Banking Regulation Act, 1949

Section 44B - Restriction on Compromise or Arrangement Between Banking Company and Creditors

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1 [2 [44B.] Restriction oncompromise or arrangement between banking company and creditors.-

3 [(1)]Notwithstanding anything contained in any law for the time being in force, no 4 [HighCourt] shall sanction a compromise or arrangement between a banking company andits creditors or any class of them or between such company and its members orany class of them 5 [or sanction any modification in any suchcompromise or arrangement unless the compromise or arrangement or modification,as the case may be,] is certified by the Reserve Bank 6 [in writingas not being incapable of being worked and as not being detrimental to theinterests of the depositors of such banking company.]

7 [(2) Where an application under 8 [section39 of the Companies Act, 1956 (1 of 1956)], is made in respect of a bankingcompany, the High Court may direct the Reserve Bank to make an inquiry inrelation to the affairs of the banking company and the conduct of its directorsand when such direction is given, the Reserve Bank shall make such inquiry andsubmit its report to the High Court.]

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1. Substituted byAct 20 of 1950, Section 9, for section 45 (now renumbered as section 44B).

2. Section 45renumbered as section 44B by Act 37 of 1960, Section 6.

3. Section 45 (nowrenumbered as section 44B) renumbered as sub-section (1) of that section by Act52 of 1953, Section 9.

4. Substituted byAct 52 of 1953, Section 4, for "Court".

5. Substituted byAct 55 of 1963, Section 20, for "unless the compromise or arrangement" w.e.f.1-2-1964.

6. Substituted byAct 52 of 1953, Section 9, for "as not being detrimental to the interests ofthe depositors of such company."

7. Inserted by Act52 of 1953, Section 9.

8. Substituted byAct 95 of 1956, Section 14 and Schedule, for "section 153 of the IndianCompanies Act, 1913 (7 of 1913) "w..e.f. 14-1-1957.
