated 8th March, 2007.
2. Subs. by S.O. 1172(E), dated 20th December, 2000, for sub-clause (c) (w.e.f. 29-12-2000). Sub-clause (c), before substitution, stood as under
" (c) if he has been convicted by a Criminal Court of an offence which involves moral turpitude".
3. Subs. by S.O. 289(E), dated 3rd April, 1995, for "appointed under sub-clause (a) or sub-clause (b) of clause (3)" (w.e.f. 3-4-1995).
4. The words "or clause (d)" omitted by G.S.R. 251(E), dated 19th February, 2007 (w.e.f. 19-2-2007).
5. Subs. by S.O. 289(E), dated 3rd April, 1995, for sub-clause (3) (w.e.f. 3-4-1995).
6. Subs. by S.O. 289(E), dated 3rd April, 1995, for sub-clause (4) (w.e.f. 3-4-1995).

¹[11A. **Removal from office of an elected director.**—The share-holders other than the Central Government, may, by a resolution passed by majority of the votes of such share-holders holding in the aggregate not less than one half of the share capital held by all such share-holders, remove any director elected under clause (i) of sub-section (3) of section 9 and elect in his stead another person to fill the vacancy.]

¹[11B. **Filling of vacancy in the office of an elected director.**—(1) Where any vacancy occurs before the expiry of the term of office of an elected director, the vacancy shall be filled in by election:

Provided that where the duration of vacancy is likely to be less than six months, the vacancy may be filled in by the remaining directors.

(2) A person elected or co-operated, as the case may be, under sub-clause (1) shall hold office for the un-expired portion of the term of his predecessor.]

12. Meetings of the Board.—(1) Meetings of the Board shall ordinarily be held at least six times in a year and at least once in each quarter.

²(2) The Board shall meet at such time and place and shall observe such rules of procedure in regard to transaction of business at its meetings as may be specified; and the meeting of the Board may be held by participation of the Directors of the Board through video conferencing or such other electronic means, as may be specified, which are capable of recording and recognizing 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 Reserve Bank, by notification in Official Gazette, specify the matters which shall not be discussed in a meeting of the Board held through video conferencing or such other electronic means.]

(3) Ordinarily, not less than fifteen days' notice shall be given of any meeting of the Board and such notice shall be sent to every director at the address specified by him in this behalf.

(4) No business, other than that for which the meeting was convened shall be transacted at meeting of the Board except with the consent of the Chairman of the meeting and a majority of the directors present, unless one week's notice of such business has been given in writing to the Chairman.

³(5) The quorum of a meeting of the Board shall be one-third of the number of directors holding office as such directors of the Board on the day of the meeting, subject to a minimum of three directors, two of whom shall be directors referred to in clause (b) or clause (c) ⁴[***] or clause (h) of sub-section (3) of section 9 of the Act.]

1. Ins. by S.O. 289(E), dated 3rd April, 1995 (w.e.f. 3-4-1995).

2. Subs. by S.O. 2749(E), dated 19th November, 2012, for sub-clause (2) (w.e.f. 19-11-2012). Sub-clause (2), before substitution, stood as under:

“(2) A meeting of the Board shall be held at the head office of the nationalised bank or such other place as the Board may decide.”.

3. Subs. by S.O. 289(E), dated 3rd April, 1995, for sub-clause (5) (w.e.f. 3-4-1995).

4. The words “or clause (d)” omitted by G.S.R. 251(E), dated 19th February, 2007 (w.e.f. 19-2-2007).

(6) If, for any reason, the Chairman is unable to attend a meeting of the Board, the Managing Director shall preside over that meeting and in the absence of the Managing Director or in the event of the Chairman and the Managing Director being the same person, any other director elected by the directors present at the meeting from among themselves shall preside at the meeting.

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

(8) 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 nationalised bank shall, as soon as possible after the relevant circumstances have come to his knowledge, disclose the nature of his interest to the Board and shall not be present at the meeting of the 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-clause shall apply to such director by reason only of his being—

- (i) a share-holder (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 Nationalised Bank has entered into or made or proposed to enter into or make, a contract, loan, arrangement or proposal, or
- (ii) an officer or other employee of the nationalised bank, if he is a director ¹[referred to in clause (e) or clause (f) of sub-section (3) of section 9 of the Act.]

(9) A copy of the proceedings of each meeting of the Board shall be circulated as soon as possible after the meeting for other information of the directors and shall be signed by the Chairman of that or the next succeeding meeting.

(10) No act or proceeding of the Board shall be invalid on the ground merely of the existence of any vacancy in or any defect in the constitution of the Board.

CHAPTER III

COMMITTEES OF THE BOARD

²[13. **Management of Committee.**—(1) There shall be a Management Committee of the Board.

³[(2) The Management Committee shall consist of—

⁴[***];

1. Ins. by S.O. 1992, dated 16th June, 1975.

2. Ins. by S.O. 417(E), dated 11th July, 1986 (w.e.f. 11-7-1986).

3. Subs. by S.O. 907(E), dated 10th November, 1995.

4. Item (A) omitted by S.O. 348(E), dated 4th February, 2015 (w.e.f. 4-2-2015). Item (A), before omission, stood as under:

“(A) The Chairman;”.

- (B) ¹[The Managing Director and Chief Executive Officer];
 (C) ²[The Executive Director/s];
³(D) The Director referred to in clause (c) of sub-section (3) of the section 9 of the Act;]
⁴(E) ⁵[Three Director] nominated by the Board from amongst the directors referred to in clause (d), (e), (f), (h) and (i) of sub-section (3) of section 9 of the Act;]
⁶(F) Banks in which the post of Managing Director and Chief Executive Officer has not been operationalised, the term Managing Director and Chief Executive Officer shall be read as Chairman & Managing Director, till such time the post is operationalized:]

⁷[Provided that the Directors nominated by the Board shall hold office for not more than one year:

Provided further that in case the Board is of the opinion that circumstances exist which necessitate in the interest of proper management of the bank, continuation of a Director so nominated beyond the period of one year, the Board may permit such Director to continue to hold office for such further period or periods not exceeding six months at a time, as it may specify; so, however, that the total duration of such further period shall not exceed one year.]]

(3) The Management Committee shall exercise such powers of the Board including the powers with regard to credit proposals, as may be delegated to it by the Board with the approval of the Central Government and such approval shall be given by the Central Government after consultation with the Reserve Bank of India.

(4) The meetings of the Management Committee may be called by the Chairman of the Management Committee as often as he feels necessary.

(5) ⁸[Four Members] shall be the quorum for a meeting of the Management Committee.

(6) The minutes of a meeting of the Management Committee shall be laid before the Board as soon as possible after the meeting.

(7) Save as otherwise provided in sub-clauses (4), (5) and (6) the meetings and proceedings of the Management Committee shall be governed by the provisions contained in this Scheme for regulating the meetings and proceedings of the Board so far as the same are applicable thereto.

(8) Where the Chairman of the Management Committee is of opinion that in view of urgency in any matter, it should be dealt with expeditiously, he may circulate a resolution to that effect to the members of the Management Committee, and such resolution shall be deemed to be the resolution passed by the Management Committee when it is approved by a majority of the Members but shall have effect from the day it is signed by the last signatory to the resolution:

1. Subs. by S.O. 348(E), dated 4th February, 2015, for "the Managing Director" (w.e.f. 4-2-2015).
2. Subs. by G.S.R. 251(E), dated 19th February, 2007, for the words "the Executive Director" (w.e.f. 19-2-2007).
3. Subs. by S.O. 42(E), dated 17th December, 2014, for item (D) (w.e.f. 6-1-2015). Earlier item (D) was amended by G.S.R. 251(E), dated 19th February, 2007 (w.e.f. 19-2-2007) and by S.O. 1057(E), dated 29th June, 2007 (w.e.f. 29-6-2007). Item (D), before substitution by S.O. 42(E) dated 17th December, 2014, stood as under:
 "(D) The Directors referred to in clause (g) of sub-section (3) of section 9 of the Act;"
4. Subs. by S.O. 1172(E), dated 29th December, 2000, for clause (E) and (F) (w.e.f. 29-12-2000).
5. Subs. by G.S.R. 251(E), dated 19th February, 2007, for the words "Two Directors" (w.e.f. 19-2-2007).
6. Ins. by S.O. 348(E), dated 4th February, 2015 (w.e.f. 4-2-2015).
7. Subs. by S.O. 3350(E), dated 17th September, 2019, for proviso (w.e.f. 18-9-2019). Proviso, before substitution, stood as under:
 "Provided that the Directors nominated by the Board shall hold office for not more than six months at a time."
8. Subs. by S.O. 907(E), dated 10th November, 1995, for "Three members".

Provided that any resolution passed as aforesaid shall be placed before the next meeting of the Management Committee:

Provided further that if any dissenting member requires in writing that any resolution so passed shall be placed before a meeting of the Management Committee, the resolution shall not be deemed to be valid and effectual as aforesaid unless the same is passed at such meeting.

¹[*Explanation.*—For the purposes of sub-paragraph (2), “Executive Director” means the whole-time Director, not being the Managing Director and Chief Executive Officer appointed under clause (a) of sub-section (3) of section 9 of the Act and designated as such.]]

²[**13A. Credit Approval Committee.**—(1) There shall be a Credit Approval Committee of the Board.

(2) The Credit Approval Committee referred to in ³[sub-paragraph (1)], shall consist of—

- ⁴(a) the Management Director and Chief Executive Officer;
- (b) the Executive Directors;
- (c) the Chief General Manager or the General Manager in-charge of the Credit;
- (d) the Chief General Manager or the General Manager, as the case may be, in-charge of the Finance; and
- (e) the Chief General Manager or the General Manager, as the case may be, in-charge of the Risk Management.

(3) The Credit Approval Committee shall exercise the powers of the Board with regard to credit proposals—

- (a) upto the four hundred crore rupees in case of the category A Banks having business of three lakh crore rupees or more; or
- (b) upto the two hundred fifty crore rupees in case of the other Nationalised Banks.

⁵[(3A) Notwithstanding anything contained in sub-paragraph (3), in banks with net non-performing assets of less than six per cent. of ⁶[net advances], the Credit Approval Committee shall exercise the powers of the Board with regard to credit proposals—

- (a) up to eight hundred crore rupees, in case of banks having total business of more than ten lakh crore rupees; or
- (b) up to six hundred crore rupees, in case of banks having total business of more than five lakh crore rupees and up to ten lakh crore rupees; or
- (c) up to five hundred crore rupees, in case of banks having total business of more than three lakh crore rupees and up to five lakh crore rupees; or
- (d) up to two hundred fifty crore rupees, in case of other nationalised banks.

Explanation.—For the purposes of this sub-paragraph, net non-performing assets, ⁶[net advances] and total business shall be reckoned as per the last declared results of the bank, and the expression “total business” means the summation of the gross loans and advances and the total deposits of the bank.]

1. Subs. by S.O. 3350(E), dated 17th September, 2019, for Explanation (w.e.f. 18-9-2019). Earlier Explanation was amended by S.O. 348(E), dated 4th February, 2015 (w.e.f. 4-2-2015). Explanation, before substitution, stood as under:

“*Explanation.*—For the purpose of sub-clause (2), “Executive Director” means the whole-time Director, not being the Managing Director and Chief Executive Officer appointed under sub-clause (a) of clause 3 and designated as such.”

2. Ins. by S.O. 2736(E), dated 5th December, 2011.

3. Subs. by S.O. 3350(E), dated 17th September, 2019, for “sub-clause (1)” (w.e.f. 18-9-2019).

4. Subs. by S.O. 348(E), dated 4th February, 2015, for item (a) (w.e.f. 4-2-2015). Item (a), before substitution, stood as under:

“(a) The Chairman and Managing Director;”

5. Ins. by S.O. 3350(E), dated 17th September, 2019 (w.e.f. 18-9-2019).

6. Subs. by S.O. 4159(E), dated 19th November, 2019, for “risk-weighted assets” (w.e.f. 20-11-2019).

(4) The credit proposals which exceed the power delegated to the officials of the Nationalised Banks including powers delegated to the ¹[Managing Director and Chief Executive Officer], and the credit proposals being considered by the Management Committee shall be considered by the Credit Approval Committee subject to the limit specified in ²[sub-paragraph (3)] and the credit proposals which exceed such limits be considered by the Management Committee.

(5) The quorum for a meeting of the Credit Approval Committee shall be three members.

(6) The meetings of the Credit Approval Committee shall be attended by the ¹[Managing Director and Chief Executive Officer], and one of the Executive Directors.

(7) The minutes of the Credit Approval Committee shall be laid before the Board as soon as may be after the end of the meeting.

(8) Save as otherwise provided in this ³[paragraph]; the provisions of ³[paragraph] 12 relating to the meetings of the Board shall, *mutatis mutandis*, apply to the Credit Approval Committee in respect to the procedure in regard to the transaction of business at its meetings as they apply to the Board.]

⁴[(9) Banks in which the post of "Managing Director and Chief Executive Officer" has not been operationalised, the term "Managing Director and Chief Executive Officer" shall be read as Chairman & Managing Director, till such time the post is operationalized.]

14. Advisory Committees.—⁵[(1) The Board may ⁶[constitute such other Committees] whether consisting wholly of directors or wholly of other persons or partly of other persons as it deems fit, to render advice to the Board on such matters as may be generally or specially referred to them and shall perform such duties as the Board may entrust to them.

⁷[(2) Any Committee under sub-clause (1) may be re-constituted by the Board at any time as it thinks fit.]

⁸[**14A. Special provision.**—Where a nationalised bank is required by law to do any act or thing and in order to do so the recommendations or determination of, or resolution of grievances of security holders by, or in respect of any appointment, approval or review by any Committee of the Board of the bank is required, and if the Board is satisfied that quorum for meeting of such Committee cannot be met on account of either existence of any vacancy in such Committee or recusal by member thereof, the Board may do that act or thing.]

CHAPTER IV

15. Regional Consultative Committee for Nationalised Bank.—(1) There shall be Regional Consultative Committee in respect of each of the ⁹[six] regions specified in the Second Schedule.

(2) Each Regional Consultative Committee shall consist of the following members:

- (a) not more than three persons to be nominated by the Central Government;
- (b) two representatives from each of the States and one from each of the Union territories included in the respective regions to be nominated by the Government of the State or the Union territory, as the case may be; and
- (c) one representative each to be nominated by such of the Nationalised Banks having offices in the regions as may be designated by the Reserve Bank.

¹⁰[*Explanation.*—For the purposes of item (c), "Nationalised Bank" includes a corresponding new bank constituted under sub-section (1) of section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980).]

1. Subs. by S.O. 348(E), dated 4th February, 2015, for "Chairman and Managing Director" (w.e.f. 4-2-2015).
2. Subs. by S.O. 3350(E), dated 17th September, 2019, for "sub-clause (3)" (w.e.f. 18-9-2019).
3. Subs. by S.O. 3350(E), dated 17th September, 2019, for "clause" (w.e.f. 18-9-2019).
4. Ins. by S.O. 348(E), dated 4th February, 2015, (w.e.f. 4-2-2015).
5. Clause 14 re-numbered as sub-clause (1) thereof by S.O. 368(E), dated 27th April, 1985 (w.e.f. 27-4-1985).
6. Subs. by S.O. 417(E), dated 11th July, 1986, for the words "constitute Committees" (w.e.f. 11-7-1986).
7. Ins. by S.O. 368(E), dated 27th April, 1985, dated 27th April, 1985 (w.e.f. 27-4-1985).
8. Ins. by S.O. 366(E), dated 25th January, 2021 (w.e.f. 27-1-2021).
9. Subs. by S.O. 651(E), dated the 25th September, 1972 (w.e.f. 25-9-1972).
10. Ins. by S.O. 888(E), dated the 11th November, 1980 (w.e.f. 11-11-1980).

(3) Meetings of the Regional Consultative Committee shall be presided over by the Ministry of Finance or by such Minister or Deputy Minister in the Union Ministry of Finance, as may be nominated by the Minister of Finance.

(4) Each Regional Consultative Committee shall review banking development within the region and may make such recommendations as it may deem appropriate for the consideration of the Central Government and the Reserve Bank.

CHAPTER V MISCELLANEOUS

16. Disqualifications for membership of a committee constituted under clause 14 or a Regional Consultative Committee and vacation of office by a member.—(1) A person shall be disqualified for being nominated as, and for being a member of a committee constituted under clause 14 or of a Regional Consultative Committee if he is or becomes subject to any of the disqualifications specified in clause 10.

(2) If a member of a committee constituted under clause 14 or a member of a Regional Consultative Committee becomes subject to any of the disqualifications specified in clause 10 he shall be deemed to have vacated his office and thereupon such office shall become vacant.

(3) A member of a committee constituted under clause 14 or a member of a Regional Consultative Committee may resign his office by giving notice thereof in writing, in the case of a committee constituted under clause 14 to the Board and in the case of a Regional Consultative Committee of which he is a member and such resignation shall take effect on receipt of communication of the resignation by the Board or the Chairman, as the case may be.

¹[***]

(5) The authority nominating a member for a Regional Consultative Committee may remove from office such member and appoint another person in his place.

17. Remuneration and reimbursement of travelling expenses.—(1) A director, not being the Chairman or a whole-time director, including the Managing Director, or an official of the Reserve Bank or the Central Government ²[***] shall be paid by Nationalised Bank of which he is a director, such fees, as may be decided by the Central Government, after consultation with the Reserve Bank, for attending the meetings of the Board or any committee of the Board or for attending to any other work of the Nationalised Bank.

(2) ³[Every Director] travelling in connection with the work of the Nationalised Bank shall be reimbursed his travelling and halting expenses, if

1. Sub-clause (4) omitted by S.O. 368(E), dated 27th April, 1985, dated 27th April, 1985 (w.e.f. 27-4-1985).
2. The words "or a director referred to in clause (d) of sub-section (3) of section 9 of the Act" omitted by G.S.R. 251(E), dated 19th February, 2007 (w.e.f. 19-2-2007). Earlier these words were inserted by S.O. 289(E), dated 3rd April, 1995 (w.e.f. 3-4-1995).
3. Subs. by G.S.R. 251(E), dated 19th February, 2007, for the words "In addition to the fees to which a director may be entitled to be paid under sub-clause (1) every such director" (w.e.f. 19-2-2007).

any, on such basis as may be fixed from time to time by the Central Government after consultation with the Reserve Bank:

¹[***]

(3) A member of a committee constituted under clause 14 shall receive the travelling and halting expenses as may be decided by the Board.

(4) A member of a Regional Consultative Committee nominated under item (a) or item (b) of sub-clause (2) of clause 15 shall be reimbursed the travelling and halting expenses, if any, in connection with the work of Regional Consultative Committee, on such basis as may be fixed by the Central Government after consultation with the Reserve Bank.

²[18. **Resolution without meeting of the Board valid.**—A resolution in writing signed by the majority of the members of the Board shall be valid and effectual and shall be deemed to be the resolution passed by the Board on the date it was signed by the last signatory to the resolution:

Provided that any resolution passed as aforesaid shall be placed before the next meeting of the Board:

Provided further that if any dissenting member requires in writing that any resolution so passed shall be placed before a meeting of the Board, the resolution shall not be deemed valid and effectual as aforesaid unless the same is passed at such meeting.]

19. Meeting of advisory committee constituted under clause 14.—The meetings of an advisory committee constituted under clause 14 shall be regulated in such manner as may be decided by the Board.

³[CHAPTER VI

PAID-UP CAPITAL

⁴[20. **Increase of paid-up capital.**—The paid-up capital of a Nationalised Bank may be increased from time to time as in sub-clause (a) or sub-clause (b) or sub-clause (c) below or in combination with any of them:—

- (a) the Board of Directors of a Nationalised Bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government transfer to its capital a specified amount from the reserve fund establishment by such bank under sub-section (6) of section 3 of the Act;
- (b) the Central Government may, in consultation with the Reserve Bank, make contribution of any specified amount to the paid-up capital of a Nationalised Bank;

1. Proviso omitted by G.S.R. 251(E), dated 19th February, 2007 (w.e.f. 19-2-2007). The proviso, before omission, stood as under:

“Provided that the Chairman or a whole-time director, including the Managing Director, or an official of the Reserve Bank or the Central Government director referred to in clause (d) of sub-section (3) of section 9 of the Act shall be reimbursed his travelling and halting expenses on such basis, as may be applicable to him under the rules by which he is governed.”

2. Subs. by S.O. 368(E), dated 27th April, 1985.

3. Chapter VI inserted by S.O. 575(E), dated 4th September, 1972 (w.e.f. 4-9-1972).

4. Subs. by S.O. 289(E), dated 3rd April, 1995, for clause 20 (w.e.f. 3-4-1995). Earlier clause 20 was amended by S.O. 346(E), dated 30th April, 1983 (w.e.f. 30-4-1983).