# THE NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970 /1980.

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# NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970

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**Notification No.S.O. 3793 dated 16.11.1970** [1] - 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).

[1] Published in the Gazette of India. Pt. II, Section 3(ii), dated 28.11.1970.

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

(c) "Chairman", in relation to a nationalised bank, means the Chairman of the Board of that bank;

(d) "Director" means a director for the time being of a nationalised bank;

[1][*(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 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 or federation , as the case may be, shall be deemed, for the purposes of this Scheme, to be a representative of 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 banks;

(g) "Schedule" means the Schedule appended to this Scheme;

(h) "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 First Schedule;

(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 this in the Act.

## CHAPTER-II

## BOARD OF DIRECTORS

**[2][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 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

[1] Inserted by S.O.289(E), dated 3.4.1995.
[2] Submitted by S.O. 289(E), dated 3.4.1995.

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 interests of the nationalised bank so to do, it may nominate any employees 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 (iii) of this sub-clause or under clause 10, the Central Government may, at its discretion appoint such workmen 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;]

[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 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 charge, in such manner that the directors who have been longest in office since 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".]

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.

[1] S.O. No.934(E) dated 17.10.2000.
[2] Substituted by S.O.289(E), dated 3.4.1995.

[1][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 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 offices 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 Managing Director, shall devote his whole time to the affairs of the nationalised bank and shall hold office for such term not exceeding five years as the Central Government may, after consultation with the Reserve Bank, specify and shall be eligible for reappointment.

[2][(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 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.]

(2) A whole-time Director, including the Managing Director, shall receive from the nationalised bank such salary, allowances, fees and perquisites, and be governed by such terms and conditions, as the Central Government may determine, after consultation with the Reserve Bank.[3][***]

(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:

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[1] Substituted by S.O. 289(e), dated 3.4.1995.
[2] Inserted by S.O. 421(E), dated 21.6.1976.
[3] Omitted by S.O.3467, dated 19.11.1973.

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.

[1][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.

[2](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 and thereafter until his successor has been nominated 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 year.

(3) Without prejudice to the provisions of sub-clauses (1) and (2), a director referred to in clause (h) of sub-section (3) 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 [***][3] and shall be eligible for re-election.

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

**10. Disqualifications 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

(c) if he has been convicted by a criminal court of an offence which involves moral turpitude.

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[1] Substituted by S.O., 289(E), dated 3.4.1995.
[2] Substituted by S.O. No.197(E), dated 2.3.2001.
[3] Omitted by S.O.58(E), dated 20.1.2000

[1][(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 a whole-time Director including the Managing Director or a Director [2]referred to in clause (b) or clause (c) or clause (d) of Sub-section 9 of the Act many 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; and 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.

[3][(3) without prejudice to the provisions of the foregoing sub-clause, 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 workmen or an employee, other than a workman, of the nationalised bank of which he is a Director.]

[4][(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.]

**[5][11A.Removal from office of an elected Director**:-

The shareholders, other than the Central Government, may by a resolution passed by majority of the votes of such shareholders holding in the aggregate not less than one half of the share capital held by all such shareholders, remove any Director elected under Clause (i) of sub-section (3) of Section 9 and elect in his stead another person to fill the vacancy.

**11B. Filing 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 by election;

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

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[1] Inserted by S.O. No.1172(E) dated 29.12.2000
[2] Substituted by S.O. 289(E), dated 3.4.1995.
[3] Substituted by S.O. 289(E), dated 3.4.1995.
[4] Substituted by S.O. 289(E), dated 3.4.1995.
[5] Inserted by S.O. 289(E), dated 3.4.1995.

(2) A person elected or co-opted as the case may be, under Sub-clause (1) "shall hold office for the unexpired 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) 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) 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.

[1][(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) or clause (d) 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 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.

[2][Provided that nothing contained in this sub-clause shall apply to such Director by reason only of his being-

[1] Substituted by S.O. 289(E), dated 3.4.1995.
[2] Inserted by S.O. 192, dated 16.6.1975..

(i) a shareholder (other than a Director) holding not more than two per cent of the paid-up capital in any public company as defined in the Companies Act, 1956 (1 of 1956), or any Corporation established by or under any law for the time being in force in India or any co-operative society, with which or to which the 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 such 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 :-

A) The Chairman;

B) The Managing Director

C) The Executive Director;

D) The directors referred to clauses (b), (c) and (g) of sub-section (3) of section 9 of the Act;

E) [4][two directors 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;]

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

[1] Substituted by S.O. 289(E), dated 3.4.1995.
[2] Inserted by S.O. 417(E), dated 11.7.1986..
[3] Substituted by S.O. 907(E), dated 10.11.1995..
[4] Substituted by S.O. 1172(E), dated 29.12.2000..

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) [1][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:

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.

Explanation - For the purpose of sub-clause (2), "executive director" means the whole time director, not being the managing director, appointed under sub-clause (a) of clause 3 and designated as such.

**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 committee constituted under sub-clause (1) may be re-constituted by the board at any time it thinks fit.]

[1] Substituted by S.O. 907(E), dated 10.11.1995.
[2] Re-numbered by S.O. 368(E), dated 27.4.1985.
[3] Substituted by S.O. 417(E), dated 11.7.1986.
[4] Inserted by S.O. 368(E), dated 27.4.1985..

## CHAPTER - IV

**15. Regional consultative Committees for Nationalised Banks** - (1) There shall be a Regional Consultative Committee in respect of each of the [1][six] regions specified in the Second .

(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 region as may be designated by the Reserve Bank of India;

[2][Explanation - For the purpose 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).]

(3) Meetings of the Regional Consultative Committees shall be presided over by the Minister 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 and vacation of office by a member -**

(1) A person shall be disqualified for being nominated as, and for being, is member of a Committee constituted under clause 14 if he is or becomes subject to any of the disqualifications specified in clause 10.

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[1] Substituted by S.O. 651(E), dated 25.9.1972..
[2] Inserted by S.O. 888(E), dated 11.11.1980.

(2) If a member of a Committee constituted under clause 14 of a member of 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 of a member of Regional Consultative Committee may resign his office by given notice thereof in writing of the Board and such resignation shall take effect on receipt of communication of the resignation from the Board.

[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 [2][or an official of the Reserve Bank or the Central Government, or a Director referred to in clause (d) of sub-section (3) of Section 9 of the Act] 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 of any Committee of the Board or for attending to any other work of the nationalised bank.

(2) In addition to the fees to which a Director may be entitled to be paid under sub-clause (1), every such 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:

Provided that the Chairman or a whole-time Director, including the Managing Director, or an official of the Reserve Bank or the Central Government [3][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

(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) 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 the Regional Consultative Committee, on such basis as may be fixed by the Central Government after consultation with the Reserve Bank.

[1] Omitted by S.O. 368(E), dated 27.4.1985..
[2] Inserted by S.O. 289(E), dated 3.4.1995.
[3] Inserted by S.O. 289(E), dated 3.4.1995.

[1][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 required in writing that any resolution so passed shall be placed before a meeting of the Board, the resolution shall not be deemed to be valid and effectual as aforesaid unless the same is passed at such meeting.]

19. Meeting of committees constituted under clause 14. - The meetings of a Committee constituted under clause 14 shall be regulated in such manner as may be regulated in such manner as may be decided by the Board.

## [2][CHAPTER- VI]

## PAID-UP CAPITAL

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[3][20. **Increase of paid-up capital**:-

The paid-up capital of 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 established 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 of the paid-up capital of a nationalised bank;

(c) the board may, after consultation with 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 percent of the paid-up capital of each nationalised bank.]

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[1] Substituted by S.O. 368(E), dated 27.4.1985.
[2] Inserted by S.O. 575(E), dated 3.4.1995.
[3] Substituted by S.O. 290(E), dated 3.4.1995.

## THE FIRST SCHEDULE

**(See clause 2 (h)**

**Subject : <u>Procedure for verification of membership of unions operating in the nationalised banks</u>.**

The management of the nationalised banks shall be requested by the Chief Labour Commissioner (Central) to furnish the names and addresses of all the registered unions operating in the respective banks. The particulars of unions received from the managements shall be forwarded to the Regional Labour Commissioners concerned for checking up from the records of the Registrars of Trade Unions whether the registration of these unions is still alive and whether there are other registered unions operating in the nationalised banks. The Regional Labour Commissioners shall report to the Chief Labour Commissioner(Central) the results of their checking. On receipt of this information, the unions shall be requested by the Chief Labour Commissioner (Central) to furnish their membership claims in quintuplicate in Annexure I by a specified date.

2. The registered unions shall, thereafter, be allotted amongst Verification Officers for the purposes of physical verification of the membership. The Verification Officer shall ask the unions in Annexure II by Registered Post Acknowledgement Due [1][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 (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 the month just preceding the month in which the Central Government addresses the Chief Labour Commissioner (Central) to undertake the verification alongwith:

(i) Membership-cum-subscription register.

(ii) Counter-foils of receipts.

(iii) Cash and Accounts 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 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.

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[1] Substituted by S.O. 1088(E), dated 18.2.1976..

3. If a union fails to produce the list of its members and other records, a second and final notice shall be given by Registered Post Acknowledgement 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 shall be made to verify its membership. However, in respect of the unions 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 percent and shall be done in the presence of the office-bearers of the union concerned but knot in the presence of the office-bearers or representatives of a rival union. While doing the verification of membership, the Verification Officer shall give due consideration to any representations which the union officials might make to him.

4. The Verification Officer shall, thereafter, visit the Central or Registered Office of the nationalised bank and 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. The Verification Officer shall also obtain the number of persons employed in the respective branches or offices of the bank on the date of reckoning at the time of his visit to the Central or Registered Office 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 shall 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 the 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) of the date of inspection. It should be made clear to the unions that general and vague objections like inflated membership shall not be considered, the objections should give names of persons whose membership of a union is objected to and the reasons therefor.

(The union representatives shall be allowed to make notes from the verified lists shown to them in the presence of the Verification 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 Unions shall then be verified by personal interrogation by the Verification Officer, of the members on the basis of the following systematic (* The meaning of "systematic sampling" is given after item 9 of the Scheme.) sampling system[2]:

I. If the objection lists furnished by a Union consists of 500 or less names of members, the number of persons to be personally interrogated should be 20 percent subject to minimum of 100;

[1] Substituted by S.O. 1088(E), dated 18.2.1976..

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

II. If the objection list 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 percent subject to a minimum of 100;

III. If the objection list furnished by a union consists of more than 1,000 but knot more than 2,000 names, the number of persons to be personally interrogated should be 10 percent 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 percent subject to a minimum of 200; and

V. If the objection list furnished by a union consists of more than 5,000 names, the number of persons to be personally interrogated should be 2 percent 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 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 Office shall maintain 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 union, its list of members shall be modified proportionately. For example, if on checking records, it is found that a union has 2,000 valid members, and the rival union objects to say, 800 of these members, a 15 percent sample of the latter has to be drawn, that is to say, 120 persons have to be interrogated personally. If on personal interrogation it is found that 30 of the 120 persons, (that is to say, 25 percent) deny membership of the union, the strength of the union shall be reduced by 25 percent of 800 persons whose membership was objected to, that is to say by 200. In other words, the final strength of the union shall, in this case, be 1,800.

(2000 - {25 percent 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 a rival union, the Verification Officer shall check their membership with the list of members and records of that union and adjust its list accordingly, that is to say, their names shall 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 paragraph 6 above, the Verification Officer shall not allow the representatives of any union or management to be present.

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

* 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 workers in the objection list and a sample of 100 workers 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 al cases the selection should begin from the 4th name in the list; the first sample may either 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 them 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.

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## ANNEXURE I

**[N.B.] Proforma showing particulars of Union functioning in**

| Sl No | | | | Affiliation | |
|---|---|---|---|---|---|
| | Name and address of the Union | Registration No. and date of Registration | Whether the union is a primary or federating unit | Central Organisation | State or All India Registration |
| 1. | 2. | 3. | 4. | 5. | 6. |
| | | | | | |

| Name (s)of the Branch or office of the Bank in which union is operating | Membership in each branch or office | | Names of the President, General Secretary, Treasurer of the Union with their postal addresses. | Remarks |
|---|---|---|---|---|
| | Workmen | Other than Workman | | |
| 7. | 8. | 9. | 10. | 11. |
| | | | TOTAL | |

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[N.B.] 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
Second Notice

By Registered A.D.

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.**

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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 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 or 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 _____.

(ii)

a) Membership-cum-subscription register
b) Counterfoils 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 or State Federation or Central Organisation.
h) Copy of the latest annual return submitted to the Registrar of Trade Unions.
i) List of office-bearers; and
j) Minutes Book.

At _____ hours 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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## THE SECOND SCHEDULE
**[See Clause (5)]**

1. The western area shall consist of the States of Gujarat and Maharashtra and the Union territories of Goa, Daman and Diu and Dadra and Nagar Haveli.

2. The eastern area shall consist of the [1][States of West Bengal, Bihar [2][Sikkim and Orissa] and the Union territory of Andaman and Nicobar Island].

[3][2-A. The north eastern area shall consist of the State of Assam, Manipur, Meghalaya, Nagaland and Tripura and the Union territories of Arunachal Pradesh and Mizoram.]

3. The central area shall consist of the State of Madhya Pradesh and Uttar Pradesh.

[4][4. The northern area shall consist of the States of Jammu and Kashmir, Punjab, Haryana, Himachal Pradesh and Rajasthan and the Union territories of Chandigarh and Delhi.]

5. The southern area shall consist of the State of Andhra Pradesh [5][Karnataka], Tamil Nadu and Kerala and the Union territories of Pondicherry and the [6][Lakshdweep].

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[1] Substituted by S.O. 651(E), dated 25.9.1972.
[2] Substituted by S.O. 783(E), dated 25.10.1985.
[3] Substituted by S.O. 651(E), dated 25.9.1972.
[4] Substituted by S.O. 651(E), dated 25.9.1972.
[5] Substituted by S.O. 783(E), dated 25.10.1985.
[6] Substituted by S.O. 783(E), dated 25.10.1985.

## PROCEDURE FOR APPOINTMENT OF OFFICER EMPLOYEE DIRECTOR

**"THE THIRD SCHEDULE**
**[See Clause 3(3)]**

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 have paid subscription for at 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 objected 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 a 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 either 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 for 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 a 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 completion 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.

Appellate Authority

10. 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 Chairman and Managing Director, 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.

**Obtaining a panel from majority Association**

11. The Central Government shall ask the bank management to obtain a panel of 3 (three) names of 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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