

Banking Companies (Acquisition and Transfer of Undertakings) and Financial Institutions Laws (Amendment) Act, 2006

Section 9 - Amendment of Section 9

In section 9 of the Bank (Second) Nationalisation Act,--

(a) in sub-section (2), after clause (c), the following clause shall be inserted, namely:--

"(ca) the manner in which the excess number of directors shall retire under the second proviso to clause (i) of sub-section (3);";

(b) in sub-section (3),--

(i) in clause (a), for the words "not more than two whole-time directors", the words "not more than four whole-time directors" shall be substituted;

(ii) for clause (c), the following clause shall be substituted, namely:--

"(c) one director, possessing necessary expertise and experience in matters relating to regulation or supervision of commercial banks, to be nominated by the Central Government on the recommendation of the Reserve Bank;";

(iii) clause (d) shall be omitted;

(iv) for clause (i), the following shall be substituted, namely:--

"(i) where the capital issued under clause (c) of sub-section (2B) of section 3 is --

(I) not more than sixteen per cent. of the total paid-up capital, one director;

(II) more than sixteen per cent. but not more than thirty-two per cent. of the total paid-up capital, two directors;

(III) more than thirty-two per cent. of the total paid-up capital, three directors,

to be elected by the shareholders, other than the Central Government, from amongst themselves:

Provided that on the assumption of charge after election of any such director under this clause, equal number of directors nominated under clause (h) shall retire in such manner as may be specified in the scheme:

Provided further that in case the number of directors elected, on or before the commencement of the Banking Companies (Acquisition and Transfer of Undertakings) and Financial Institutions Laws (Amendment) Act, 2006, in a corresponding new bank exceed the number of directors specified in sub-clause (I) or sub-clause (II) or sub-clause (III), as the case may be, such excess number of directors elected before such commencement shall retire in such manner as may be specified in the scheme and such directors shall not be entitled to claim any compensation for the premature retirement of their term of office.";

(c) after sub-section (3A), the following sub-sections shall be inserted, namely:--

"(3AA) Without prejudice to the provisions of sub-section (3A) and notwithstanding anything to the contrary contained in this Act or in any other law for the time being in force, no person shall be eligible to be elected as director under clause (i) of sub-section (3) unless he is a person having fit and proper status based upon track record, integrity and such other criteria as the Reserve Bank may notify from time to time in this regard.

(3AB) The Reserve bank may also specify in the notification issued under sub-section (3AA), the authority to determine the fit and proper status, the manner of such determination, the procedure to be followed for such determination and such other matters as may be considered necessary or incidental thereto.";

(d) in sub-section (3B), for the word, brackets, figure and letter "sub-section (3A)" at both the places where they occur, the words, brackets, figures and letters "sub-section (3A) and sub-section (3AA)" shall be substituted.
