

JOINT SELECT COMMITTEE  
REPORTS OF LEGISLATIVE  
ASSEMBLY - 1927

**The Imperial Bank of India Bill**

List of Reports of Select or Joint Committees  
presented in the Legislative Assembly in 1927.

Serial No.	Short title of the Bill.	Date of presentation.	Remarks.
1.	The Steel Industry (Protection) Bill.	7.2.27.	
2.	The Indian Merchant Shipping (Amendment) Bill.	26.3.27.	
3.	The Gold Standard and Reserve Bank of India Bill.	18.8.27.	Report of the Joint Committee.
4.	The Imperial Bank of India Bill.	18.8.27.	-do-
5.	The Indian Lighthouse Bill.	31.8.27.	-do-
6.	The Indian Securities (Amendment) Bill.	31.8.27.	
7.	The Indian Tariff (Amendment) Bill.	31.8.27.	
8.	The Indian Tariff (Cotton Yarn Amendment) Bill.	31.8.27.	
9.	The Bamboo Paper Industry (Protection) Bill.	31.8.27.	
10.	The Indian Forest Bill.	1.9.27.	
10.	The Indian Criminal Law (Amendment) Bill.	14.9.27.	

GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

We, the undersigned, members of the Joint Committee to which the Bill further to amend the Imperial Bank of India Act, 1920, for certain purposes was referred, have considered the Bill and the papers noted below, and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

- (1) Letter from the Managing Governors, Imperial Bank of India, No. 1977, dated the 27th April, 1927.
- (2) Letters from the Managing Governors, Imperial Bank of India, No. 2923, dated the 1st June, 1927, No. 3315, dated the 8th July, 1927, and No. 3151, dated the 13th July, 1927.

2. The amendments which we have made are almost all amendments which have been suggested by the Central Board of the Imperial Bank of India. We proceed to refer to the more important of them.

*Clause 2.*—We have inserted the definition provided by this clause at the instance of the Imperial Bank although it is not perhaps very necessary from the drafting point of view.

*Clause 4 (originally clause 3).*—The Bank correctly pointed out that clause (c) of sub-clause (1) of this clause as originally framed omitted to provide for business other than Government business; we have effected the necessary amendment by the omission of certain words.

*Clause 9 (originally clause 8).*—Under the Act as it stands at present, Directors representing newly-established Local Boards are entitled to be present at meetings of the Board but not to vote. The Central Board of the Bank consider this restriction unnecessary, and we have accordingly removed it by the omission from sub-section (2) of the proposed new section 28 of the words "and any Governors appointed under clause (c)."

*Clause 11 (originally clause 10).*—The Central Board have pointed out that under sub-clause (1) of this clause, which inserted a new sub-clause (ia) in clause (a) of the First Part of the First Schedule, the Bank would be enabled under regulation 56 in the Second Schedule to invest monies set aside as reserves in the shares of any limited liability company. We agree that this is undesirable. We have accordingly transferred the reference to shares and debentures of companies with limited liability to a new sub-clause (iia).

We have added a sub-clause after sub-clause (7) to give specific power to the Bank to hold and generally to deal in property which the Bank may have to buy in for the purpose of preserving their security for a loan or advance.

We have also provided in sub-clause (14) [originally sub-clause (13)], specific power for the Bank to subsidise the pension funds of the old Presidency Banks which it is necessary for it to do in order to carry out its obligations under section 6 of the Act.

We have added a fresh sub-clause to this clause to make it clear that the negotiable securities

referred to in clause (4) of Part II of the First Schedule do not include any negotiable security which is a trust security.

*Clause 12 (originally clause 11).*—At the instance of the Central Board, we have given power to the Bank to refuse to register any transfer of shares to a minor or person of unsound mind or to a firm.

*Clause 13* of the Bill as introduced allowed the shareholders to increase or reduce the capital of the Bank by special resolution and without the previous sanction of the Governor General in Council which, under regulation 19 of the Second Schedule, is at present requisite. This power in the case of companies subject to the Indian Companies Act, 1913, is held round with important restrictions which are set forth at length in sections 55 to 66 of that Act. In the case of such companies confirmation by the Court is necessary. We think it sufficient in the present case to retain regulation 19 as it already stands, as the Governor General in Council will then be in a position to lay down the conditions subject to which the share capital may be reduced.

We have rejected a suggestion by the Central Board that the Bank should be given discretion to refuse to recognise the holder of a succession certificate as the person having title to shares mentioned in the certificate.

*Clause 15.*—The Central Board point out that, in regulation 24 of the Second Schedule as it stands at present, no provision is made for fixing the place at which a special meeting is to be held. We have accordingly redrafted regulation 24 on the lines suggested by them.

*Clause 16.*—The Central Board point out that the present requirements of regulation 33 involve the sending of a large number of original powers of attorney from local head offices of the Bank to the place where a general meeting of the shareholders is to be held. We have accordingly adopted their suggestion that the certificate of the secretary of the local head office where any such power has been deposited and registered shall be receivable in place of the original power of attorney.

*Clause 23.*—We have inserted this clause, again at the instance of the Central Board, to give the Board power to grant gratuities and compassionate allowances to widows and dependants of deceased officers and servants of the Bank, a power which they do not at present possess.

*Clause 25 (originally clause 22).*—We have decided, in view of the fact that the Imperial Bank of India is now being converted into a commercial bank, that there is no reason why the very important requirements of sections, 132 and 133 of the Indian Companies Act, 1913, should not be observed by it. We understand that the Central Board have no objections to a provision on the lines of the one which we have made in this clause, but we consider that such a provision is essential in any case.

*Clause 27.*—We have inserted, at the instance of the Central Board, a provision on the lines of section 67 of the Presidency Banks Act, 1876, to enable the Bank to be voluntarily wound up.

*Clause 28.*—We have agreed to a recommendation of the Central Board providing that shareholders who have supplied to the Bank no address in British India to which notices shall be sent shall not be entitled to receive the same.

The only other amendments of consequence which we have made are amendments designed

to enable the Deputy Managing Governor to perform the functions of the Managing Governor under regulations 23 (2), 42, 49 (1) and 51 in the Second Schedule.

3. The Bill was published in the Gazette of India Extraordinary, dated the 17th January, 1927.

4. We think that the Bill has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

BASIL P. BLACKETT.

CHARANJIT SINGH.

A. C. McWATTERS.

UMAR HAYAT.

A. F. L. BRAYNE.

P. C. D. CHARI.

J. W. A. BELL.

M. SUHRAWARDY.

KUMARSANKAR RAY CHAUDHURY.\*

PHIROZE SETHNA.

MANMOHANDAS RAMJI.

GOVIND DAS.

V. RAMADAS PANTULU.

RAM SARAN DAS.

JAMNADAS M. MEHTA.

N. C. KELKAR.

KIKABHAI PREMCHAND.

PURSHOTAMDAS THAKURDAS.

MADAN MOHAN MALAVIYA.

FAZAL I. RAHIMTOOLA.

A. RANGASWAMI IYENGAR.

HUGH G. COCKE.

V. K. ARAVAMUDHA AYANGAR.

GHAZANFAR ALI.

R. K. SHANMUKHAN CHETTY.

The 18th August, 1927.

\* Subject to minute of directors.

MINUTE OF DISSENT.

I submit that in section 32 of the Imperial Bank of India Act, 1920, the word "and" should be inserted between the figures "188" and "189" and the word and figures "and 289" appearing after the figures "189" should be omitted, so as to bring the Imperial Bank into line with other banks. Instead of that amendments have been made in the Joint Committee making certain sections only of the Indian Companies Act, 1913,

applicable to the Imperial Bank in a manner which seems to be incomplete. I accordingly sign this report subject to this note of dissent.

KUMARSANKAR RAY CHAUDHURY,

*Member, Council of State.*

*The 8th August 1927.*

[AS AMENDED BY THE JOINT COMMITTEE.]

[Words printed in italics indicate the amendments suggested by the Committee.]

A

BILL

*Further to amend the Imperial Bank of India Act, 1920, for certain purposes.*

WHEREAS by reason of the constitution of the Reserve Bank of India it is expedient further to amend the Imperial Bank of India Act, 1920, in XLVII of order to modify the control of the Governor General in Council over the management of the Bank, to remove certain restrictions on the transaction of business by the Bank, and to provide for an agreement between the Bank and the Reserve Bank of India; It is hereby enacted as follows :—

1. (1) This Act may be called the Imperial Bank of India (Amendment) Act, 1927.

(2) It shall come into force on such date as the Governor-General in Council may, by notification in the Gazette of India, appoint.

2. After clause (i) of section 2 of the Imperial Bank of India Act, 1920 XLVII of Amendment of section 2, (hereinafter referred to as the said Act), the following clause shall be inserted, namely :—

(ii) "secretary" and "deputy secretary" mean, respectively, the secretary and treasurer and the deputy secretary and treasurer of the Bank.

3. Section 9 of the said Act is hereby repealed.

Repeal of section 9  
Act XLVII of 1920.

4. (1) In sub-section (1) of section 10 of the said Act,—

Amendment of section 10, Act XLVII of 1920.

(a) for the words "the Secretary of State for India in Council" the words "the Reserve Bank of India" shall be substituted;

(b) in clause (i), the words "to act as banker for, and" shall be omitted, and after the word "securities" the words "as agent for the Reserve Bank of India" shall be inserted; and

(c) in clause (ii), for the words "the Government" the words "the Reserve Bank of India" shall be substituted.

(2) In sub-section (2) of the same section, clause (a) and the letter and brackets "(b)" shall be omitted.

5. In clause (a) of section 12 of the said Act, after the words "at such places" the words "whether in India or elsewhere" shall be inserted.

Amendment of section 12, Act XLVII of 1920.

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6. In sub-section (1) of section 13 of the said Act, after the words ' in India ' the words " or elsewhere ' shall be inserted, and the *Explanation* shall be omitted.

7. In section 23 of the said Act, the words " with the previous sanction of the Governor General in Council " and the words " The Bank may also, subject to the provisions of this Act as to the business to be transacted there, establish an office in London " shall be omitted.

8. In section 25 of the said Act the words " with the previous sanction of the Governor General in Council " shall be omitted.

9. For section 28 of the said Act the following section shall be substituted, namely :—

" 28. (1) The Central Board shall consist of the following Governors, namely :—

- (i) the presidents and vice-presidents of the Local Boards established by this Act ;
- (ii) a Managing Governor who shall be appointed by the Central Board for a period not exceeding five years on such terms as the Central Board may direct, and may be continued in his appointment by the Central Board for such further periods not exceeding five years in each case as the Central Board thinks fit ;
- (iii) a Deputy Managing Governor who shall be appointed by the Central Board ;
- (iv) the secretaries of the Local Boards established by this Act ; and
- (v) if any Local Board is hereafter established under this Act, such number of persons to represent it as the Central Board may prescribe.

(2) The Governors specified in clauses (iii) and (iv) of sub-section (1) shall be at liberty to attend all meetings of the Central Board and to take part in its deliberations, but shall not be entitled to vote on any question arising at any meeting :

Provided that the Deputy Managing Governor shall be entitled to vote in the absence of the Managing Governor."

10. Section 30 of the said Act is hereby repealed.

11. (1) In Part I of Schedule I to the said Act, the following amendments shall be made, namely :—

- (1) in sub-clause (iii) of clause (a), after the words " a district board " the words " or a municipal board or committee " shall be inserted ;

(2) after sub-clause (ii) of the same clause the following sub-clause shall be inserted, namely :—

“ (iia) subject to any general or special directions of the Central Board, fully paid shares and debentures of companies with limited liability whether registered in India or elsewhere ” ;

(3) for sub-clause (ii) of the same clause the following sub-clause shall be substituted, namely :—

“ (iv) goods which, or the documents of title to which, are deposited with, or pledged, hypothecated, assigned or transferred to, the Bank as security for such advances, loans or credits ” ;

(4) in sub-clause (vi) of the same clause, the words “ fully paid shares and debentures of companies with limited liability, or ” shall be omitted ;

(5) in clause (b), for the words “ assigned to ” the words “ or pledged, hypothecated, assigned or transferred to ” shall be substituted ;

(6) in clause (d), the words beginning with the words “ payable in India, or in Ceylon ” and ending with the words “ may approve in that behalf ” shall be omitted ;

(7) in clause (f), the words “ made payable in India, or in Ceylon ” shall be omitted ;

(8) in clause (j) after the word “ claims ” the following shall be added, namely :—

“ and the acquisition and holding of, and generally the dealing with, any right, title or interest in any property, moveable or immovable, which may be the Bank's security for any loan or advance or may be connected with any such security ” ;

(9) in clause (l), for the words “ the acting as administrator, executor or trustee for the purpose of winding up estates ” the words “ the administration of estates for any purpose whether as an executor, trustee or otherwise ” shall be substituted ;

(10) in sub-clause (iii) of the same clause, the words “ at the risk of the principal ” shall be omitted ;

(11) in clause (m), the words beginning with the words “ for the use of ” and ending with the words “ personal needs ” shall be omitted ;

(12) in clause (n), the words “ for the purpose of meeting such bills or letters of credit ” shall be omitted ;

(13) in clause (o), the words “ in India ” shall be omitted ;



(14) for clause (p) the following clause shall be substituted, namely.—

“(p) the subsidizing from time to time of the pension funds of the Presidency Banks”;

(15) in clause (g), after the words “kinds of business” the words “including foreign exchange business” shall be inserted.

(2) In clause (4) of Part II of the same Schedule, after the words “negotiable security” the following words and brackets shall be inserted, namely:—

“(not being a security in which a trustee may invest trust money under section 20 of the Indian Trusts Act, 1882).”

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12. In regulation 10 in Schedule II to the Amendment of regulation 10, Schedule II, Act XLVII of 1920. said Act (which Schedule is hereinafter referred to as the said Schedule),—

(a) the words “not being fully paid shares” shall be omitted, and

(b) after the words “does not approve” the following shall be inserted, namely:—

“or to any person who is a minor or has been found by a Court of competent jurisdiction to be of unsound mind or to or in the name of any firm.”

13. In regulation 11 in the said Schedule,—  
Amendment of regulation 11, Schedule II, Act XLVII of 1920.

(a) after the word “share”, where it first occurs, the words “or the holder of a succession certificate issued under Part X of the Indian Succession Act, 1925, XXXIX 1925. in respect of the share” shall be inserted; and

(b) after the words “deceased survivor” the words “or any person who is the holder of a succession certificate in respect of such survivor’s interest in the share” shall be inserted.

14. In regulation 23 in the said Schedule, in Amendment of regulation 23, Schedule II, Act XLVII of 1920. sub-regulation (2), for the words “a Managing Governor” the words “the Managing Governor or Deputy Managing Governor” shall be substituted.

15. For regulation 24 in the said Schedule the Substitution of new regulation for regulation 24, Schedule II, Act XLVII of 1920. following regulation shall be substituted, namely:—

“(1) The Central Board shall convene a special meeting on the requisition of any three Governors or of not less than one hundred shareholders holding shares of the aggregate amount of not less than five hundred thousand rupees, upon which all calls or other sums due have been paid, if such requisition is signed by the requisitionists and addressed to the Managing Governor or Deputy Managing Governor and contains a statement of the object of the proposed meeting.

Special meetings.

- (2) *The requisition may consist of several documents in like form, each signed by one or more of the requisitionists.*
- (3) *Sixty days' previous notice of any such meeting shall be given by the Central Board under the hand of not less than three Governors, and such notice shall state the purpose for which the meeting is convened and the time and place of such meeting, and shall be advertised in the Gazette of India and in not less than three daily newspapers, of which one shall be a newspaper published in the vernacular."*

16. In regulation 36 in the said Schedule, after the Amendment of regulation 36, Schedule II, Act XLVII of 1920. words "power or authority," the following words shall be inserted, namely:—

*" or, in the case of a power of attorney previously deposited and registered with any local head office, a certificate of the secretary of such local head office as to such deposit and registration"*

17. In regulation 38 in the said Schedule, for the words "Managing Governors" the words "the Managing Governor or Deputy Managing Governor" shall be substituted.

18. In regulation 39 of the said Schedule,—  
Amendment of regulation 39, Schedule II, Act XLVII of 1920.

- (a) in the proviso to sub-regulation (1), the words "or is nominated or appointed by the Governor General in Council" shall be omitted;
- (b) in sub-regulation (2), the words beginning with the words "Provided that" and ending with the word and figures "section 28;" shall be omitted; and
- (c) in sub-regulation (3), the words "or of the Central Board and a Local Board" shall be omitted.

19. In regulation 40 in the said Schedule, the words and brackets " (other than a Governor nominated or appointed by the Governor General in Council) " shall be omitted.

20. In regulation 42 in the said Schedule, for the words "a Managing Governor," wherever they occur, the words "the Managing Governor or Deputy Managing Governor" shall be substituted; and in sub-regulation (1) for the words "at every local head office established by this Act" the words "at each of the local head offices established at Calcutta, Bombay and Madras" shall be substituted.

21. For sub-regulation (1) of regulation 44 in the said Schedule the following shall be substituted, namely:—  
Amendment of regulation 44, Schedule II, Act XLVII of 1920.

- " (1) At the first meeting of the Local Board which takes place after the first meeting of the Central Board in each year, the Local Board shall elect from among*

its members a president and a vice-president who shall continue in their respective offices until the first meeting of the Local Board after the first meeting of the Central Board in the following year, and, whenever the office of president or vice-president becomes vacant, the Local Board shall at its next meeting elect a successor who shall hold office for the unexpired portion of the period for which his predecessor was appointed :

Provided that no person shall be elected to be president or vice-president more than twice in succession."

22. In regulation 49 in the said Schedule,—

Amendment of regulation 49, Schedule II, Act XLVII of 1920.

(a) in sub-regulation (1), for the words " a Managing Governor " the words " the Managing Governor or Deputy Managing Governor " shall be substituted ;

(b) in sub-regulation (5), after the word " secretary " the words " or deputy secretary " shall be inserted.

23. In clause (b) of regulation 50 in the said Schedule, after the word

Amendment of regulation 50, Schedule II, Act XLVII of 1920. " servants " the following shall be inserted, namely :—

" and to grant gratuities or other financial assistance, either temporary or permanent, to widows, children or other dependants of deceased officers or servants."

24. In regulation 51 in the said Schedule, for the word " Governors " the words " Governor and Deputy Managing Governor ", and for the word " officers " the word " employees," shall be substituted.

Amendment of regulation 51, Schedule II, Act XLVII of 1920.

25. In regulation 54 in the said Schedule, for sub-regulation (3) the following shall be substituted, namely :—

Amendment of regulation 54, Schedule II, Act XLVII of 1920.

" (3) The statement of the balance shall contain the particulars and shall be in the form required by section 132 of the Indian Companies Act, 1913, and the provisions of that section and of section 136 of the same Act shall apply to the Bank in like manner as they apply to a banking company." VII of 1913.

26. In sub-regulation (2) of regulation 58 in the said Schedule, for the words in the proviso " a special meeting shall be called for the purpose of supplying the same " the words " the vacancy may be filled by the Central Board " shall be substituted.

Amendment of regulation 58, Schedule II, Act XLVII of 1920.

27. After regulation 60 in the said Schedule the following regulation shall be inserted, namely :—

Insertion of new regulation 60A in Schedule II, Act XLVII of 1920.

" 60A. Notwithstanding anything contained in this Act or in section 271 of the Indian Companies Act, 1913, if the shareholders of the Bank pass a special resolution that the Bank be wound up voluntarily under VII of 1913.

the provisions of the Indian Companies Act, 1913, VII of 1913, the Bank shall be wound up in accordance with the provisions of that Act with regard to the voluntary winding up of a company:

Provided that for the purposes of this section, no such special resolution shall be deemed to have been passed unless at least one-third of the shareholders holding at least one-half of the paid-up capital of the Bank for the time being be present in person or by proxy and a majority of by open voting in favour of the said resolution and such resolution is thereafter confirmed by a majority of the shareholders at a subsequent special meeting held at an interval of not less than two months or more than three months from the date of the meeting at which the resolution was first passed."

28. For regulation 62 in the said Schedule the following regulation shall be substituted, namely:—

Substitution of new regulation for regulation 62, Schedule II, Act XLV of 1920.

“ 62. A shareholder who has no registered address in British India and has not supplied to the Bank an address for the giving of notices to him shall not be entitled to any notice, notwithstanding anything contained in this Act.”

29. Notwithstanding any amendment made in the said Act by this Act in regard to the manner in which the Central Board shall be constituted, the Central Board existing at the commencement of this Act shall, until it has been re-established in accordance with the said Act as amended by this Act, continue to transact business and shall have all the powers of the Central Board under the said Act as so amended.

GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT

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Report of the Joint Committee on the  
Bill further to amend the Imperial Bank  
of India Act, 1920, for certain purposes  
with the Bill as amended.