THE NATIONALISED BANK (MANAGEMENT AND MISCELLANEOUS PROVISONS) SCHEME, 1980[1]

In exercise of the powers conferred by section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), 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, 1980.

(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 Scheme, unless the context otherwise requires,—

(a) "Act" means the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);

(b) "Annexure" means an Annexure appended to this Scheme;

(c) "Board" means the Board of Directors constituted under clause 3;

(d) "Chairman", in relation to a Nationalised Bank, means the Chairman of the Board of that bank;

[3][da) "elected director" means a director referred to in clause (i) of sub-section (3) of section 9 of the Act];

(e) "Director" means a director for the time being of a Nationalized Bank;

(f) "Nationalized Bank" means a corresponding new bank constituted under sub-section (1) of section 3 of the Act;

(g) "representative union" means a union registered under the Trade Unions Act, 1926 (16 of 1926), 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 such union federation, as the case may be, shall be deemed, for the purposes of this Scheme, to be 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;

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1. *Vide* S.O. 875(E), dated 4th November, 1980, published in the Gazette of India, Extra., Pt. II, Sec. 3(ii), dated 4th November, 1980.
2. Came into force on 11-11-1980, *vide* S.O. 887, dated 11th November, 1980.
3. Ins. by S.O. 290(E), dated 3rd April, 1995 (w.e.f. 3-4-1995).

(h) "Schedule" means the Schedule appended to the Scheme;

(i) "verification", with its grammatical variations and cognate expressions, means the verification by the Chief Labour Commissioner (Central) in accordance with the procedure specified in the Schedule;

(j) "workmen" has the meaning assigned to it in clause (s) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947);

(k) 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) (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.

(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 (ii) 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,

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

(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 a Director.]

[2][(3) The director referred to in clause (f) of sub-section (3) of section 9 of the Act, shall he nominated by the Central Government in consultation with the

1. Subs. by S.O. 290(E), dated 3rd April, 1995, for clause (3) (w.e.f. 3-4-1995).

2. Ins. by S.O. 935(E), dated 17th October, 2000 (w.e.f. 17-10-2000).

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.]

[1][**4. Manner of retirement of nominee Directors.**—The Directors referred to in clause (h) of sub-section (3) of section 9 of the Act, shall retire by rotation, when the elected Directors assume office, 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.]

[2][**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.

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

[3][**6. Managing Director.**—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.]

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.

8. Term of office and remuneration of a whole-time Director including Managing Director.—(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.

(2) 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.

1. Subs. by S.O. 290(E), dated 3rd April, 1995, for clause (4) (w.e.f. 3-4-1995).
2. Ins. by G.S.R. 252(E), dated 19th February, 2007 (w.e.f. 19-2-2007).
3. Subs. by S.O. 290(E), dated 3rd April, 1995, for clause (6) (w.e.f. 3-4-1995).

(3) 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.

(4) 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.

(5) 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 not 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.

[1][(6) 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.]

[2]**[9. Term of office of the other Directors.**—(1) A Director other than a Director referred to in clauses (a) and (i) of sub-section (3) of section 9 of the Act shall hold office during the pleasure of the Central Government.

[3][(2) subject to the provision 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 [4][***] 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 held office continuously for period exceeding six years."

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

(4) An elected Director shall hold office for three years [5][***] and shall be eligible for re-election:

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1. Ins. by S.O. 1837(E), dated 7th July, 2015 (w.e.f. 8-7-2015).
2. Subs. by S.O. 290(E), dated 3rd April, 1995, for clause (9) (w.e.f. 3-4-1995).
3. Subs. by S.O. 198(E), dated 2nd March, 2001, for sub-clause (2) (w.e.f. 2-3-2001).
4. The words "and thereafter until his successor has been nominated" omitted by S.O. 2384(E), dated 15th September, 2009 (w.e.f. 15-9-2009).
5. The words "and thereafter until his successor shall have been duly elected" omitted by S.O. 252(E), dated 19th February, 2007 (w.e.f. 19-2-2007) and corrected by corrigendum S.O. 335(E), dated 8th March, 2007.

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

[1][(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. Vacation of office of Director, 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 [2][referred to in clause (b) or clause (c) [3][***] 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.

[4][(3) Without prejudice to the provisions of 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.]

[5](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.]

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1. Subs. by S.O. 1173(E), dated 29th 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.".
2. Subs. by S.O. 290(E), dated 3rd April, 1995, for "appointed under sub-clause (g) or sub-clause (h) of clause (3)" (w.e.f. 3-4-1995).
3. The words "or clause (d)" omitted by G.S.R. 252(E), dated 19th February, 2007 (w.e.f. 19-2-2007).
4. Subs. by S.O. 290(E), dated 3rd April, 1995, for sub-clause (3) (w.e.f. 3-4-1995).
5. Subs. by S.O. 290(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 the 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-opted, as the case may be, under sub-clause (1) shall hold office for the un-expired portion of the term of his predecessors.]

12. Meeting of the Board.—(1) Meetings of the Board shall ordinarily be held at least six terms 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 a 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 for 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.]

(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

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1. Ins. by S.O. 290(E), dated 3rd April, 1995 (w.e.f. 3-4-1995).
2. Subs. by S.O. 2750(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. 290(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. 252(E), dated 19th February, 2007 (w.e.f. 19-2-2007).

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:

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 proposes 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 the 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 Committee.**—(1) There shall be a Management Committee of the Board.

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

[4][***];

(B) [5][the Managing Director and Chief Executive Officer];

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1. Subs. by S.O. 290(E), dated 3rd April, 1995, for "appointment under sub-clause (b) or sub-clause (c) of clause (3)" (w.e.f. 3-4-1995).
2. Ins. by S.O. 418(E), dated 11th July, 1986 (w.e.f. 11-7-1986).
3. Subs. by S.O. 908(E), dated 10th November, 1995 (w.e.f. 10-11-1995).
4. Item (A) omitted by S.O. 349(E), dated 4th February, 2015 (w.e.f. 4-2-2015). Item (A), before omission, stood as under:
"(A) the Chairman;"
5. Subs. by S.O. 349(E), dated 4th February, 2015, for "the Managing Director" (w.e.f. 4-2-2015).

(C) [1][The Executive Director/s];

[2][(D) The Director referred to in clause (c) of sub-section (3) of the section 9 of the Act;]

[3][(E) [4][Three Directors] nominated by the Board from amongst the directors referred to in clauses (d) (e), (f), (h) and (i) of sub-section (3) of section 9 of the Act;]

[5][(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.]

Provided that the Directors nominated by the Board shall hold office for not more than six months at a time.]

(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) [6][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 the 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:

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1. Subs. by G.S.R. 252(E), dated 19th February, 2007, for the "the Executive Director" (w.e.f. 19-2-2007).
2. Subs. by S.O. 43(E), dated 17th December, 2014, for item (D) (w.e.f. 6-1-2015). Earlier item (D) was amended by G.S.R. 252(E), dated 19th February, 2007 (w.e.f. 19-2-2007) and by S.O. 1058(E), dated 29th June, 2007 (w.e.f. 29-6-2007). Item (D), before substitution, by S.O. 43(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;".
3. Subs. by S.O. 1173(E), dated 29th December, 2000, for clause (E) and (F) (w.e.f. 29-12-2000).
4. Subs. by G.S.R. 252(E), dated 19th February, 2007, for the words "One Director" (w.e.f. 19-2-2007).
5. Ins. by S.O. 349(E), dated 4th February, 2015 (w.e.f. 4-2-2015).
6. Subs. by S.O. 908(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 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.

Explanation.—For the purposes of sub-clause (2), "Executive Director" means the whole-time Director, not being the [1][Managing Director and Chief Executive Officer] appointed under sub-clause (a) of clause 3 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 shall consist of—

[3][(a) the Managing 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) up to the four hundred crore rupees in case of the Category A Banks having business of three lakh crore rupees or more; or

(b) up to the two hundred fifty crore rupees in case of the other Nationalised Banks.

(4) The credit proposals which exceed the power delegated to the officials of the Nationalised Banks including powers delegated to the [4][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 sub-clause (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 [4][Managing Director and Chief Executive Officer], and one of the Executive Director.

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1. Subs. by S.O. 349(E), dated 4th February, 2015, for "Managing Director" (w.e.f. 4-2-2015).
2. Ins. by S.O. 2737(E), dated 5th December, 2011 (w.e.f. 5-12-2011).
3. Subs. by S.O. 349(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;"
4. Subs. by S.O. 349(E), dated 4th February, 2015, for "Chairman and Managing Director" (w.e.f. 4-2-2015).

(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 clause, the provisions of clause 12 relating to 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.]

[1][(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.—[2][(1)] The Board may [3][constitute such other Committees] whether consisting wholly of Directors or wholly of other persons or partly of Directors and partly of other persons as it 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.

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

CHAPTER IV

MISCELLANEOUS

15. Disqualifications for membership of a committee constituted under clause 14 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 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 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 may resign his office by giving notice thereof in writing, to the Board and such resignation shall take effect on receipt of communication of the resignation from the Board.

[5][***]

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

16. 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

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1. Ins. by S.O. 349(E), dated 4th February, 2015, (w.e.f. 4-2-2015).
2. Clause 14 re-numbered as sub-clause (1) thereof by S.O. 369(E), dated 17th April, 1985 (w.e.f. 27-4-1985).
3. Sub. by S.O. 418(E), dated 11th July, 1986.
4. Ins. by S.O. 369(E), dated 27th April, 1985, dated 27th April, 1985 (w.e.f. 27-4-1985).
5. Sub-clause (4) omitted by S.O. 369(E), dated 27th April, 1985 (w.e.f. 27-4-1985).

[1][***] shall be paid by the 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) [2][Every director] travelling in connection with the work of the Nationalised Bank shall be reimbursed his travelling and halting expenses, if any, on such basis as may be fixed from time to time by the Central Government after consultation with the Reserve Bank:

[3][***]

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

[4][**17. 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.]

18. Meeting of advisory committees 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.

CHAPTER V

PAID-UP CAPITAL

[5][**19. 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

1. 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. 252(E), dated 19th February, 2007 (w.e.f. 19-2-2007). Earlier these words were inserted by S.O. 290(E), dated 3rd April, 1995 (w.e.f. 3-4-1995).
2. Subs. by G.S.R. 252(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).
3. Proviso omitted by G.S.R. 252(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."
4. Subs. by S.O. 369(E), dated 27th April, 1985, dated 27th April, 1985 (w.e.f. 27-4-1985).
5. Subs. by S.O. 290(E), dated 3rd April, 1995, for clause 19 (w.e.f. 3-4-1995).

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;

(c) the Board may, after consultation with the Reserve Bank and with the previous sanction of the Central Government, raise the paid-up capital by public issue of shares in such manner as may be prescribed; so, however, that the Central Government shall at all times hold not less than fifty-one per cent. of the paid-up capital of each Nationalised Bank.]

THE FIRST SCHEDULE

[*See* clause 2(h)]

Subject.—*Procedure for verification of membership of unions operating in the Nationalised Banks.*

1. The management of the Nationalised Banks will be requested by the Chief Labour Commissioner (Central) to furnish the names and addresses of all the registered unions operating in that respective bank. The particulars of unions received from the managements will be forwarded to the Regional Labour Commissioners concerned for checking up from the records of the Register of Trade Unions whether the registration of these unions are still alive and whether there are other registered unions operating in the Nationalised Banks. The Regional Labour Commissioners will report to the Chief Labour Commissioner (Central) the result of their checking. On receipt of this information, the unions will be requested by the Chief Labour Commissioner (Central) to furnish their membership claims in quintuplicate in the enclosed *pro forma* (Annexure I) by a specified dale.

2. The registered unions will, thereafter, be allotted amongst Verification Officers for the purposes of physical verification of the membership. The Verification Officer will ask the unions (as in Annexure II) by registered post acknowledgment due to produce before him at the stipulated place and time within ten days from the date of receipt of the first notice a list of their members, in triplicate, in different branches/offices (bank-wise) who have paid subscription for at least three months during the period of six months preceding the date of reckoning which shall be the first of month just preceding the month in which the Central Government address the Chief Labour Commissioner (Central) to undertake the verification along with—

(i) membership-cum-subscription register,

(ii) counterfoils of receipts,

(iii) cash and account-books,

(iv) bank books,

(v) copy of union's constitution,

(vi) registration certificate,

(vii) affiliation certificate and payment receipts if the union is affiliated to any All-India/State/Federation/Central Organisation,

(viii) copy of the latest annual return submitted to the Registrar of Trade Unions,

(ix) list of office-bearers, and

(x) minutes book.

3. If a Union fails to produce the list of its members and other records a second and final notice will be given by registered post acknowledgment due asking it to [1][produce them at the stipulated place and time within ten days from the date of receipt of the second and final notice]. If the Union again fails to produce them on the second occasion also, no further attempt will be made to verify its membership. However, in respect of the Unions which have submitted the lists and records, the Verification Officer will examine them and ascertain the number of members who had paid three months' subscription within the period of six months preceding the date of reckoning. This examination shall be 100 per cent. and shall be done in the presence of the office-bearers of the Unions concerned but not in the presence of the office-bearers or representatives of a rival union. While doing the verification of membership, the Verification Officer will give due consideration to any representations which the union officials might make to him.

4. The Verification Officer will thereafter visit the Central/Registered Officer of the Nationalised Bank and ensure that the names of members thus verified and included in the list are borne on the rolls of the management on the date of reckoning. All those members whose names are not borne on the rolls of the management on the date of reckoning will be eliminated from the list. The Verification Officer will also obtain the number of persons employed in the respective branches/officers of the bank on the date of reckoning at the time of his visit to the Central/Registered Officer of the bank.

5. The Verification Officer shall, thereafter, intimate, in writing to the unions or federations of unions concerned that the verified lists of their respective members in the bank are ready for inspection by the Union representative at an appointed time and place. The union will also at the same time be informed that after inspection of the verified list of members of the rival union(s), they should send, in writing, their specific objections, if any, to the entries in these lists, within 10 days (or a longer period if the number of objections is likely to exceed 10,000 on the basis of one additional day for every 2,000 objections over and above 10,000) on the date of inspection. It should be made clear to the unions that general and vague objections like inflated membership, etc. will not be considered, the objections should give names of persons whose membership of a union is objected to and the reasons therefor.

The union representative will be allowed to make notes from the verified lists shown to them in the presence of the Verification Officer; they will, however, not be allowed to take any of the lists, nor a copy of the lists will be given to them.

6. The objections received from the unions will then be verified by personal interrogation by the Verification Officer, of the members on the basis of the following systematic sampling system[1]:

(i) if the objection list furnished by a union consists of 500 or less names of members, the number of persons to be personally interrogated should be 20 per cent. subject to a minimum of 100;

(ii) if the objection lists furnished by a union consists of more than 500 but not more than 1,000 names, the number of persons to be personally interrogated should be 15 per cent. subject to a minimum of 100;

(iii) if the objection list furnished by a union consists of more than 1,000 but not more than 2,000 names, the number of persons to be personally interrogated should be 10 per cent. subject to a minimum of 150;

(iv) if the objection list furnished by a union consists of more than 2,000 but not more than 5,000 names, the number of persons to be personally interrogated should be 5 per cent. subject to a minimum of 200; and

1. A systematic sample means sampling from a list by taking individuals at equally spaced intervals called sampling intervals. The sampling intervals should be: Total number of persons in the objection list/Number of persons in the sample.

(v) if the objection list furnished by a union consist of more than 5,000 names, the number of persons to be personally interrogated should be 2 per cent. subject to a minimum of 250.

The persons selected for personal interrogation should, among other things, be asked whether they are members of a particular union and whether they had paid subscriptions for three months within a period of six months from the date of reckoning and if so, the amount of subscription paid, the months for which it was paid. The Verification Officer will maintain a list of members personally interrogated giving their ticket numbers, names of section where working, the result of personal interrogation.

7. Where the sample check reveals that certain members interrogated deny membership of union, its list of members will be modified proportionately. For example, if on checking records it is found that a union has 2,000 valid members and the rival unions objects to say 800 of these members 15 per cent. sample of the latter has to be drawn, *i.e.*, 120 persons have to be interrogated personally. If on personal interrogation it is found that 30 of the 120 persons (*i.e.* 25 per cent.) deny membership of the union, the strength of the union will be reduced by 25 per cent. of 800 persons whose membership was objected to, *i.e.* by 200. In other words, the final strength of the union will, in this case, be 1,800.

[2,000—(25 per cent. of 800) 1,800]

If the persons who, on interrogation deny their membership of the union claiming them as their members, inform the Verification Officer that they are members of rival union, the Verification Officer will check their membership with the list of members and records of that union and adjust its list accordingly, *i.e.*, their names will be added to the list of the rival union if they are not already included in it, and excluded, in the manner mentioned above from the list of the claimant union.

8. While conducting personal verification as mentioned in para. 6 above, the Verification Officer will not allow the representatives of any union or management to be present.

9. On completion of the verification work the Verification Officer will furnish a report to the Chief Labour Commissioner.

Total number of persons in the objection list/Number of persons in the sample.

Thus, for example, if there are 400 workers in the objection list and a sample of 100 workers is to be selected, the Verification Officer should select every (400/100th) or 4th worker in the list. It is, however, not necessary that in all cases the selection should begin from the 4th name in the list, the first sample may cither be the first name in the list; or the second or the third or the fourth. Thus, for example, if the first name is selected as the first sample, then subsequent samples will be 5th, 9th, 13th names; if however, the second name is taken as the sample, the subsequent samples would be 6th, 10th, 14th names in the list.

[1][*THE THIRD SCHEDULE*

[*See* clause 3(3)]

1. The Central Government shall designate an officer of the bank at the level of General Manager to verify the membership strength of the officers' associations in the nationalised bank to determine which of them are enjoying majority status.

2. The Designated Officer shall ask the officers' associations in the bank to produce before him, at the stipulated place and time, within ten days from the date of receipt of the first notice, a list of their members, in triplicate, in different branches or offices who

1. Ins. by S.O. 935(E), dated 17th October, 2000 (w.e.f. 17-10-2000).

have paid subscription for a least three months during the period of first six months of the preceding year from the date on which the term of the existing officer, employee director expires or the position has fallen vacant due to some other reason. The date of reckoning shall be the first day of the month in which the term of the existing officer, employee, director expires or the position has fallen vacant due to some other reason. On receipt of the list, the Designated Officer shall appoint Verification Officers of the level of Deputy General Manager/Assistant General Manager for every zone/region, who shall conduct physical verification, himself or by an officer nominated by him, of the membership strength of each officers' association on the basis of all or any of its following records:

(i) Membership-cum-subscription register,

(ii) Counter-foils of receipts,

(iii) Cash and Accounts Books,

(iv) Bank books,

(v) Copy of its Constitution,

(vi) Registration Certificate (if registered),

(vii) Affiliation certificate and payment receipts if the association is affiliated to any All-India or State Federation or Central Organisation,

(viii) Copy of the latest annual return submitted to the Registrar of Trade Unions,

(ix) List of office-bearers, and

(x) Minutes book.

3. If an association fails to produce the list of its members and other records, a second and final notice shall be given by the Designated Officer (by Registered Post/ Acknowledgement Due) asking it to produce them at the stipulated place and time within ten days from the date of receipt of the second and final notice. If it again fails to produce them on the second occasion also, no further attempt shall be made to verify its membership. However, in respect of the associations which have submitted the lists and records, the Verification Officer shall examine them and ascertain the number of members who had paid three months' subscription within the period of six months preceding the date of reckoning. This examination shall be 100 per cent. and shall be done in the presence of the office-bearers of the association concerned but not in the presence of the office-bearers or representatives of other associations in the bank. While doing the verification of membership, the Verification Officer shall give due consideration to any representations which the association officials might make to him.

4. The Verification Officer shall, thereafter, send to the Designated Officer the list of members of the officers' associations of the respective zone/region. The Designated Officer shall, therefore, ensure that the names of members thus verified are included in the list and are borne on the rolls of the management on the date of reckoning. All those members whose names are not borne on the rolls of the management on the date of reckoning shall be eliminated from the list.

5. The Designated Officer shall, thereafter, intimate in writing to the association concerned that the verified lists of their respective members in the bank are ready for inspection by the association representative at an appointed time and place. The association shall also at the same time be informed that after inspection of the verified list of members of the other association, they should send, in writing, their specific objections, if any, to the entries in these lists, within 15 days of the date of inspection. It should be made clear to the association that general and vague objections like inflated membership shall not be considered, and the objections should give the names of persons whose membership of an association is objection to and the reasons, therefor.

(The association representatives shall be allowed to make notes from the verified lists shown to them in the presence of the Designated Officers; they shall, however, not be allowed to take any of the lists, nor a copy of the lists shall be given to them).

6. The objections received from the association regarding the names of members shall be referred to the Verification Officer for the concerned zone/region. The Verification Officer shall conduct personal interrogation of the members on the basis of systematic sampling system.

(i) If the objection lists furnished by an association consists of 500 or less names of members, the number of persons to be personally interrogated should be 20 per cent. subject to a minimum of 100;

(ii) If the objection list furnished by an association consists of more than 500 but not more than 1,000 names, the number of persons to be personally interrogated should be 15 per cent. subject to a minimum of 100;

(iii) If the objection list furnished by an association consists of more than 1,000 but not more than 2,000 names, the number of persons to be personally interrogated should be 10 per cent. subject to a minimum of 150.

(iv) If the objection list furnished by an association consists of more than 2,000 but not more than 5,000 names, the number of persons to be personally interrogated should be 5 per cent. subject to a minimum of 200; and

(v) If the objection list furnished by an association consists of more than 5,000 names, the number of persons to be personally interrogated should be 2 per cent. subject to a minimum of 250.

A systematic sample means sampling from a list by taking individuals at equally spaced intervals called sampling intervals. The sampling interval should be:

$$\frac{\text{Total number of persons in the objection list}}{\text{Number of persons in the sample}}$$

Thus, for example, if there are 400 officers in the objection list and a sample of 100 officers is to be selected the Verification Officer should select every [4 (x)/1(x)th] or 4th worker in the list. It is, however, not necessary that in all cases the selection should begin from the 4th name in the list; the first sample may cither be the 1st name in the list; or the second, or the third or the fourth. Thus, for example, if the 1st name is selected as the first sample then subsequent samples will be 5th, 9th or 13th names: if, however, the second name is taken as the first sample the subsequent samples would be 6th, 10th or 14th names in the list.

The persons selected foe personal interrogation should among other things be asked whether they are members of a particular association and whether they had paid subscriptions for 3 months within a period of six months from the date of reckoning and, if so, the amount of subscription paid and the months for which it was paid. The Verification Officer shall make a list of members personally interrogated giving their ticket numbers, names of section where working and the result of personal interrogations.

7. Where the sample check reveals that certain members interrogated deny membership of a association, its list of members may be so modified reducing therefrom the actual number of members who deny membership of the association. If the persons who, on interrogation, deny their membership of the association claiming them as their members and inform the Verification Officer that they are members of another association, the Verification Officer shall check their membership with the list of members and records of that association and adjust its list accordingly, that is to say, their names shall be added to the list of the other association, if they are not already included in it,

and excluded, in the manner mentioned above, from the list of the claimant association.

8. While conducting personal verification as mentioned in paragraph 6 above, the Verification Officer shall not allow the representatives of any association or management to be present.

9. On competition of the verification work, the Verification Officers shall furnish a report to the Designated Officer who thereon based on the report received determine the officers' association having majority status. The name of the majority status officers' association shall thereon be finally intimated to the Central Government.

10. Appellate Authority.—In case any association has objection to the majority status of an association so determined by the Designated Officer they may, in writing, giving specific reasons for disagreement/objection file an appeal within a period of 15 days from the date of issue of such order by the Designated Officer to the Executive Director and in his absence the [1][Managing Director and Chief Executive Officer], of the bank who shall be the Appellate Authority. The Appellate Authority shall then decide either by conduct of inquiry or by perusal of records and pass a speaking order within a period of not more than 15 days. The Appellate Authority may give an opportunity of hearing to the association who has filed such appeal. Copy of each such order shall be sent to the Designated Officer who shall therefore modify, rectify the final list if need be keeping in view the order of the Appellate Authority.

11. Obtaining a penal from majority association.—The Central Government shall ask the bank management to obtain a panel of 3 (three) names of the office-bearers, in the order of preference, duly elected by the majority officers' association for appointment of officer, employee, director on the bank's board, within 30 days. Central Government may at its discretion increase the time limit upto a maximum period of another 60 days on a specific request of the association. In case the association fails to respond and does not send the panel within the specified time, the Central Government may ask the bank management to obtain a panel of three names from the next largest association.

12. The bank may forward such panel of names from the majority association or other association alongwith the particulars of each of the names. In addition, the bank shall also send following information in respect of each of the persons in the panel:—

(i) complete bio-data;

(ii) copies of the Confidential Reports for the last 5 years;

(iii) certificate to the effect that no vigilance/disciplinary case is pending or being contemplated.

(iv) certificate to the effect that they are not disqualified from being appointed as director on the bank's board as per the provisions of the relevant statute/ scheme;

(v) integrity and moral character certificate by the bank's chief executive.]

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1. Subs. by S.O. 349(E), dated 4th February, 2015, for "Chairman and Managing Director" (w.e.f. 4-2-2015).

ANNEXURE I

Proforma showing particulars of Unions functioning in.....(Bank)

Sl. No.	Name and address of the union	Registration No. and date of Registration	Whether the union is primary or federating unit	Affiliation		Claimed membership			Name of the President, General Secretary, Treasurer of the union with their postal addresses	Remarks
				Central organisation	State/All India Federation	Name(s) of the Branch/ office of the bank in which union is operating	Membership in each branch or office			
							Workman	Other than workman		
1	2	3	4	5	6	7	8	9	10	11

TOTAL

Note.—If the union is functioning in more than one Nationalised Bank, it should submit membership claims for each bank in a separate proforma.

ANNEXURE II

First notice
———— By Regd. A.D.
Second notice

GOVERNMENT OF INDIA
(MINISTRY OF LABOUR)

Office of the.....
.....Dated the.....

To,

The General Secretary,
.....

Subject:—*Verification of membership of unions operating in the Nationalised Banks.*

Dear Sir,

I am to invite a reference to the procedure for verification of membership of unions operating in the Nationalised Banks (copy enclosed) as specified in the First Schedule to the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, and to request you to furnish—

(i) a list of membership of your union as on..... showing the name of each member, designation, branch, Office where working and whether workman or other than workman employee. The list should contain only the names of those members who have paid at least 3 months' subscription during the period of six months ending with.....; and

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(ii) (a) Membership-cum-subscription register;

(b) Counter-foils of receipts;

(c) Cash and account books;

(d) Bank books;

(e) Copy of the union's constitution;

(f) Registration Certificate;

(g) Affiliation certificate and payment receipt if the union is affiliated to any All-India/State Federation/Central Organisation;

(h) Copy of the latest annual return submitted to the Registrar of Trade Unions;

(i) List of office-bearers;

(j) Minutes book;

at..... hrs. on..... (date) at.....(place).....

**. It may please be noted that in case the required documents are not produced on the above fixed date, no further attempts will be made to verify the membership of your union. Kindly acknowledge receipt of this letter.

Yours faithfully,

Assistant Labour Commissioner (C)

Labour Enforcement Officer (C)

**For 2nd notice.

Copy forwarded for information to:

*(1) The President,.....(Name and address of the union)

*(2) The Treasurer,.....(Name and address of the union)

*(3) Regional Labour Commissioner,.....

*(4) Chief Labour Commissioner (Central), New Delhi.

Assistant Labour Commissioner (C)

Labour Enforcement Officer (C)

*By name.

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