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No. 7

CUTTACK, FRIDAY, DECEMBER 15, 1944

SEPARATE PAGING IS GIVEN TO THIS PART, IN ORDER THAT IT MAY BE FILED AS A SEPARATE COMPILATION

PART VI

Bills introduced into the Council of the Governor General of India and Bills published before introduction in that Council

GOVERNMENT OF INDIA LEGISLATIVE ASSEMBLY DEPARTMENT

New Delhi, 7th November 1944

The following Report of the Select Committee on the Bill to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government, was presented to the Legislative Assembly on the 7th November, 1944 :—

We, the undersigned, members of the Select Committee to which the Bill to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government was

referred, have considered the Bill and the papers noted in the margin, and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

Clause 3—We have inserted the words “made after the commencement of this Act” in order expressly to exclude from the operation of the clause transfers made prior to the change in the law, and we have clarified the language of sub-clause (2) to show that the orders referred to are those made in accordance with the subsequent provisions of the Bill.

Clause 8—The wording of sub-clause (b) which speaks of a Government security being “held by two or more persons severally” and refers to the vesting of that security in a survivor has attracted considerable criticism. We have restored the wording employed in clause (b) of subsection (1) of section 4 of the Act of 1920 which speaks of a security “payable to two or more persons severally” and provides merely for that security “becoming payable” to the survivor.

The proviso, which is intended to govern the whole clause, has been clarified by the substitution of the words “in this section” for the word “herein”, and has now been printed separately as an addendum to the clause as a whole instead of being included in sub-clause (b).

Clause 9—We have considered the criticisms directed against this clause, but we think that it would be against the interests of the small investor if the clause were altered. We have however rectified a printing error by which the opening words of this clause were wrongly appended to the explanation to clause 8.

Clause 14—We have not considered it necessary to introduce a reference to an affirmation in sub-clause (3) since the word “oath” as defined in the General Clauses Act includes an affirmation.

Clause 24—We have extended the period of limitation from six to twelve years.

Clause 28—The reference to section 2 contained in clause (b) of sub-clause (2) has been corrected.

In clauses 4, 7 and 9 minor printing errors have been corrected.

2. The Bill was published as follows :—

Gazette	Date
Gazette of India	31st July 1943
Fort St. George Gazette	2nd November 1943
Bombay Government Gazette	11th November 1943
Calcutta Gazette	21st October 1943
United Provinces Government Gazette	6th November 1943
Punjab Government Gazette	12th and 19th November 1943
Central Provinces and Berar Gazette	5th November 1943
Assam Gazette	10th November 1943
Bihar Gazette	10th November 1943

Gazette	Date
Orissa Gazette	29th October 1943
Coorg Gazette	8th November 1943
Sind Government Gazette	4th November 1943
North-West Frontier Province Government Gazette.	19th November 1943

In the Indian Languages

Province	Language	Date
United Provinces	Urdu	6th November 1943
	Hindi	6th November 1943

3. We think that the Bill has not been so altered as to require republication, and we recommend that it be passed as now amended.

ASOKA K. ROY
A. J. RAISMAN
*T. T. KRISHNAMACHARI
G. K. MD. SHAHBAN
MD. NAUMAN
T. CHAPMAN-MORTIMER
SH. H. RAHMAN
R. D. DALAL
D. P. SETHNA
MOHD. AZHAR ALI

MINUTE OF DISSENT

My assent to the above report is subject to my dissent in regard to the provisions of section 7. The Act of 1920 contains a section, No. 12, which confers a special right on Hindu undivided families governed by the Mitakshara Law, by which the managing or the sole surviving member of such a family can get his title to Government securities standing in the name of a deceased sole holder who was a member of the family, recognised by a simple process of obtaining a certificate—after due enquiry—from the District Magistrate of the district in which the family ordinarily resided, that he was the managing or sole surviving member of the family of which the deceased sole holder was a member. This obviates the parties having to resort to costly judicial process. No reasons have been adduced for the withdrawal of this substantial concession. No cases have been cited where this concession has been abused. Apparently, the only reason for eliminating the provisions of section 12 of the Act of 1920, was to ensure uniformity of procedure for all the people of this country; and the fact that such action cuts at the roots of the rights of a large part of the Hindu community was deliberately ignored. As the sole non-official Hindu member of the committee I cannot be a party to the wiping out of a substantial concession enjoyed by a large part of the Hindu community in this respect.

T. T. KRISHNAMACHARI

L. A. BILL No. 22 OF 1943

(AS AMENDED BY THE SELECT COMMITTEE)
(Words underlined or sidlined indicate the amendments suggested by the Committee; asterisks indicate omissions)
A Bill to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government

WHEREAS it is expedient to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government;

It is hereby enacted as follows :—

1. Short title, extent and commencement—(1) This Act may be called the Public Debt (Central Government) Act, 1944.

*Subject to a Minute of Dissent

(2) It extends to the whole of British India.

(3) It shall come into force on such date as the Central Government may, by notification in the official Gazette, appoint in this behalf.

2. Definitions—In this Act, unless there is anything repugnant in the subject or context,—

(1) "the Bank" means the Reserve Bank of India;

(2) "Government Security" means—

(a) a security, created and issued, whether before or after the commencement of this Act, by the Central Government for the purpose of raising a public loan, and having one of the following forms, namely:—

(i) stock transferable by registration in the books of the Bank; or

(ii) a promissory note payable to order; or

(iii) a bearer bond payable to bearer; or

(iv) a form prescribed in this behalf;

(b) any other security created and issued by the Central Government in such form and for such of the purposes of this Act as may be prescribed;

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

(4) "promissory note" includes a treasury bill.

3. Transfer of Government securities—(1) Subject to the provisions of section 5, a transfer of a Government security shall be made only in the manner prescribed for the making of transfers of securities of the class to which it belongs, and no transfer of a Government security made after the commencement of this Act shall be valid if—

(a) it does not purport to convey the full title to the security, or

(b) it is of such a nature as to affect the manner in which the security was expressed by the Central Government to be held.

(2) Nothing in this section shall affect any order made by the Bank under this Act, or any order made by a Court upon the Bank.

4. Transfer of Government securities not liable for amount thereof—Notwithstanding anything contained in the Negotiable Instruments Act, 1881 (XXVI of 1881), a person shall not, by reason only of his having transferred a Government security, be liable to pay any money due either as principal or as interest thereon.

5. Holding of Government securities by holders of public offices—(1) In the case of any public office to which the Central Government may, by notification in the official Gazette, declare this sub-section to apply, a Government security in the form of stock or of a promissory note may be held in the name of the office.

(2) When a Government security is so held, it shall be deemed to be transferred without any or further endorsement or transfer deed from a holder of the office to the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(3) When the holder of the office transfers to a party not being his successor in office a Government security so held, the transfer shall be made by the signature of the holder of the office and the name of the office in the manner and subject to the conditions laid down in section 3.

(4) This section applies as well to an office of which there are two or more joint holders as to an office of which there is a single holder.

6. Notice of trust not receivable—(1) No notice of any trust in respect of any Government security shall be receivable by the Central Government, nor shall the Central Government be bound by any such notice even though expressly given, nor shall the Central Government be regarded as a trustee in respect of any Government security.

(2) Without prejudice to the provisions of sub-section (1), the Bank may, as an act of grace and without any liability to the Bank or to the Central Government, record in its books such directions by the holder of stock for the payment of interest on, or of the maturity value of or the transfer of, or such other matters relating to, the stock as the Bank thinks fit.

7. Persons whose title to a Government security of a deceased sole holder may be recognised by the Bank—Subject to the provisions of section 9 the executors or administrators of a deceased sole holder of a Government security and the holder of a succession certificate issued under Part X of the Indian Succession Act, 1925 (XXXIX of 1925), shall be the only persons who may be recognised by the Bank as having any title to the Government security.

8. Right of survivors of joint holders or several payees

Notwithstanding anything contained in section 45 of the Indian Contract Act, 1872 (IX of 1872),—

(a) When a Government security is held by two or more persons jointly and either or any of them dies, the title to the security shall vest in the survivor or survivors of those persons, and

(b) when a Government security is payable to two or more persons severally and either or any of them dies, the security shall be payable to the survivor or survivors of those persons or to the representative of the deceased or to any of them.

Provided that nothing contained in this section shall affect any claim in which any representative of a deceased person may have against the survivors or survivors under or in respect of any security to which this section applies.

Explanation—For the purposes of this section a body incorporated under the Indian Companies Act, 1913 (VII of 1913), or the Co-operative Societies Act, 1912 (II of 1912), or any other enactment for the time being in force whether within or without British India, relating to the incorporation of associations of individuals, shall be deemed to die when it is dissolved.

9. Summary procedure on death of holder of Government securities not exceeding five thousand rupees face value

Notwithstanding anything contained in section 7, if within six months of the death of a person who was the holder of a Government security or securities the face value of which does not in the aggregate exceed five thousand rupees, probate of his will or letters of administration of his estate or a succession certificate issued under Part X of the Indian Succession Act, 1925 (XXXIX of 1925), is not produced to the Bank, the Bank may determine who is the person entitled to the security or securities, or to administer the estate of the deceased and may make an order vesting the security or securities in the person so determined.

10. Government securities not exceeding five thousand rupees face value belonging to minor or insane person—When a Government security or securities belong to a minor or a person who is insane and incapable of managing his affairs and the face value of the security or securities does not in the aggregate exceed five thousand rupees, the Bank may make such order as it thinks fit for the vesting of such security or securities in such person as it considers represents the minor or insane person.

11. Issue of duplicate securities and of new securities on conversion, consolidation, subdivision or renewal—(1) If the person entitled to a Government security, applies to the Bank alleging that the security has been lost, stolen or destroyed, or has been defaced or mutilated, the Bank may, on proof to its satisfaction of the loss, theft, destruction, defacement or mutilation of the security, subject to such conditions and on payment of such fees as may be prescribed, order the issue of a duplicate security payable to the applicant.

(2) If the person entitled to a Government security applies to the Bank to have the security converted into a security of another form, or into a security issued in connection with another loan or to have it consolidated with other like securities, or to have it subdivided, or to have it renewed, the Bank may, subject to such conditions and on payment of such fees as may be prescribed, cancel the security and order the issue of a new security or securities.

(3) The person to whom a duplicate security or a new security is issued under this section shall be deemed for the purposes of section 19 to have been recognised by the Bank as the holder of the security; and a duplicate security or new security so issued to any person shall be deemed to constitute a new contract between the Central Government and such person and all persons deriving title thereafter through him.

12. Summary determination by the Bank of title to Government security in case of dispute—(1) If the Bank is of opinion that a doubt exists as to the title to a Government security, it may proceed to determine the person who shall for the purposes of the Bank be deemed to be the person entitled thereto.

(2) The Bank shall give notice in writing to each claimant of whom it has knowledge, stating the names of all other claimants and the time when and the officer of the Bank by whom the determination of the Bank will be made.

(3) The Bank shall give notice in writing to each claimant of the result of the determination so made.

(4) On the expiry of six months from the issue of the notices referred to in sub-section (3), the Bank may make

an order vesting in the person, found by the Bank to be entitled to the security, the security and any unpaid interest thereon.

13. Law applicable in regard to Government securities—Notwithstanding that as a matter of convenience the Central Government may have arranged for payments on a Government security to be made elsewhere than in British India, the rights of all persons in relation to Government securities shall be determined in connection with all such questions as are dealt with by this Act by the law and in the Courts of British India.

14. Recording of evidence—(1) For the purpose of making any order which it is empowered to make under this Act, the Bank may request a District Magistrate or in an Indian State the Political Agent to record or to have recorded the whole or any part of such evidence as any person whose evidence the Bank requires may produce. A District Magistrate so requested may himself record, or may direct any Magistrate of the first class subordinate to him or any Magistrate of the second class subordinate to him and empowered in this behalf by general or special order of the Provincial Government to record the evidence, and shall forward a copy thereof to the Bank.

(2) For the purpose of making a vesting order under this Act, the Bank may direct one of its officers to record the evidence of any person whose evidence the Bank requires or may receive evidence upon affidavit.

(3) A Magistrate or an officer of the Bank acting in pursuance of this section may administer an oath to any witness examined by him.

15. Postponement of payments and registration of transfers pending the making of a vesting order—Where the Bank contemplates making an order under this Act to vest a Government security in any person, the Bank may suspend payment of interest on or the maturity value of the security or postpone the making of any order under section 11 or the registration of any transfer of the security until the vesting order has been made.

16. Power of Bank to require bonds—(1) Before making any order which it is empowered to make under this Act, the Bank may require the person in whose favour the order is to be made to execute a bond with one or more sureties in such form as may be prescribed or to furnish security not exceeding twice the value of the subject-matter of the order, to be held at the disposal of the Bank, to pay to the Bank or any person to whom the Bank may assign the bond or security in furtherance of sub-section (2) the amount thereof.

(2) A Court before which a claim in respect of the subject-matter of any such order is established may order the bond or security to be assigned to the successful claimant who shall thereupon be entitled to enforce the bond or realise the security to the extent of such claim.

17. Publication of notices in official Gazette—Any notice required to be given by the Bank under this Act may be served by post, but every such notice shall also be published by the Bank in the official Gazette, and on such publication shall be deemed to have been delivered to all persons for whom it is intended.

18. Scope of vesting order—An order made by the Bank under this Act may confer the full title to a Government security or may confer a title only to the accrued and accruing interest on the security pending a further order vesting the full title.

19. Legal effect of orders made by the Bank—No recognition by the Bank of a person as the holder of a Government security, and no order made by the Bank under this Act shall be called in question by any Court so far as such recognition or order affects the relations of the Central Government or the Bank with the person recognised by the Bank as the holder of a Government security or with any person claiming an interest in such security; and any such recognition by the Bank of any person or any order by the Bank vesting a Government security in any person shall operate to confer on that person a title to the security subject only to a personal liability to the rightful owner of the security for money had and received on his account.

20. Stay of proceedings on order of Court—Where the Bank contemplates making with reference to any Government security any order which it is empowered to make under this Act, and before the order is made the Bank receives from a Court in British India an order to stay the making of such order, the Bank shall either—

(a) hold the security together with any interest unpaid or accruing thereon until the further orders of the Court are received, or

(b) apply to the Court to have the security transferred to the Official Trustees appointed for the Province in which such Court is situated, pending the disposal of the proceedings before the Court.

21. Cancellation by the Bank of vesting proceedings—Where the Bank contemplates making an order under this Act vesting a Government security in any person the Bank may, at any time before the order is made, cancel any proceedings already taken for that purpose and may, on such cancellation, proceed anew to the making of such order.

22. Discharge in respect of interest on Government securities—Save as otherwise expressly provided in the terms of a Government security, no person shall be entitled to claim interest on such security in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of the amount due on such security.

23. Discharge in respect of bearer bonds—The Central Government shall be discharged from all liability on a bearer bond or on any interest coupon of such a bond on payment to the holder of such bond or coupon on presentation on or after the date when it becomes due of the amount expressed therein, unless before such payment an order of a Court in British India has been served on the Central Government restraining it from making payment.

24. Period of limitation of Central Government's liability in respect of Government securities—Where no shorter period of limitation is fixed by any law for the time being in force, the liability of the Central Government in respect of a Government security and of any interest payment due on it shall terminate on the expiry of twelve years from the date, on which the amount due on the security or due by way of interest on the security, as the case may be became payable.

25. Inspection of documents—No person shall be entitled to inspect, or to receive information derived from any Government security in the possession or custody of the Central Government or from any book, register, or other document kept or maintained by or on behalf of the Central Government in relation to Government securities or any Government security, save in such circumstances and manner and subject to such conditions as may be prescribed.

26. The Bank and its officers to be deemed public officers—For the purposes of section 124 of the Indian Evidence Act, 1872 (I of 1872), the provisions of Part IV of the Code of Civil Procedure, 1908 (V of 1908), relating to suits by or against public officers in their official capacity, and the provisions of rule 27 of Order V, and rule 52 of Order XXI of the said Code, the Bank and any officer of the Bank acting in his capacity as such shall be deemed to be a public officer.

27. Penalty—(1) If any person, for the purpose of obtaining for himself or for any other person any title to a Government security, makes to any authority under this Act in any application made under this Act or in the course of any inquiry undertaken in pursuance of this Act any statement which is false and which he either knows to be false or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months, or with fine or with both.

(2) No court shall take cognisance of any offence under sub-section (1) except on the complaint of the Bank.

28. Power to make rules—(1) The Central Government may, subject to the condition of previous publication, by notification in the official Gazette, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such rules may provide for all or any of the following matters, namely:—

(a) the forms in which Government securities may be issued;

(b) the form of the obligations referred to in clause (iv) of sub-clause (a) of clause (2) of section 2;

(c) the conditions subject to which Government securities may be issued to the rulers of Indian States;

(d) the manner in which different forms of Government securities may be transferred;

(e) the holding of Government securities in the form of stock by the holders of offices other than public offices, and the manner in which and the conditions subject to which Government securities so held may be transferred;

(f) the manner in which payment of interest in respect of Government securities is to be made and acknowledged;

(g) the conditions governing the grant of duplicate, renewed, converted, consolidated and subdivided Government securities ;

(h) the fees to be paid in respect of the issue of duplicate Government securities and of the renewal, conversion, consolidation and subdivision of Government securities ;

(i) the form in which receipt of a Government security delivered for discharge, renewal, conversion, consolidation or sub-division is to be acknowledged ;

(j) the manner of attestation of documents relating to Government securities in the form of stock ;

(k) the manner in which any document relating to a Government security or any endorsement on a promissory note issued by the Central Government may, on the demand of a person who from any cause is unable to write, be executed on his behalf ;

(l) the form of the bonds referred to in sub-section (1) of section 16 ;

(m) the circumstance and the manner in which and the conditions subject to which inspection of Government securities, books, registers and other documents may be allowed or information therefrom may be given under section 25 ;

(n) the procedure to be followed in making vesting orders.

29. Act X of 1920 not to apply to Government securities—The Indian Securities Act, 1920 (X of 1920), shall cease to apply to Government securities to which this Act applies, and to all matters for which provision is made by this Act.

MD. RAFI

Secy. to the Govt. of India

The 11th December 1944

No. 4611-Com.—The following Bill with Statement of Objects and Reasons as introduced in the Central Legislative Assembly is republished for general information. Any person or public body desiring to submit an opinion on the Bill should do so before the 25th of January 1945 through the Provincial Government only and that any opinion thereon which is submitted direct to the Central Legislative Assembly Department or to any other Department of the Government of India will not be accepted.

By order of the Governor

J. E. MAHER

Secretary to Government

A BILL

to consolidate and amend the law relating to banking companies

WHEREAS it is expedient to consolidate and amend the law relating to banking companies ;

It is hereby enacted as follows :—

PART I PRELIMINARY

1. Short title, extent and commencement—(1) This Act may be called the Banking Companies Act, 1945.

(2) It extends to the whole of British India.

(3) It shall come into force on such date as the Central Government may, by notification in the official Gazette, appoint in this behalf.

2. Application of other laws not barred—The provisions of this Act shall be in addition to, and not, save as hereinafter expressly provided, in derogation of, the Indian Companies Act, 1913 (VII of 1913), and any other law for the time being in force.

3. Act not to apply to Co-operative banks—Nothing in this Act shall apply to a co-operative bank registered under the Co-operative Societies Act, 1912 (II of 1912), or any other law for the time being in force in British India relating to Co-operative Societies.

4. Power to suspend operation of Act—(1) The Central Government, if on a representation made by the Reserve Bank in this behalf it is satisfied that it is expedient so to do, may by notification in the official Gazette suspend for such period, not exceeding sixty days, as may be specified in the notification, the operation of all or any of the provisions of this Act, either generally or in relation to any specified banking company.

(2) In a case of special emergency, the Governor of the Reserve Bank, or in his absence a Deputy Governor of the Reserve Bank nominated by him in this behalf, may in like manner exercise the powers of the Central Government under sub-section (1), and where he does so, he shall report the matter to the Central Government forthwith.

(3) The Central Government may, by notification in the official Gazette, extend from time to time the period of any

suspension ordered under sub-section (1) or sub-section (2) for such period, not exceeding sixty days at any one time, as it thinks fit.

5. Definitions—In this Act, unless there is anything repugnant in the subject or context,—

(a) "approved securities" means securities in which a trustee may invest money under clause (a), clause (b), clause (bb), clause (c) or clause (d) of section 20 of the Indian Trusts Act, 1882 (II of 1882) ;

(b) "banking" means the accepting of deposits repayable on demand ;

(c) "banking company" means any company which may be wound up under the Indian Companies Act, 1913 (VII of 1913) and which transacts the business of banking in British India ;

(d) "Court" means the Court having jurisdiction under the Indian Companies Act, 1913 (VII of 1913) ;

(e) "demand liabilities" means liabilities which must be met on demand, and "time liabilities" means liabilities which are not demand liabilities ;

(f) "managing agent" means a person, firm or company entitled to the management of the whole affairs of a company by virtue of an agreement with the company, and under the control and direction of the directors except to the extent, if any, otherwise provided for in the agreement, and includes any person, firm or company occupying such position by whatever name called ;

*Explanation—*If a person occupying the position of managing agent calls himself manager or managing director, he shall nevertheless be regarded as managing agent for the purposes of this Act

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

(h) "registrar" has the same meaning as in clause (15) of sub-section (1) of section 2 of the Indian Companies Act, 1913 (VII of 1913) ;

(i) "Reserve Bank" means the Reserve Bank of India ;

(j) "scheduled bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934 (II of 1934).

PART II

BUSINESS OF BANKING COMPANIES

6. Forms of business in which banking companies may engage—(1) In addition to the business of banking, a banking company may engage in any one or more of the following forms of business, namely :—

(a) the borrowing, raising or taking up of money ; the lending or advancing of money either upon or without security ; the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundees, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments, and securities whether transferable or negotiable or not ; the granting and issuing of letters of credit, travellers cheques and circular notes ; the buying, selling and dealing in bullion and specie ; the buying and selling of foreign exchange including foreign bank notes ; the acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds ; the purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others, the negotiating of loans and advances ; the receiving of all kinds of bonds, scrips or valuables on deposit, or for safe custody or otherwise ; the collecting and transmitting of money and securities ;

(b) acting as agents for Governments or local authorities or for any other person or persons ; the carrying on of agency business of any description other than the business of a managing agent of a company including the power to act as attorneys and to give discharges and receipts ;

(c) contracting for public and private loans and negotiating and issuing the same ;

(d) the promoting, effecting, insuring, guaranteeing, underwriting participating in managing and carrying out of any issue, public or private, of State, Municipal or other loans or of shares, stock, debentures, or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue ;

(e) carrying on and transacting every kind of guarantee and indemnity business ;

(f) promoting or financing or assisting in promoting or financing any business undertaking or industry, either existing or new, and developing or forming the same either through the instrumentality of syndicates or otherwise ;

(g) acquisition by purchase, lease, exchange, hire or otherwise of any property immovable or movable and any

rights or privileges which the company may think necessary or convenient to acquire or the acquisition of which in the opinion of the company is likely to facilitate the realisation of any securities held by the company or to prevent or diminish any apprehended loss or liability;

(h) managing, selling and realising all property movable and immovable which may come into the possession of the company in satisfaction or part satisfaction of any of its claims;

(i) acquiring and holding and generally dealing with any property and any right, title or interest in any property movable or immovable which may form part of the security for any loans or advances or which may be connected with any such security;

(j) undertaking and executing trusts;

(k) undertaking the administration of estates as executor, trustee or otherwise;

(l) taking or otherwise acquiring and holding shares in any other company having objects similar to those of the company;

(m) establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such persons; granting pensions and allowances and making payments towards insurance; subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object;

(n) the acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company;

(o) selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company;

(p) acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in this section;

(q) doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company;

(r) any other form of business which the Central Government may by notification in the official Gazette specify as a form of business in which it is lawful for a banking company to engage.

(2) No banking company whether incorporated in or outside British India shall engage in any form of business other than those referred to in sub-section (1).

7. Use of words "bank", "banker", "banking"—

(1) After the expiry of two years from the commencement of this Act, no company shall carry on the business of banking in British India unless it uses as part of its name at least one of the words "bank", "banker" or "banking".

(2) Every company which uses as part of the name under which it carries on business any of the words "bank", "banker" or "banking" shall be deemed to be a banking company and shall be subject to the provisions of this Act as such.

8. Prohibition of trading—Notwithstanding anything contained in section 6 or in any contract, no banking company shall directly or indirectly deal in the buying or selling or bartering of goods, or engage in any trade, or buy or sell or barter goods or articles of merchandise for others:

Provided that this section shall not apply to any such business as aforesaid which was in the course of being transacted on the 1st day of January 1945, so however that the said business shall be completed before the expiry of one year from the commencement of this Act.

Explanation.—The expression "goods" in this section does not include stocks and shares.

9. Disposal of non-banking assets—Where any banking company acquires or has acquired any assets in satisfaction of its claims in the course of its banking business, being assets in respect of which it is not lawful under section 6 or section 8 for the company to transact business, it shall dispose of such assets within a period of seven years from the date of its acquisition of such assets or from the commencement of this Act, whichever is later:

Provided that the Reserve Bank may in any particular case extend the said period by such period not exceeding three years as it thinks fit where it is satisfied that such extension would be in the interest of the depositors of the banking company.

10. Prohibition of employment of managing agents and restrictions on certain forms of employment—No banking company, whether incorporated in or outside British India, which carries on business in British India, shall after the 30th day of June 1946 employ, or be managed by, a managing agent, or any person whose remuneration or part of whose remuneration takes the form of commission or of a share in the profits of the company, or whose remuneration is on a scale disproportionate according to the resources of the company, or any person having a contract with the company for its management for a period exceeding five years at any one time:

Provided that the said period of five years shall, in relation to contracts subsisting on the 1st day of July 1944 be computed from that date:

Provided further that any contract with the company for its management may be renewed or extended for a further period not exceeding five years at a time if and so often as the directors think fit.

11. Restrictions on commencement of business and conditions for carrying on business—(1) Notwithstanding anything contained in section 103 of the Indian Companies Act, 1913 (VII of 1913), no banking company in existence on the 1st day of January 1945 shall after the expiry of two years from the commencement of this Act carry on business in British India, and no other banking company shall after the commencement of this Act commence or carry on business in British India, unless it has a paid-up capital and reserve—

(i) of not less than twenty lakhs of rupees, if it has a place of business in India outside the province in which it has its principal place of business or if it has its principal place of business elsewhere in India than in British India, or

(ii) in a case to which clause (i) does not apply, of not less than—

(a) five lakhs of rupees in respect of a place of business at Bombay or Calcutta, plus

(b) two lakhs of rupees in respect of each town (other than Bombay and Calcutta) having a population of over 100,000 in which it has a place of business, plus

(c) ten thousand rupees in respect of each place of business elsewhere:

Provided that in the case of a banking company to which only sub-clause (c) of clause (ii) is applicable the minimum amount of paid-up capital and reserve for the purposes of this sub-section shall be one lakh of rupees:

Provided further that no banking company shall be required to have paid-up capital and reserve exceeding twenty lakhs of rupees.

(2) A banking company incorporated elsewhere than in British India or the United Kingdom shall be deemed to have complied with the provisions of sub-section (1) only if it keeps deposited with the Reserve Bank an amount not less than the minimum amount of paid-up capital and reserve required in its case under that sub-section either in cash or in unencumbered approved securities or partly in cash and partly in such securities.

(3) No banking company, whether incorporated in or outside British India, if incorporated on or after the 15th day of January 1937, shall after the 30th day of June 1946 carry on business in British India unless it satisfies the following conditions, namely:—

(a) that the subscribed capital of the company is not less than half the authorised capital, and the paid-up capital is not less than half the subscribed capital, and

(b) that the capital of the company consists of ordinary shares only, or ordinary shares and such preference shares as may have been issued before the 1st day of July 1944 only, and

(c) that the voting rights of all shareholders are strictly proportionate to the contribution made by the shareholder, whether a preference shareholder or an ordinary shareholder, to the paid-up capital of the company.

12. Prohibition of charge on unpaid capital—No banking company shall create any charge upon any unpaid capital of the company, and any such charge shall be invalid.

13. Reserve fund—Every banking company not being a scheduled bank shall maintain a reserve fund, and shall, out of the declared profits of each year and before any dividend is declared, transfer a sum equivalent to not less than twenty per cent of such profits to the reserve fund until the amount of the said fund is equal to the paid-up capital.

14. Cash reserve—Every banking company not being a scheduled bank shall maintain by way of cash reserve in

cash a sum equivalent to at least one and a half per cent of its time liabilities and five per cent of its demand liabilities and shall file with the Reserve Bank before the tenth day of every month three copies of a statement of the amount so held on the Friday of each week of the preceding month with particulars of its time and demand liabilities on each such Friday.

15. Restriction on nature of subsidiary companies—

(1) A banking company shall not form any subsidiary company except a subsidiary company formed for one or more of the following purposes, namely, the undertaking and executing of trusts, the undertaking of the administration of estates as executor, trustee or otherwise, or such other purposes set out in section 6 as are incidental to the business of banking.

(2) Save as provided in sub-section (1), a banking company shall not hold shares in any company whether as pledges, mortgagee or absolute owner of an amount exceeding forty per cent of the issued and subscribed share capital of that company :

Provided that nothing in this sub-section shall apply to shares held by a banking company before the 15th day of January 1937.

16. Restrictions on loans and advances—Notwithstanding anything to the contrary contained in section 54A of the Indian Companies Act, 1913 (VII of 1913), no banking company shall make any loans or advances on the security of its own shares, or grant unsecured loans or advances to its directors or to firms or companies in which it or any of its directors is interested as partner, director or managing agent.

17. Licensing of banking companies incorporated outside British India or United Kingdom—(1) No company incorporated elsewhere than in British India or the United Kingdom which is not at the commencement of this Act carrying on the business of banking in British India shall commence such business, or open any branch or office for the purpose of such business, in British India without previously obtaining a licence from the Reserve Bank.

(2) Before granting any such licence, the Reserve Bank may require to be satisfied that—

(a) the company is incorporated in a country, the Government or law of which does not discriminate in any way against banking companies registered in British India, and

(b) the company complies with all the provisions of this Act applicable to banking companies incorporated outside British India.

(3) The Reserve Bank may cancel any licence granted under this section on the breach of any condition required to be satisfied before the licence was granted, or if the company ceases to carry on the business of banking in British India or goes into liquidation.

18. Maintenance of a percentage of assets—(1) After the expiry of two years from the commencement of this Act, every banking company shall maintain in cash, gold or unencumbered approved securities valued at a price not exceeding the current market price an amount which shall not at the close of business on any day be less than twenty-five per cent of the total of its time and demand liabilities in British India.

*Explanation—*For the purposes of this section liabilities shall not include the paid-up capital or the reserve or any credit balance in the profit and loss account of the company or the amount of any loan taken from the Reserve Bank.

(2) In computing the amount for the purposes of sub-section (1), the deposit required under sub-section (2) of section 11 to be made with the Reserve Bank by a banking company incorporated elsewhere than in British India or the United Kingdom and the balance required under section 42 of the Reserve Bank of India Act, 1934 (II of 1934), to be maintained with the Reserve Bank by a scheduled bank shall be deemed to be cash maintained.

(3) For the purpose of securing compliance with the provisions of this section, every banking company shall not later than two working days after the last date to which it relates, furnish to the Reserve Bank in the prescribed form and manner a weekly return showing the liabilities of the banking company at the close of each day of the week to which it relates.

19. Assets in British India—(1) At the close of the last working day of each calendar year the assets in British India of every banking company shall not be less than seventy-five per cent of its time and demand liabilities in British India.

(2) Every banking company shall before the 1st day of February in each year submit to the Reserve Bank a

return in the prescribed form and manner of such assets and liabilities as at the close of the last working day of the previous calendar year.

(3) For the purposes of this section assets in British India shall be deemed to include such promissory notes, bills of exchange and securities as the Reserve Bank is under the Reserve Bank of India Act, 1934 (II of 1934), empowered to purchase, discount or make advances against, and export bills drawn in India and expressed in such currencies as the Reserve Bank may from time to time approve in this behalf.

20. Monthly returns and information regarding advances and investments—(1) Every banking company shall before the close of the month succeeding that to which it relates submit to the Reserve Bank a return in the prescribed form and manner showing its assets and liabilities in British India as at the close of business on the last Friday of every month or if that Friday is a public holiday under the Negotiable Instruments Act, 1881 (XVI of 1881), at the close of business on the preceding working day.

(2) The Reserve Bank may call for information every half-year regarding the classification of advances and investments of banking companies in respect of industry, commerce and agriculture.

(3) The Reserve Bank may publish the information so obtained from the returns under this section in such consolidated form as it may think necessary.

21. Return of unclaimed deposits—Every banking company shall, within thirty days after the close of each calendar year, submit a return in the prescribed form and manner to the Reserve Bank as at the end of such calendar year of all accounts in British India which have not been operated upon for ten years, giving particulars of the deposits standing to the credit of each such account :

Provided that in the case of moneys deposited for a fixed period the said term of ten years shall be reckoned from the date of the expiry of such fixed period.

22. Accounts and balance sheet—(1) At the expiration of each calendar year every banking company incorporated in British India, in respect of all business transacted by it, and every banking company incorporated outside British India which carries on business in British India, in respect of all business transacted through its branches in British India, shall prepare with reference to that year a balance sheet and profit and loss account as on the last working day of the year in the Forms set out in the Schedule or as near thereto as circumstances admit.

(2) The balance sheet and profit and loss account shall be signed—

(a) in the case of a banking company incorporated in British India by the manager or the principal officer of the company and where there are more than three directors of the company, by at least three of those directors, or where there are not more than three directors, by all the directors, and

(b) in the case of a banking company incorporated outside British India, by the manager or agent of the principal office of the company in British India.

(3) Notwithstanding that the balance sheet of a banking company is under sub-section (1) required to be prepared in a form other than the form marked F in the Third Schedule to the Indian Companies Act, 1913 (VII of 1913), the provisions of that Act relating to the balance sheet and profit and loss account of a company shall, in so far as they are not inconsistent with this Act, apply to the balance sheet or profit and loss account as the case may be, of a banking company.

23. Audit—(1) The balance sheet and profit and loss account prepared in accordance with section 22 shall be audited—

(a) in the case of a banking company incorporated in British India, by an auditor holding a certificate under section 144 of the Indian Companies Act, 1913 (VII of 1913) entitling him to act as an auditor of companies, and

(b) in the case of a banking company incorporated outside British India, either by such an auditor as aforesaid, or by a person duly qualified to be an auditor under the law of the country in which the company is incorporated.

(2) The auditor shall have the powers of, exercise the functions vested in, and discharge the duties and be subject to the liabilities and penalties imposed on, auditors of companies by section 145 of the Indian Companies Act, 1913 (VII of 1913).

24. Submission of returns—The accounts and balance sheet referred to in section 22 duly audited shall be

printed, and three copies thereof shall be furnished as returns to the Reserve Bank within three months from the end of the period to which they refer :

Provided that the Central Government may in any case extend the said period of three months for the furnishing of such returns by a further period not exceeding three months.

25. Exemption from certain provisions of Act VII of 1913

—Where a banking company in any year furnishes its balance sheet and accounts in accordance with the provisions of section 24, it may at the same time send to the registrar three copies of such balance sheet and accounts, and where such copies are so sent, it shall not be necessary for the company to file copies of the balance sheet and accounts with the registrar as required by sub-section (1) of section 134 of the Indian Companies Act, 1913 (VII of 1913), and such copies so sent shall be chargeable with the same fees and shall be dealt with in all respects as if they were filed in accordance with that section.

26. Display of audited balance sheet by companies incorporated outside British India

—Every banking company incorporated outside British India which carries on business in British India shall, not later than the first Monday in August of any year in which it carries on business in British India, display in a conspicuous place in its principal office and in every branch office in British India a copy of its last audited balance sheet and profit and loss account, and shall keep the copy so displayed until replaced by a copy of the subsequent balance sheet and profit and loss account.

27. Accounting provisions of this Act not retrospective

—Nothing in this Act shall apply to the preparation of accounts by a banking company and the audit and submission thereof in respect of any accounting year which has expired prior to the commencement of this Act, and notwithstanding the other provisions of this Act, such accounts shall be prepared, audited and submitted in accordance with the law in force immediately before the commencement of this Act.

28. Inspection—(1) Without prejudice to the provisions contained in sections 137, 138 and 139 of the Indian Companies Act, 1913 (VII of 1913), the Central Government may, if it has any reason to believe that the interests of the depositors of a banking company are in danger or that a banking company is unable to meet its obligations or has made default in complying with any of the provisions of this Act or that an offence under this Act has been or is likely to be committed by a banking company or any officer of a banking company or that it is otherwise desirable or necessary, direct the Reserve Bank to inspect the banking company, its books and accounts and make a report thereon to the Central Government.

(2) On receipt of a report under sub-section (1), the Central Government, if it is satisfied from the report that the affairs of a banking company are being conducted to the detriment of the interest of its depositors, may—

- by order in writing prohibit the banking company from receiving fresh deposits, or
- if the banking company is a scheduled bank, notwithstanding anything contained in sub-section (6) of section 42 of the Reserve Bank of India Act, 1934 (II of 1934), by notification in the official Gazette, direct the exclusion of the banking company from the Second Schedule to that Act, or
- direct the Reserve Bank to apply for the winding up of the banking company, or
- act in respect of the banking company under more than one of the foregoing clauses.

Provided that the Central Government may cancel or modify any order passed under this sub-section upon such terms and conditions as it may think fit to impose.

(3) The Central Government may, after giving reasonable notice to the banking company, publish the report submitted by the Reserve Bank or such portion of it as may appear necessary to the Central Government.

29. Penalties—(1) If default is made in complying with the requirements of this Part, every director or other officer of the company who is knowingly and wilfully a party to the default shall be liable to a fine not exceeding five hundred rupees for every day during which the default continues.

(2) Without prejudice to the provisions of sub-section (1), if any banking company fails to comply with the provisions of section 18 or section 19, the Reserve Bank shall by notice in writing make a demand to the banking company to comply with the said provisions within thirty

days from the receipt of the notice, and if the banking company fails so to do, the Reserve Bank shall apply to the Court for the winding up of the banking company.

PART III

SUSPENSION OF BUSINESS AND WINDING UP OF BANKING COMPANIES

30. Suspension of business—(1) The Court may on the application of a banking company which is temporarily unable to meet its obligations make an order staying the commencement or continuance of all actions and proceedings against the company for a fixed period of time on such terms and conditions as it shall think fit and proper, and may from time to time extend the period up to a total period not exceeding three months in all.

(2) No such application shall be maintainable unless it is accompanied by a report of the Reserve Bank indicating that in the opinion of the Reserve Bank the banking company will be able to pay its debts if the application is granted :

Provided that the Court may, for sufficient reasons, grant relief under this section even if the application is not accompanied by such report.

31. Winding up by Court—(1) Without prejudice to the provisions contained in section 162 or section 271 of the Indian Companies Act, 1913 (VII of 1913), and without prejudice to its powers under section 30, the Court shall order the winding up of a banking company if it is unable to pay its debts, and the Court shall also order the winding up of a banking company if the Reserve Bank, which is hereby authorised so to do, applies in this behalf to the Court on either of the following grounds, namely :—

(a) that it appears from the results of an inspection made under section 28 that the affairs of the company are being conducted to the detriment of the interest of its depositors, or

(b) that the company has failed to comply with the provisions of section 18 or section 19, and with a notice served upon it under sub-section (2) of section 29.

(2) Without prejudice to the provisions contained in section 163 of the Indian Companies Act, 1913 (VII of 1913), a banking company shall be deemed to be unable to pay its debts if it has refused to meet any lawful demand for payment made at any of its offices or branches within two working days if such demand is made at a place where there is an office, branch or agency of the Reserve Bank, or within four working days if such demand is made elsewhere.

(3) A copy of every application by the Reserve Bank under sub-section (1) shall be sent by the Reserve Bank to the registrar.

32. Reserve Bank to be official liquidator—Notwithstanding anything to the contrary contained in section 175 of the Indian Companies Act, 1913 (VII of 1913), the Reserve Bank shall be appointed as the official liquidator in relation to the winding up by Court of a banking company.

33. Stay of proceedings—Notwithstanding anything to the contrary contained in section 173 of the Indian Companies Act, 1913 (VII of 1913), the Court shall not make any order staying the proceedings in relation to the winding up of a banking company, unless the Court is satisfied that an arrangement has been made whereby the company can pay its depositors in full as their claims accrue.

34. Report of liquidator—Notwithstanding anything to the contrary contained in section 177B of the Indian Companies Act, 1913 (VII of 1913), where a winding up order is made in respect of a banking company, the official liquidator shall submit a preliminary report to the Court within two months from the date of the order giving the information required by that section so far as it is available to him, to enable the Court to order the payment of a preliminary dividend if sufficient assets are available.

35. Power to dispense with meetings of creditors, etc.—Notwithstanding anything to the contrary contained in sections 178A and 183 of the Indian Companies Act, 1913 (VII of 1913), the Court may in the proceedings for winding up a banking company dispense with any meetings of creditors or contributories or with the appointment of a committee of inspection if it considers that no object will be secured thereby sufficient to justify the delay and expense.

36. Booked depositors' credits to be deemed proved—Notwithstanding anything to the contrary contained in section 191 of the Indian Companies Act, 1913 (VII of 1913), the Court shall deem that the amount shown in the

books of a banking company as standing to the credit of depositors are proved without requiring further proof from the depositors concerned unless the official liquidator shows that there is reason for doubting any particular entry.

37. Restriction on voluntary winding up—Notwithstanding anything to the contrary contained in section 213 of the Indian Companies Act, 1913 (VII of 1913); no banking company may be voluntarily wound up unless the Reserve Bank certifies in writing that the company is able to pay in full all its debts to its creditors as they accrue, and without prejudice to the provisions contained in sections 218 and 220 of that Act, the Court shall, on the application of the Reserve Bank, order the winding up of the company by the Court if at any stage during the voluntary winding up proceedings the company is not able to meet such debts as they accrue.

PART IV

MISCELLANEOUS

38. Power of Central Government to make rules—
(1) The Central Government may, after consultation with the Reserve Bank, make rules consistent with this Act to provide for all matters for which provision is necessary or

expedient for the purpose of giving effect to the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for the details to be included in the returns required by this Act and the manner in which such returns shall be submitted and the manner in which such returns shall be published.

(3) All rules made under this section shall be subject to the condition that they shall be published in the official Gazette and shall be subject to the condition of previous publication, and the date to be specified under clause (3) of section 23 of the General Clauses Act, 1897 (X of 1897), shall not be less than six months from the date on which the draft of the proposed rules was published.

39. Amendment of section 17, Act II of 1934—In section 17 of the Reserve Bank of India Act, 1934, the word "and" at the end of clause (15) of section 17 shall be omitted, and after that clause the following clause shall be inserted, namely:—

"(15A) the performance of the functions of the Bank under the Banking Companies Act, 1915";

40. Repeal of Part XA, Act VII of 1913—All the provisions contained in Part XA of the Indian Companies Act, 1913 (VII of 1913), are hereby repealed.

THE SCHEDULE

(See section 22)

FORM A

FORM OF BALANCE SHEET

.....Bank, Ltd.

Balance sheet as at.....December....

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
CAPITAL (a) :		CASH :	
Authorised Capital.....Shares of Rs....each.		In hand and with Reserve Bank (including foreign currency notes).	
Issued Capital.....Shares of Rs....each.		Balances with other Banks (showing whether on deposit or current account)	
Subscribed Capital.....Shares of Rs....each.		(i) In British India	
Amount called up at Rs.....per share.		(ii) Outside British India	
Less call unpaid		MONEY AT CALL AND SHORT NOTICE	
Add forfeited shares		BILLS DISCOUNTED	
RESERVE FUND (b) :		(Other than Treasury Bills of the Central and Provincial Governments)	
Reserve for Contingencies		(i) Payable in British India	
DEPOSITS AND OTHER ACCOUNTS :		(ii) Payable outside British India	
Fixed Deposits		INVESTMENTS (stating mode of valuation, e.g. cost or market value)—	
Savings Bank Deposits		(i) Government of India and Trustee Securities including Treasury Bills of Government of India and Provincial Governments.	
Current Accounts and Contingency (unadjusted) Accounts.		(ii) Shares (showing separately shares fully paid up and partly paid up).	
Due to other Banks, Agents etc.—		(iii) Debentures or Bonds	
(i) In British India		(iv) Immovable Properties	
(ii) Outside British India		(v) Other Investments (to be specified)	
Particulars :		(vi) Gold	
(i) Secured (stating the nature of security).		LOANS, ADVANCES, CASH CREDITS AND OVERDRAFTS.	
(ii) Unsecured		Less provision for bad and doubtful debts)—	
Bills payable		(i) British India	
Bills for Collection being bills receivable as per contra —		(ii) Outside British India	
(i) Payable in British India		Particulars :	
(ii) Payable outside British India		(i) Debts considered good in respect of which the bank is fully secured.	
Other liabilities (to be specified) (c)		(ii) Debts considered good for which the bank holds no other security than the debtors' personal security.	
Acceptances, endorsements, guarantees for customers and other obligations per contra.		(iii) Debts considered doubtful or bad not provided for.	
PROFIT AND LOSS :		(iv) Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons.	
Balance as per previous balance sheet		(v) Debts due by companies or firms in which the directors of the bank are interested as directors, partners or managing agents.	
Less appropriation thereof			
Balance brought forward			
Profit since last balance sheet			
CONTINGENT LIABILITIES (d)			

(vi) Loans including temporary advances made at any time during the year to directors or managers of the company.	
(vii) Total amount of loans including temporary advances granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents.	
(viii) Due from banks	
Bills for collection being bills receivable as <i>per contra</i> —	
(i) Payable in British India	
(ii) Payable outside British India	
Acceptance, endorsements, guarantees and other obligations <i>per contra</i> .	
Premises less depreciation (e)	
Furniture and Fixtures less depreciation (e).	
Other Assets (to be specified) (f)	
Non-Banking Assets acquired in satisfaction of claims.	
PROFIT AND LOSS	

TOTAL

TOTAL

NOTES

(a) Capital :—

- (i) The various classes of capital, if any, should be distinguished.
- (ii) Shares issued as fully paid up pursuant to any contract without payments being received in cash should be stated separately.
- (iii) Where circumstances permit, issued and subscribed capital and amount called up may be shown as one item, e.g., Issued and Subscribed Capital. shares of Rs. paid up.
- (iv) In the case of banking companies incorporated outside British India, the amount of deposit maintained with the Reserve Bank under section 11(2) should be shown under this head ; the amount however should not be extended to the outer column.
- (b) The reserve fund maintained by non-scheduled banks under section 13 of the Act should be shown separately.
- (c) Under this heading must be included such items as the following, which must be shown under separate heading suitably described : pension or insurance funds, unclaimed dividends, advance payments and unexpired discounts, liabilities to subsidiary companies and any other liabilities.
- (d) These should be classified under the following categories :—
- (i) Claims against the banking company not acknowledged as debts.
- (ii) Money for which the bank is contingently liable showing separately the amount of any guarantee given by the banking company on behalf of directors or officers.
- (iii) Arrears of cumulative preference dividends.
- (iv) Liability on Bills of Exchange rediscounted.
- (v) Liability on account of outstanding Forward Exchange Contracts.
- (e) In the case of fixed capital expenditure, the original cost, and additions thereto and deductions therefrom during the year should be stated, as also the total depreciation written off. Where sums have been written off on a reduction of capital or revaluation of assets, every balance sheet after the first balance sheet subsequent to the reduction or revaluation should show the reduced figures with the date and amount of the reduction made.
- (f) Under this heading may be included such items as the following, which must be shown under headings suitably described : preliminary, formation and organisation expenses, development expenditure, commission and brokerage on shares, interest accrued on investments but not collected, investments in shares of subsidiary companies and any other assets.

