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The State Bank of Sikkim (Acquisition of Shares) And Miscellaneous Provisions Act, 1982

(ACT NO. 62 OF 1982)

[*As on* 1*st July*, 2026]

THE STATE BANK OF SIKKIM (ACQUISITION OF SHARES) AND MISCELLANEOUS PROVISIONS ACT, 1982

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THE STATE BANK OF SIKKIM (ACQUISITION OF SHARES) AND MISCELLANEOUS PROVISIONS ACT, 1982

ACT NO. 62 OF 1982

[6*th November*, 1982.]

An Act to provide, in the public interest, for the acquisition of certain shares of the State Bank of Sikkim for the purpose of better consolidation and extension of banking facilities in the State of Sikkim and for matters connected therewith or incidental thereto.

WHEREAS for the purpose of better consolidation and extension of banking facilities in the State of Sikkim, it is expedient to provide for a single apex banking institution in that State, and for that purpose to provide for the acquisition of certain shares of the State Bank of Sikkim and for matters connected therewith or incidental thereto;

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

CHAPTER I

PRELIMINARY

1. Short title and commencement.—(*1*) This Act may be called the State Bank of Sikkim (Acquisition of Shares) and Miscellaneous Provisions Act, 1982.

(*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 Act, unless the context otherwise requires,—

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

(*b*) "co-operative bank" means the Sikkim State Co-operative Bank Limited, a society registered under the Sikkim Co-operative Societies Act, 1978 (Sikkim Act No. 12 of 1978);

(*c*) "notification" means a notification published in the Official Gazette;

(*d*) "prescribed" means prescribed by rules made under this Act;

(*e*) "Sikkim Bank" means the State Bank of Sikkim constituted under the State Bank of Sikkim Proclamation, 1968;

(*f*) "State Government" means the State Government of Sikkim;

(*g*) "United Commercial Bank" means the United Commercial Bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings)Act, 1970 (5 of 1970);

(*h*) words and expressions used herein and not defined but defined in the Companies Act, 1956 (1 of 1956), shall have the meanings respectively assigned to them in that Act.

CHAPTER II

ACQUISITION AND TRANSFER OF CERTAIN SHARES OF SIKKIM BANK

3. Vesting in the Central Government of certain shares of Sikkim Bank.—(*1*) On the appointed day, all the shares in the share capital of the State Bank of Sikkim, other than the shares held by the State Government, shall, by virtue of this Act, stand transferred to, and shall vest in, the Central Government.

(*2*) All the shares which have vested in the Central Government under sub-section (*1*) shall, by force of such vesting, be freed and discharged of all trusts, liabilities, obligations, mortgages, charges, liens and other encumbrances affecting them, and any attachment or injunction or any decree or order of any court, tribunal or other authority restricting the use of such shares in any manner shall be deemed to have been withdrawn.

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(*3*) Notwithstanding the transfer of the shares of the Sikkim Bank to the Central Government under sub-section (*1*), any person holding such shares, who immediately before the appointed day is entitled to payment of dividend on such shares, shall be entitled to receive from the co-operative bank—

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

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

CHAPTER III

VESTING OF UNDERTAKINGS OF SIKKIM BANK IN THE CENTRAL GOVERNMENT

4. Vesting of undertaking of Sikkim Bank.—On the appointed day, the undertakings of the Sikkim Bank shall, by virtue of this Act, stand transferred to, and shall vest in, the Central Government.

5. General effect of vesting.—(*1*) The undertakings of the Sikkim Bank shall be deemed to include all assets, rights, powers, authorities and privileges, and all property, movable and immovable, cash balances, reserve funds, investments and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the ownership, possession, power or control of the Sikkim Bank in relation to its undertakings, and all books of account, registers, records and all other documents of whatever nature relating thereto and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind then subsisting of the Sikkim Bank in relation to its undertakings.

(*2*) Unless otherwise expressly provided in this Act, all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature subsisting or having effect immediately before the appointed day and to which the Sikkim Bank is a party or which are in favour of the said Bank shall be of as full force and effect against or in favour of the Central Government.

(*3*) If, on the appointed day, any suit, appeal or other proceeding of whatever nature in relation to any business of the undertakings which have been transferred under section 4 is pending by or against the Sikkim Bank, the same shall not abate, be discontinued, or be in any way prejudicially affected by reason of the transfer of the undertakings of the Sikkim Bank or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted or enforced by or against the Central Government.

6. Vesting of the shares and undertakings of Sikkim Bank in the State Government.—(*1*) Notwithstanding anything contained in sections 3, 4 and 5, the Central Government shall, as soon as may be, after the commencement of this Act, direct, by notification, that the shares of the Sikkim Bank which have vested in the Central Government under section 3 and the undertakings of the Sikkim Bank which have vested in the Central Government under section 4 shall, instead of continuing to vest in the Central Government, vest in the State Government of Sikkim, on the date of the notification.

(*2*) Where the shares and the undertakings of the Sikkim Bank vest In the State Government under sub-section (*1*), the State Government shall, on and from the date of such vesting, be deemed to have become the owner in relation to such shares and undertakings and all the rights and liabilities of the Central Government in relation to such shares and undertakings shall, on and from the date of such vesting, be deemed to have become the rights and liabilities, respectively, of the State Government.

7. Power of State Government to direct vesting of the undertakings of Sikkim Bank the Sikkim Co-operative bank.—(*1*) Notwithstanding anything contained in sections 4, 5 and 6, the State Government may, if it is satisfied that the co-operative bank is willing to comply, or has complied, with such terms and conditions as that Government may think fit to impose, including the terms and conditions regarding allotment of its shares, direct, by notification, that the undertakings of the Sikkim Bank which have vested in the Central Government under section 4 and thereafter in the State Government under section 6, shall, instead of continuing to vest in the State Government, vest in the co-operative bank either

on the date of the notification or on such earlier or later date (not being a date earlier than the appointed day) as maybe specified in the notification.

(*2*) Where the undertakings of the Sikkim Bank vest in the co-operative bank under sub-section (*1*), that bank shall, on and from the date of such vesting, be deemed to have become the owner in relation to such undertakings, and all the rights and liabilities of the Central Government or the State Government in relation to such undertakings shall, on and from the date of such vesting, be deemed to have become the rights and liabilities, respectively, of the co-operative bank.

CHAPTER IV

PAYMENT OF AMOUNTS

8. Payment of amounts.—(*1*)For the transfer to, and vesting in, the Central Government, of the shares of the Sikkim Bank under section 3, there shall be given by the Central Government to the holders of such shares in cash and in the manner specified in the Schedule, an amount of rupees eight lakhs twelve thousand two hundred and ninety-five.

(*2*)The amount specified in sub-section (*1*) shall carry simple interest at the rate of five and a half per cent. per annum for the period commencing on the appointed day and ending on the date on which payment of such amount is made to the shareholders.

CHAPTER V

MANAGEMENT, ETC., OF THE UNDERTAKINGS OF SIKKIM BANK

9. Management, etc., of the undertakings of Sikkim Bank.—(*1*) The State Government in which the undertakings of the Sikkim Bank have vested under section 6 shall be entitled to exercise all such powers and do all such things as the Sikkim Bank is authorised to exercise and do in relation to its undertakings.

(*2*) The general superintendence, direction, control and management of the affairs and business of the undertakings of the Sikkim Bank which have vested under section 4 in the Central Government and under section 6in the State Government shall, where a direction has been made by the State Government under sub-section (*1*) of section 7, vest in the co-operative bank specified in such direction, and, thereupon, the co-operative bank shall be entitled to exercise all such powers and do all such things as the Sikkim Bank is authorised to exercise and do in relation to its undertakings.

10. Date of delivery, possession of property acquired and documents relating thereto.—(*1*) On the vesting of the undertakings of the Sikkim Bank in the State Government under section 6, every person in whose possession or custody or under whose control any property referred to in sub-section (*1*) of section 5 may be, shall deliver the property to the State Government forthwith.

(*2*) Any person, who, on the appointed day, has in his possession or under his control any books, documents or other papers relating to the undertakings of the Sikkim Bank which have vested in the State Government under section 6 and which belong to that Bank, or would have so belonged if the undertakings of the Sikkim Bank had not vested in the State Government, shall be liable to account for the said books, documents or other papers to the State Government and shall deliver them up to the State Government.

(*3*) The State Government may take, or cause to be taken, all necessary steps for securing possession of all properties which have vested in that Government under this Act.

CHAPTER VI

PROVISIONS RELATING TO THE EMPLOYEES OF THE SIKKIM BANK

11. Transfer of service of existing officers and employees of the Sikkim Bank to the co-operative bank.—(*1*) Every officer or other employee of the Sikkim Bank (excepting the Managing Director thereof) in the employment of the Sikkim Bank immediately before the appointed day shall become,—

(*a*) an officer or other employee of the State Government on any from the appointed day, and

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(*b*) where the undertakings of the Sikkim Bank are directed, under sub-section (*1*) of section 7, to vest in the co-operative bank, an officer or other employee of the co-operative bank on and from the date of such vesting,

and shall hold his office or service under the State Government or the co-operative bank, as the case may be, with the same rights and privileges as to pension, gratuity and other matters as would have been admissible to him if there had been no such vesting and shall continue to do so unless and until his employment under the State Government or the co-operative bank, as the case may be, is duly terminated or until his remuneration and other conditions of service are duly altered by the State Government, or by the co-operative bank, as the case may be.

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

(*3*) Notwithstanding anything contained in sub-section (*1*) or sub-section (*2*), no appointment made or promotion, increment in salary, pension allowance or any other benefit granted to any person after the 16th day of November, 1976, and before the appointed day which would not ordinarily have been made or granted or which would not ordinarily have been admissible under the rules or authorisations of the Sikkim Bank or of any provident fund or other fund in force prior to the 16th day of November, 1976, shall have effect or be payable or claimable from the co-operative bank or from any provident fund, pension or other fund or from any authority administering the fund, unless the State Government has, by general or special order, confirmed the appointment, promotion or increment, or has directed the continued grant of the pension, allowance or other benefit, as the case may be.

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

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

(*6*) Where the Managing Director of the Sikkim Bank has, after the 16th day of November, 1976 and before the appointed day, been paid any sum by way of compensation or gratuity, the co-operative bank shall be entitled to claim refund of any sum so paid if the payment is not confirmed by the State Government by general or special order.

CHAPTER VII

MISCELLANEOUS

12. Act to have overriding effect.—The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law, other than this Act, or in any decree or order of any court, tribunal or other authority.

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13. Protection of action taken in good faith.—(*1*) No suit, prosecution or other legal proceeding shall lie against the Central Government or any officer of that Government or the State Government, or the co-operative bank or any officer of the State Government or the co-operative bank or other person authorised by the Central Government or the State Government or the co-operative bank, for anything which is in good faith done or intended to be done under this Act.

(*2*) No suit or other legal proceeding shall lie against the Central Government or any officer or other employee of that Government or the State Government or the co-operative bank or any officer or other employee of the State Government or of the co-operative bank or other person authorised by the State Government or the co-operative bank, for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act.

14. Penalties.—Any person who,—

(*a*) having in his possession, custody or control any property forming part of the undertakings of the Sikkim Bank, wrongfully withholds such property from the Central Government, or the State Government or the co-operative bank; or

(*b*) wrongfully obtains possession of, or retains, any property forming part of any undertaking of the Sikkim Bank or wilfully withholds or fails to furnish to the Central Government or the State Government or the co-operative bank, or any person or body of persons specified by that Government or the State Government or the co-operative bank, any document relating to such undertaking which may be in his possession, custody or control or fails to deliver to the Central Government, or the State Government or the co-operative bank or any person or body of persons specified by the Central Government or the State Government or the co-operative bank, any assets, books of account, registers or other documents in his possession, custody or control, relating to the undertakings of the Sikkim Bank; or

(*c*) wrongfully removes or destroys any property forming part of any undertaking of the Sikkim Bank or prefers any claim under this Act which he knows or has reasonable cause to believe to be false or grossly inaccurate,

shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to ten thousand rupees, or with both.

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

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

(*2*) Notwithstanding anything contained in sub-section (*1*), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary, or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

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

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

16. Delegation of powers.—(*1*) The Central Government may, by notification, direct that all or any of the powers exercisable by it under this Act, other than the powers conferred by sections 17 and 18, may also be exercised by such person or persons as may be specified in the notification.

(*2*) Whenever any delegation of power is made under sub-section (*1*), the person to whom such power has been delegated shall act under the direction, control and supervision of the Central Government.

17. Power of Central Government to make rules.—(*1*) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(*2*) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified from or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

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

Provided that no such order shall be made after the expiry of a period of two years from the appointed day.

19. References to Sikkim Bank in other laws.—On and from the appointed day, any reference to Sikkim Bank in any law (other than this Act or the State Bank of Sikkim Proclamation, 1968)or in any contract or other instrument shall, except as otherwise provided in any general or special order made by the Central Government, be deemed to be a reference to the co-operative bank.

20. Dissolution of Sikkim Bank.—On the date of the issue of notification under sub-section (*1*) of section 6, the Sikkim Bank shall stand dissolved, and the State Bank of Sikkim Proclamation, 1968, shall stand repealed; and the provisions of section 6 of the General Clauses Act, 1897 (10 of 1897), shall apply to such repeal as if the said Proclamation were a Central Act.

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THE SCHEDULE

[*See* section 8(*1*)]

MANNER OF PAYMENT OF AMOUNT FOR THE TRASNFER OF SHARES OF THE STATE BANK OF SIKKIM TO THE CENTRAL GOVERNMENT

1. In this Schedule, "shareholder" means any person who, immediately before the appointed day, is registered as the holder of a share in the Sikkim Bank, other than the State Government of Sikkim.

2. For every share in the share capital of the Sikkim Bank which, by reason of this Act, is transferred to and vested in the Central Government, the Central Government shall pay to every holder thereof in the manner specified in paragraph 3 of this Schedule an amount calculated at the rate of rupees fifty-five per share.

3. Every person who is registered as the holder of a share in the Sikkim Bank on the appointed day and whose shares have been acquired under the provisions of this Act shall, for every such share so held by him, be paid an amount calculated at the rate specified in paragraph 2 by cheque drawn on the Reserve Bank of India.

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STATEMENT OF OBJECTS AND REASONS

In keeping with the accent on rural and agricultural development as part of the strategy for the country's rapid economic progress, Government appointed a Study Team on Institutional Arrangements for Agricultural Credit in Sikkim under the chairmanship of Dr. C. D. Datey, a former Executive Director of the Reserve Bank. One of the terms of reference of the Team was to consider the question of setting up a Regional Rural Bank in Sikkim on the pattern of similar banks established in the country. In its report submitted to the Government, the Team was broadly of the view that in order to meet the banking needs of Sikkim, it would be appropriate to set up a single apex institution which would combine both agricultural and non-agricultural banking operations and also transact Government business. The specific recommendation in this context related to the setting up of a State Co-operative Bank in Sikkim to which the undertakings of the existing State Bank of Sikkim, a bank established under the State Bank of Sikkim Proclamation dated the 24th June, 1968, may be transferred. This recommendation was made solely on the consideration that in Sikkim there is no scope for more than one banking institution of the comprehensive type proposed and that some of the advantages of a State Co-operative Bank will not be available to the State Bank of Sikkim if its separate identity is retained as a banking institution under the Banking Regulation Act, 1949. This recommendation was accepted in principle and the details of the proposals for implementing this recommendation had been worked out, The Sikkim Legislative Assembly has passed the Sikkim Co-operative Societies Act, 1978, and the Sikkim State Co-operative Bank Ltd. had already been registered under that Act. It is now proposed to acquire the undertakings of the State Bank of Sikkim for the purpose of transferring them to the Sikkim State Co-operative Bank Ltd. The Bill seeks to achieve this object.

2. The Bill provides, among other things, for the transfer to, and vesting of all the shares of the State Bank of Sikkim, other than those held by the State Government of Sikkim, and also the undertakings of the said Bank in. the Central Government. Thereafter, the Central Government shall direct, by a notification, that the shares vested in it as also the undertakings of the State Bank of Sikkim shall vest in the State Government of Sikkim. The State Government would direct, by a notification, that the undertakings of the State Bank of Sikkim shall be transferred to, and vested in, the Sikkim State Co-operative Bank Ltd. The Bill also provides for the transfer of the services of all the employees of the State Bank of Sikkim to the Sikkim State Co-operative Bank Ltd. and also for the payment of amounts to the shareholders whose shares are proposed to be acquired and for certain other incidental and consequential matters.

NEW DELHI;
The 7th August, 1982.

PRANAB MUKHERJEE.