

(2) A director appointed under sub-clause (g) or sub-clause (h) of Cl. 3 shall hold office during the pleasure of the Central Government.

(3) A director, whose term of office has expired shall, notwithstanding such expiry, continue to hold office as a director until his successor has been appointed.

10. Disqualifications of directors.—A person shall be disqualified for being appointed as, and for being, a director,—

(a) if he has at any time been adjudicated an insolvent or has suspended payment or has compounded with his creditors; or

(b) if he has been found to be of unsound mind and stands so declared by a competent court; or

(c) if he has been convicted by a criminal court of an offence which involves moral turpitude.

11. Vacation of office of director, etc.—(1) If a director becomes subject to any of the disqualifications specified in Cl. 10 or is absent without leave of the Board for more than three consecutive meetings thereof he shall be deemed to have vacated his office as such and thereupon his office shall become vacant.

(2) The Chairman or a whole-time director including the Managing Director or a director appointed under sub-clause (g) or sub-clause (h) of Cl. 3 may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted by that Government shall be deemed to have vacated his office; any other director may resign his office by giving notice thereof in writing to the Central Government and such resignation shall take effect on the receipt of the communication of the resignation by the Central Government.

(3) Without prejudice to the provisions of the foregoing sub-clauses, the office of a director nominated under sub-clause (b) or sub-clause (c) of Cl. 2 shall become vacant as soon as the director ceases to be a workman or an employee, other than a workman, of the nationalized bank of which he is a director, and the office of a director nominated under sub-clause (d) of Cl. 3 shall become vacant on such director ceasing to be a depositor of the nationalized bank of which he is a director.

(4) Where any vacancy occurs before the expiry of the term of office of a director, it shall be filled in accordance with Cl. 3.

(5) A director nominated under sub-clause (4) in any vacancy in the office of a director under sub-clause (b) or sub-clause (c) or sub-clause (d) or sub-clause (e) or sub-clause (f) or Cl. 3 shall hold office for a period of three years:

Provided that a director whether appointed under the proviso to item (i) or under item (ii) of sub-clause (b) of Cl. 3, shall not hold office for more than six months at a time.

(6) Any other director appointed to fill a vacancy shall, subject to the other provisions of this scheme, hold office for the period which may be specified by, or during the pleasure of, the Central Government.

12. Meeting of the Board.—(1) Meetings of the Board shall ordinarily be held at least six times in a year and at least once in each quarter.

(2) A meeting of the Board shall be held at the head office of the nationalized bank or such other place as the Board may decide.

(3) Ordinarily, not less than fifteen days' notice shall be given of any meeting of the Board and such notice shall be sent to every director at the address specified by him in this behalf.

(4) No business, other than that for which the meeting was convened shall be transacted at a meeting of the Board except with the consent of the Chairman of the meeting and a majority of the directors present, unless one week's notice of such business has been given in writing to the Chairman.

(5) Five directors shall be the quorum for a meeting of the Board:

Provided that where by reason of the provision of sub-clause (8) any director is unable to vote at a meeting, the quorum for such meeting for the transaction of that business shall be four.

(6) If, for any reason, the Chairman is unable to attend a meeting of the Board, the Managing Director shall preside over that meeting and in the absence of the Managing Director or in the event of the Chairman and the Managing Director being the same person, any other director elected by the directors present at the meeting from among themselves shall preside at the meeting.

(7) All questions at the meeting shall be decided by a majority of the votes of the directors present and voting and in the case of equality of votes, the person presiding shall have a second or a casting vote.

(8) A director who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into or proposed to be entered into by or on behalf of the nationalized bank shall, as soon as possible after the relevant circumstances have come to his knowledge, disclose the nature of his interest to the Board and shall not be present at the meeting of the Board when any such contract, loan, arrangement or proposal is discussed unless his presence is required by the other directors for the purpose of eliciting information and no director so required to be present shall vote on any such contract, loan, arrangement or proposal:

¹[Provided that nothing contained in this sub-clause shall apply to such director by reason only of his being—

(i) a shareholder (other than a director) holding not more than two per cent. of the paid-up capital in any public company as defined in the Companies Act, 1956 (1 of 1956), or any corporation established by or under any law for the time being in force in India or any co-operative society, with which or to which the nationalized bank has entered into or made or proposes to enter into or make, a contract, loan, arrangement or proposal, or

(ii) an officer or other employee of the nationalized bank, if he is a director appointed under sub-clause (b) or sub-clause (c) of Cl. 3.]

(9) A copy of the proceedings of each meeting of the Board shall be circulated as soon as possible after the meeting for the information of the directors and shall be signed by the Chairman of that or the next succeeding meeting.

1. Ins. by S. O. 192, dated 16th June, 1975

(10) No act or proceeding of the Board shall be invalid on the ground merely of the existence of any vacancy in or any defect in the constitution of the Board.

Comment

This rule in the scheme is of utmost importance as it governs the working of the board of directors in violation with the management of the banks.

CHAPTER III

Committees of the Board

13. **Management Committee.**—(1) There shall be a Management Committee of the nationalized bank.

(2) The Management Committee shall consist of the Chairman, the Managing Director, the directors appointed under sub-clauses (g) and (h) of Cl. 3 and not more than four other directors nominated by the Central Government after consultation with the Reserve Bank:

Provided that the director nominated by the Central Government shall hold office for not more than one year at a time.

(3) The Managing Committee shall exercise such powers as may be delegated to it by the Board with the approval of the Central Government and such approval shall be given by the Central Government after consultation with the Reserve Bank.

(2) Meetings of the Management Committee may ordinarily be held twice in a month.

(5) Four directors shall be the quorum for a meeting of the Management Committee.

(6) The minutes of a meeting of the Management Committee shall be laid before the Board as soon as possible after the meeting.

(7) The meetings and proceedings of this Management Committee shall be governed by the provisions contained in the scheme for regulating the meetings and proceedings of the Board so far as the same are applicable thereto.

14. **Advisory Committees.**—The Board may constitute such other committees, whether consisting wholly of directors or wholly of other persons or partly of other persons as it deems fit, to render advice to the Board on such matters as may be generally or specially referred to them and shall perform such duties as the Board may entrust to them.

CHAPTER IV

15. **Regional Consultative Committees for Nationalized Bank.**—(1) There shall be Regional Consultative Committee in respect of each of the [six] regions specified in the Second schedule.

(2) Each Regional Consultative Committee shall consist of the following members:

(a) Not more than three persons to be nominated by the Central Government;

1. Subs. by S. O. 67 (E), dated 17th November, 1971

(b) two representatives from each of the States and one from each of the Union territories included in the respective regions to be nominated by the Government of the State or the Union territory, as the case may be; and

(c) one representative each to be nominated by such of the nationalized banks having offices in the region as may be designed by the Reserve Bank.

[Explanation.—For the purposes of item (c), "nationalized bank" includes a corresponding new bank constituted under sub-section (1) of Sec. 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980).]

(3) Meetings of the Regional Consultative Committees shall be presided over by the Ministry of Finance or by such Minister or Deputy Minister in the Union Ministry of Finance, as may be nominated by the Minister of Finance.

(4) Each Regional Consultative Committee shall review banking development within the region and may make such recommendations as it may deem appropriate for the consideration of the Central Government and the Reserve Bank.

CHAPTER V

Miscellaneous

16. **Disqualifications for membership of a committee constituted under Cl. 14 or a Regional Consultative Committee and vacation of office by a member.**

(1) A person shall be disqualified for being nominated as, and for being a member of, a committee constituted under Cl. 14 or of a Regional Consultative Committee if he is or becomes subject to any of the disqualification specified in Cl. 10.

(2) If a member of a committee constituted under Cl. 14 or a member of a Regional Consultative Committee becomes subject to any of the disqualifications specified in Cl. 10 he shall be deemed to have vacated his office and thereupon such office shall become vacant.

(3) A member of a committee constituted under Cl. 14 or a member of a Regional Consultative Committee may resign his office by giving notice thereof in writing, in the case of a committee constituted under Cl. 14 to the Board and in the case of a Regional Consultative Committee of which he is a member and such resignation shall take effect on receipt of communication of the resignation by the Board or the Chairman, as the case may be.

(4) The Board may remove any member of a committee constituted under Cl. 14 and appoint another person in his place.

(5) The authority nominating a member for a Regional Consultative Committee may remove from office such member and appoint another person in his place.

17. **Remuneration and reimbursement of travelling expenses.**—(1) A director, not being the Chairman or a whole-time director, including the Managing

1. Ins by S. O. 888 (E), dated the 11th November, 1980, published in the Gazette of India, Extraordinary, Pt II,

Sec. 3(ii), dated the 11th November, 1980.

Director, or an official of the Reserve Bank or the Central Government shall be paid by the nationalized bank of which he is a director, such fees, as may be decided by the Central Government, after consultation with the Reserve Bank, for attending the meetings of the Board or of any committee of the Board or for attending to any other work of the nationalized bank.

(2) In addition to the fees to which a director may be entitled to be paid under sub-clause (1), every such director travelling in connexion with the work of the nationalized bank shall be reimbursed his travelling and halting expenses, if any, on such basis as may be fixed from time to time by the Central Government after consultation with the Reserve Bank :

Provided that the Chairman or a whole-time director, including the Managing Director, or an official of the Reserve Bank or the Central Government shall be reimbursed his travelling and halting expenses on such basis, as may be fees applicable to him under the rules by which he is governed.

(3) A member of a committee constituted under Cl. 14 shall receive such and travelling and halting expenses as may be decided by the Board.

(4) A member of a Regional Consultative Committee nominated under item (a) or item (b) of sub-clause (2) of Cl. 15 shall be reimbursed the travelling and halting expenses, if any, in connexion with the work of the Regional Consultative Committee, on such basis as may be fixed by the Central Government after consultation with the Reserve Bank.

18. Resolution without meeting of Board valid.—A resolution in writing signed by the majority of the members of the Board or of the Management Committee, as the case may be, shall be valid and effectual and shall be deemed to be the resolution passed by the Board or the Management Committee, as the case may be, on the date it was signed, by the last signatory to the resolution :

Provided that any resolution passed as aforesaid shall be placed before the next meeting of the Board or the Management Committee, as the case may be :

Provided further that if any dissenting director or member requires in writing that any resolution so passed shall be placed before a meeting of the Board or Management Committee, as the case may be, the resolution shall not be deemed to be valid and effectual as aforesaid unless the same is passed at such meeting.

Comment

This rule provides for the automatic passing of a resolution even without a board's meeting if all or the majority of members subscribes to it by signing it.

19. Meeting of advisory committees constituted under Cl. 14.—The meetings of an advisory committee constituted under Cl. 14 shall be regulated in such manner as may be decided by the Board.

THE FIRST SCHEDULE

[See Cl. 2 (h)]

SUBJECT : Procedure for verification of membership of unions operating in the nationalized bank

1. The managements of the nationalized banks will be requested by the Chief Labour Commissioner (Central) to furnish the names and addresses of all

registered unions operating in that respective bank. The particulars of unions forwarded from the managements will be forwarded to the Regional Labour Commissioners concerned for checking up from the records of the Registrars of Unions whether the registration of those unions is still alive and whether there are other registered unions operating in the nationalized banks. The Regional Labour Commissioner will report to the Chief Labour Commissioner (Central) the result of their checking. On receipt of this information, the Registrars will be requested by the Chief Labour Commissioner (Central) to furnish membership claims in quintuplicate in the enclosed *pro forma* (Annexure 1) by a specified date.

2. The registered unions will, thereafter, be allotted amongst verification officers for the purposes of physical verification of the membership. The verification officer will ask the unions (as in Annexure II) by registered post acknowledgment due to produce before him at the stipulated place and time within ten days from the date of receipt of the first notice a list of their members, in triplicate, in different branches/offices (bank-wise) who have paid subscription for at least three months during the period of six months preceding the date of reckoning which shall be the first of the month just preceding the month in which the Central Government addresses the Chief Labour Commissioner (Central) to undertake the verification along with—

- (i) Membership-cum-subscription register,
- (ii) counterfoils of receipts,
- (iii) cash and account books,
- (iv) bank books,
- (v) copy of union's constitution,
- (vi) registration certificate,
- (vii) affiliation certificate and payment receipts if the union is affiliated to any all-India/State/Federation/Central Organization,
- (viii) copy of the latest annual return submitted to the Registrar of Trade Unions,
- (ix) list of office-bearers, and
- (x) minutes book.

3. If a union fails to produce the list or its members and other records a second and final notice will be given by registered post acknowledgment due asking it to produce them at the stipulated place and time within ten days from the date of receipt of the second and final notice. If the union again fails to produce them on the second occasion also, no further attempt will be made to verify its membership. However, in respect of the unions which have submitted the lists and records, the verification officer will examine them and ascertain the number of members who had paid three months' subscription within the period of six months preceding the date of reckoning. This examination will be 100 per cent and will be done in the presence of the office-bearers of the union concerned but not in the presence of the office-bearers or representatives of a rival union. While doing the verification of membership, the verification officer will give due consideration to any representations which the union official might make to him.

4. The verification officer will thereafter visit the Central/Registered Office of the nationalized bank and ensure that the names of members thus verified and

Subs by S. O. 1088, dated 18th February, 1976.

2. *Ibid.*

B. R. Act—19

included in the list are borne on the rolls of the management on the date of reckoning. All those members whose names are not borne on the rolls of the management on the date of reckoning will be eliminated from the list. The verification officer will also obtain the number of persons employed in the respective branches/offices of the bank on the date of reckoning at the time of his visit to the Central/Registered Office of the bank.

5. The verification officer will thereafter intimate in writing to the unions/federations of unions concerned that the verified lists of their respective members in the bank are ready for inspection by the union representative at an appointed time and place. The union will also at the same time be informed that after inspection of the verified list of members of the rival union (s), they should send, in writing, their specific objections, if any, the entries in these lists, within 10 days (or a longer period if the number of objections is likely to exceed 10,000 on the basis of one additional day for every 2,000 objections over and above 10,000) of the date of inspection. It should be made clear to the unions that general and vague objections like inflated membership, etc. will not be considered, the objections should give names of persons whose membership of a union is objected to and the reasons therefor.

(The union representative will be allowed to make notes from the verified lists shown to them in the presence of the verification officer; they will, however, not be allowed to take any of the lists, nor a copy of the lists will be given to them.)

6. The objections received from the unions will then be verified by personal interrogation by the verification officer, of the members on the basis of the following system :

- (i) If the objection list furnished by a union consists of 500 or less names of members, the number of persons to be personally interrogated should be 20 per cent. subject to a minimum of 100 ;
- (ii) if the objection lists furnished by a union consists of more than 500 but not more than 1,000 names, the number of persons to be personally interrogated should be 15 per cent. subject to a minimum of 100 ;
- (iii) if the objection list furnished by a union consists of more than 1,000 but not more than 2,000 names, the number of persons to be personally interrogated should be 10 per cent. subject to a minimum of 150 ;
- (iv) if the objection list furnished by a union consists of more than 2,000 but not more than 5,000 names, the number of persons to be personally interrogated should be 5 per cent. subject to a minimum of 200 ; and
- (v) if the objection list furnished by a union consists of more than 5,000 names, the number of persons to be personally interrogated should be 2 per cent. subject to a minimum of 250.

The persons selected for personal interrogation should, among other things, be asked whether they are members of a particular union and whether they had paid subscriptions for three months within a period of six months from the date of reckoning and if so, the amount of subscription paid, the months for which it was paid, etc. The verification officer will maintain a list of members personally interrogated giving their ticket numbers, names of section where working, the result of personal interrogation, etc.

7. Where the sample check reveals that certain members interrogated deny membership of a union, its list of members will be modified proportionately. For example, if on checking records it is found that a union has 2,000 valid members and the rival union objects to say 800 of these members a 15 per cent. sample of the latter has to be drawn, i. e. 120 persons have to be interrogated personally. If on personal interrogation it is found that 30 of the 120 persons (i. e. 25 per cent.) deny membership of the union, the strength of the union will be reduced by 25 per cent. of 800 persons whose membership was objected to, i. e. by 200. In other words, the final strength of the union will, in this case, be 1,800.

If the persons who, on interrogation deny their membership of the union claim them as their members, inform the verification officer that they are members of a rival union, the verification officer will check their membership with the list of members and records of that union and adjust its list accordingly, i. e. their names will be added to the list of the rival union if they are not already included in it, and excluded, in the manner mentioned above from the list of the claimant union.

8. While conducting personal verification as mentioned in para. 6 above, the verification officer will not allow the representatives of any union or management to be present.

9. On completion of the verification work the verification officer will furnish a report to the Chief Labour Commissioner.

ANNEXURE I
Pro forma showing particulars of Union functioning

Serial No.	Name and address of the union	Registration No. and date of registration	Whether the union is a primary or federating unit	Affiliation		Claimed membership of the bank in which union is operating	Membership in each branch/office (Bank)		Workmen	Other than workmen	Name of the President, General Secretary, Treasurer of the Union with their postal addresses	Remarks
				Central Organization	State/All-India Federation							
1	2	3	4	5	6	7	8	9	10	11		

Total

Note.—If the union is functioning in more than one nationalized bank, it should submit membership claims for each bank in a separate *pro forma*.

*A systematic sample means sampling from a list by taking individuals at equally spaced intervals called sampling intervals. The sampling interval should be: Total number of persons in the objection list/number of persons in the sample.

Sch. II

Thus, for example, if there are 400 workers in the objection list and a sample of 100 workers is to be selected, the verification officer should select every (400/100th) or 4th worker in the list. It is, however, not necessary that in all cases the selection should begin from the 4th name in the list, the first sample may either be the first name in the list; or the second or the third or the fourth, thus, for example, if the first name is selected as the first sample, then subsequent samples will be 5th, 9th, 13th, etc. names; if, however, the second name is taken as the sample, the subsequent samples would be 6th, 10th, 14th, etc. names in the list.

ANNEXURE II

First notice by Regd. A. D.

Second notice

GOVERNMENT OF INDIA

(Department of Labour and Employment)

No. _____ Office of the _____
dated the _____
To _____

The General Secretary,

SUBJECT.—Verification of membership of union operating in the nationalized bank.

Dear Sir,

I am to invite a reference to the procedure for verification of membership of unions operating in the nationalized banks (copy enclosed) as specified in the First Schedule to the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970, and to request you to furnish—

(i) a list of membership of your union as on—showing the name of each member, designation, branch/office where working and whether workman or other than workman-employee. The list should contain only the names of those members who have paid at least three months' subscription during the period of six months ending with—;

(ii) (a) membership-cum-subscription register;

(b) counterfoils of receipts;

(c) cash and account books;

(d) bank books;

(e) copy of the union's constitution;

(f) registration certificate;

(g) affiliation certificate and payment receipt if the union is affiliated to any all-India/State Federation/Central Organization;

(h) copy of the latest annual return submitted to the Registrar of Trade Unions ;

(i) list of office-bearers ;

(j) minutes book ;

at _____ hrs. on _____ (dated) at _____ (place) _____

*2. It may please be noted that in case the required documents are not produced on the above fixed date, no further attempts will be made to verify the membership of your union.

Kindly acknowledge receipt of this letter.

Yours faithfully,

Assistant Labour Commissioner (C)

Labour Enforcement Officer (C)

*For second notice

Copy forwarded for information to—

* (1) The President, _____ (name and address of the Union).

* (2) The Treasurer, _____ (name and address of the Union).

(3) Regional Labour Commissioner, _____.

(4) Chief Labour Commissioner (Central), New Delhi.

Assistant Labour Commissioner (C)

Labour Enforcement Officer (C)

*By name

THE SECOND SCHEDULE

[See Cl. (5)]

1. The western area shall consist of the State of Gujarat and Maharashtra and the Union territories of Goa, Daman and Diu and Dadra and Nagar Haveli.

2. The eastern area shall consist of the [State of West Bengal, Bihar and Orissa and the Union territory of Andaman and Nicobar Island].

*[2-A. The north-eastern area shall consist of the States of Assam, Manipur, Meghalaya, Nagaland and Tripura and the Union territories of Arunchal Pradesh and Mizoram.]

3. The central area shall consist of the States of Madhya Pradesh and Uttar Pradesh.

4. The northern area shall consist of the States of Jammu and Kashmir, Punjab, Haryana, Rajasthan and the Union territories of Himachal Pradesh, Chandigarh and Delhi.

5. The southern area shall consist of the States of Andhra Pradesh, Mysore, Tamil Nadu and Kerala and the Union territories of Pondicherry and the Laccadive, Minicoy and Amindivi Islands.

1 Subs. by S. O. 67 (E), dated 17th November, 1971.

2 Subs. by S. O. 192 (E), dated 15th March, 1972.

NATIONALIZED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1980¹

S. O. 875 (E), dated the 4th November, 1980.—In exercise of the powers conferred by Sec. 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), the Central Government, after consultation with the Reserve Bank, hereby makes the following Scheme, namely :

CHAPTER I

Introductory

1. Short title and commencement.—(1) This Scheme may be called the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1980.

(2) It shall come into force on such date² as the Central Government may, by notification in the official Gazette, appoint.

2. Definitions.—In this Scheme, unless the context otherwise requires,—

(a) "Act" means the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980) ;

(b) "Annexure" means an Annexure appended to this Scheme ;

(c) "Board" means the Board of Directors constituted under Cl. 3 ;

(d) "Chairman", in relation to a nationalized bank, means the Chairman of the Board of that bank ;

(e) "Director" means a director for the time being of a nationalized bank ;

(f) "nationalized bank" means a corresponding new bank constituted under sub-section (1) of Sec. 3 of the Act ;

(g) "representative union" means a union registered under the Trade Union Act, 1926 (16 of 1926), or a federation of such unions, where such union or federation, as the case may be, is certified, after due verification as having the largest number of workmen employed in the nationalized bank as members who have regularly paid their dues to the Union or to any of the unions constituting the federation :

Provided that no such union or federation, as the case may be, shall be deemed, for the purposes of this Scheme, to be a representative union unless the verified membership of such Union or the Unions constituting the federation, as the case may be, is fifteen per cent. or more of the total number of workmen employed by the nationalized bank ;

1. Published in the Gazette of India, Extraordinary, Pt. II, Sec. 3 (ii), dated 4th November, 1980.

2. The said Scheme came into force on 11th November, 1980, vide S. O. 887, dated 11th November, 1980.

- (h) "Schedule" means the Schedule appended to this Scheme ;
- (i) "Verification", with its grammatical variations and cognate expressions, means the verification by the Chief Labour Commissioner (Central) in accordance with the procedure specified in the Schedule ;
- (j) "Workman" has the meaning assigned to it in Cl. (s) of Sec. 2 of the Industrial Disputes Act, 1947 (14 of 1947) ;
- (k) words and expressions used herein and not defined but defined in the Act have the meanings respectively assigned to them in the Act.

CHAPTER II

Board of Directors

3. Constitution of the Board.—As soon as may be after the commencement of this Scheme, the Central Government shall, by notification in the official Gazette, constitute the Board of a nationalized bank, consisting of—

(a) not more than two whole-time Directors, of whom one shall be the Managing Director, to be appointed by the Central Government after consultation with the Reserve Bank ;

(b) (i) one Director, from among the employees of the nationalized bank who are workmen, to be appointed by the Central Government from out of a panel of three such employees furnished to it by the representative Union, within a date to be specified by the Central Government, which date shall not be more than six weeks from the date of the communication made by the Central Government requiring the representative Union to furnish the panel of names :

Provided that where the Central Government is of opinion that owing to the delay which is likely to occur in the verification and certification of any Union or federation as a representative Union, it is necessary in the interests of the nationalized bank so to do, it may appoint any employee of the nationalized bank, who is a workman, to be a Director of that Bank.

(ii) (A) where there is no representative Union to represent the workmen of a nationalized bank, or

(B) where such representative Union, being in existence, omits or fails to furnish any panel of names within the specified date, or

(C) where all the persons specified in the panel furnished by the representative Union are disqualified, whether under item (iii) of this sub-clause or under Cl. 10,

the Central Government may, at its discretion appoint such workman of the nationalized bank, as it may think fit, to be a Director of such bank ;

(iii) a workman of a nationalized bank shall be disqualified for being appointed as a Director unless—

(a) he is, and has been serving for a continuous period of not less than five years in the nationalized bank or in the existing bank of

3.4] NATIONALIZED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1980

(i) which the nationalized bank is the corresponding new bank, or which is partly in one and partly in the other, and

(b) he is of such age that there is no likelihood of his attaining the age of superannuation during his term of office as a Director ;

(c) one Director, from among the employees of the nationalized bank, who are not workmen to be appointed by the Central Government after consultation with the Reserve Bank ;

(d) one Director, who, in the opinion of the Central Government is competent to represent the interests of depositors, to be appointed by the Central Government after consultation with the Reserve Bank, from among the depositors of the Bank ;

(e) three Directors, who, in the opinion of the Central Government, are competent to represent respectively the interests of farmers, workers and artisans to be appointed by the Central Government after consultation with the Reserve Bank ;

(f) not more than five Directors, to be appointed by the Central Government after consultation with the Reserve Bank, from among persons having special knowledge or practical experience in respect of one or more matters which are likely to be useful for the working of the nationalized bank ;

(g) one Director who is an official of the Reserve Bank to be appointed by the Central Government on the recommendation of the Reserve Bank.

Explanation.—For the purposes of this sub-clause, "an official of the Reserve Bank" includes an officer of the Reserve Bank who is deputed by that Bank under Sec. 54-AA of the Reserve Bank of India Act, 1934 (2 of 1934), to any institution referred to therein ;

(h) one Director who is an official of the Central Government to be appointed by that Government ;

Comment

For becoming director of the Bank, a workman should have at least five years' continuous service in the nationalized or in the existing Bank of which the nationalized Bank is the corresponding new Bank.

4. Custodian to cease to hold office on constitution of the Board.—On the constitution of the Board every person holding office, immediately preceding such constitution as the Custodian of the nationalized bank, shall cease to hold such office.

5. Chairman.—(1) The Central Government shall, after consultation with the Reserve Bank, appoint one of the Directors to be the Chairman of the Board.

(2) The Chairman shall preside over the meetings of the Board.

6. Managing Director.—The Managing Director shall be the Chief Executive Officer of the nationalized bank and shall exercise such powers and discharge such duties as may be delegated to him by the Board :

Provided that until such delegation is made the Managing Director shall exercise all such powers and perform all such acts, deeds, and things, as the Custodian was authorized to exercise or perform immediately before the date on which the Board was constituted.

7. Same person may hold office as Chairman and Managing Director.—The Central Government may, after consultation with the Reserve Bank appoint the same person to hold, at the same time, both the offices of the Chairman and the Managing Director.

Comment

This clause enables the Central Government to appoint the same person as the Chairman and the Managing Director as well.

8. Term of office and remuneration of a whole-time Director including Managing Director.—(1) A whole-time Director including Managing Director, shall devote his whole-time to the affairs of the nationalized bank and shall hold office for such term not exceeding five years as the Central Government may, after consultation with Reserve Bank, specify and shall be eligible for re-appointment.

(2) Notwithstanding anything contained in sub-clause (1), the Central Government shall have the right to terminate the terms of office of a whole-time Director, including the Managing Director, at any time before the expiry of the term specified under that sub-clause by giving to him notice of not less than three months in writing or three months' salary and allowances in lieu of notice; and the whole-time Director, including the Managing Director, shall also have the right to relinquish his office at any time before the expiry of the term specified under that sub-clause by giving to the Central Government notice of not less than three months in writing.

(3) A whole-time Director, including the Managing Director, shall receive from the nationalized bank such salary, allowances, fees and perquisites, and be governed by such terms and conditions, as the Central Government may determine, after consultation with the Reserve Bank.

(4) If a whole-time Director, including the Managing Director, is, by infirmity or otherwise, rendered incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his office, the Central Government may, after consultation with the Reserve Bank, appoint another person to act in his place during his absence.

(5) The Central Government may, if it is satisfied that it is expedient in the interest of the nationalized bank so to do, remove a whole-time Director, including the Managing Director, from office:

Provided that no such removal shall be made except after—

(a) consultation with the Board, and

(b) giving the reasonable opportunity to the whole-time Director including the Managing Director, of showing cause against the proposed action.

9. Terms of office of other Director.—(1) A Director appointed under sub-clauses (b), (c), (d), (e) or (f) of Cl. 3 shall hold office for such terms not

exceeding three years as the Central Government may specify and shall be eligible for re-appointment:

Provided that the Central Government may, after consultation with the Reserve Bank, remove from office any Director appointed by it under sub-clauses (b), (c), (d), (e) or (f) of that clause and appoint in his stead another person to fill the vacancy:

Provided further that no such removal shall be made except after giving a reasonable opportunity to the Director of showing cause against the proposed action.

(2) A Director appointed under sub-clause (g) or sub-clause (h) of Cl. 3 shall hold office during the pleasure of the Central Government.

(3) A Director, whose terms of office has expired, shall notwithstanding such expiry, continue to hold office as a Director until his successor has been appointed.

Comment

Sub-clause (1) seeks to incorporate principle of natural justice that the Director shall be removed after giving a reasonable opportunity to him of showing cause against the proposed action.

10. Disqualifications of Directors.—A person shall be disqualified for being appointed as, and for being, a Director—

(a) if he has at any time been adjudicated an insolvent or has suspended payment or has compounded with his creditors; or

(b) if he has been found to be of unsound mind and stands so declared by a competent court; or

(c) if he has been convicted by a criminal court of an offence which involves moral turpitude.

Comment

This clause enumerates the grounds on which a person shall be disqualified for being appointed as a Director, viz. the insolvency, insanity and conviction by a criminal court.

11. Vacation of office of Director, etc.—(1) If a Director becomes subject to any of the disqualifications specified in Cl. 10 or is absent without leave of the Board for more than three consecutive meetings thereof he shall be deemed to have vacated his office as such and thereupon his office shall become vacant.

(2) The Chairman or a whole-time Director including the Managing Director or a Director appointed under sub-clause (g) or sub-clause (h) of Cl. 3 may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted by that Government shall be deemed to have vacated his office; and any other Director may resign his office by giving notice thereof in writing to the Central Government and such resignation shall take effect on the receipt of the communication of the resignation by the Central Government.

(3) Without prejudice to the provisions of the foregoing sub-clause, the office of the Director nominated under sub-clause (b) or sub-clause (c) of Cl. 3 shall become vacant as soon as the Director ceases to be a workman or an employee other than a workman, of the nationalized banks of which he is a Director and the office of a Director nominated under sub-clause (d) of Cl. 3 shall become vacant on such Director ceasing to be a depositor of the nationalized bank of which he is a Director.

(.) Where any vacancy occurs before the expiry of the term of office of a Director, it shall be filled in accordance with Cl. 3.

(5) A Director nominated under sub-clause (4) in any vacancy in the office of a Director under sub-clause (b) or sub-clause (c) or sub-clause (d) or sub-clause (e) or sub-clause (f) of Cl. 3 shall hold office for such term not exceeding three years as the Central Government may specify and shall be eligible for re-appointment :

Provided that a Director, whether appointed under the proviso to item (i) or under item (ii), of sub-clause (b) of Cl. 3, shall not hold office for more than six months at a time.

(6) Any other Director appointed to fill a vacancy shall, subject to the other provisions of this Scheme, hold office for the period which may be specified by, or during the pleasure of, the Central Government.

12. Meetings of the Board.—(1) Meeting of the Board shall ordinarily be held at least six times in a year and at least once in each quarter.

(2) A meeting of the Board shall be held at the head office of the nationalized bank or such other place as the Board may decide.

(3) Ordinarily, not less than fifteen days' notice shall be given of any meeting of the Board and such notice shall be sent to every Director at the address specified by him in this behalf.

(4) No business, other than that for which the meeting was convened, shall be transacted at a meeting of the Board except with the consent of the Chairman of the meeting and a majority of the Directors present unless one week's notice of such business has been given in writing to the Chairman.

(5) Five Directors shall be the quorum for a meeting of the Board :

Provided that where, by reason of the provision of sub-clause (8) any Director is unable to vote at a meeting the quorum for such meeting for the transaction of that business shall be four.

(6) If, for any reason, the Chairman is unable to attend a meeting of the Board, the Managing Director shall preside over that meeting and in the absence of the Managing Director or in the event of the Chairman and the Managing Director being the same person, any other Director elected by the Directors present at the meeting from among themselves shall preside at the meeting.

(7) All questions at the meeting shall be decided by a majority of the votes of the Directors present and voting and in the case of equality of votes the person presiding shall have a second or a casting vote.

(8) A Director who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into or proposed to be entered into, by or on behalf of the nationalized bank shall as soon as possible after the relevant circumstances have come to his knowledge, disclose the nature of his interest to the Board and shall not be present at the meeting of the Board when any such contract, loan, arrangement or proposal is discussed unless his presence is required by the other Director for the purpose of affording information and no Director so required to be present shall vote on any such contract, loan, arrangement or proposal :

Provided that nothing contained in the sub-clause shall apply to such Director by reason only of his being—

(i) a shareholder (other than a Director) holding not more than two per cent. of the paid-up capital in any public company as defined in the Companies Act, 1956 (1 of 1956), or any Corporation established by or under any law for the time being in force in India or any co-operative society, with which or to which the nationalized bank has entered into or made, or proposes to enter into or make, a contract, loan, arrangement or proposal ; or

(ii) an officer or other employee of the nationalized bank, if he is a Director appointed under sub-clause (b) or sub-clause (c) of Cl. 3.

(9) A copy of the proceedings of such meeting of the Board shall be circulated as soon as possible after the meeting for the information of the Directors and shall be signed by the Chairman of that or the next succeeding meeting.

(10) No act or proceeding of the Board shall be invalid on the ground merely of the existence of any vacancy in or any defect in the constitution of the Board.

Comment

Normally, there should be at least fifteen days' notice be given of any meetings of the Board.

CHAPTER III

Committees of the Board

13. Management Committee.—(1) There shall be a Management Committee of the nationalized bank.

(2) The Management Committee shall consist of the Chairman the Managing Director, the Directors appointed under sub-clauses (g) and (h) of Cl. 3 and not more than four other Directors nominated by the Central Government after consultation with the Reserve Bank :

Provided that the Director nominated by the Central Government shall hold office for not more than one year at a time.

(3) The Management Committee shall exercise such powers as may be delegated to it by the Board with the approval of the Central Government and such approval shall be given by the Central Government after consultation with the Reserve Bank.

(4) Meetings of the Management Committee may ordinarily be held twice in a month.

(5) Four Directors shall be the quorum for a meeting of the Management Committee.

(6) The minutes of a meeting of the Management Committee shall be laid before the Board as soon as possible after the meeting.

(7) The meetings and proceedings of the Management Committee shall be governed by the provisions contained in this Scheme for regulating the meetings and proceedings of the Board so far as the same are applicable thereto.

Comment

The tenure of the office of the Director nominated by the Central Government is one year at a time.

14. Advisory Committees.—The Board may constitute such other committees, whether consisting wholly of Directors or wholly of other persons or partly of Directors and partly of other persons as it deems fit, to render advice to the Board on such matters as may be generally or specially referred to them and shall perform such duties as the Board may entrust to them.

CHAPTER IV

Miscellaneous

15. Disqualifications for membership of a Committee constituted under Cl. 14 and vacation of office by a member.—(1) A person shall be disqualified for being nominated as, and for being, a member of a Committee constituted under Cl. 14 if he is or becomes subject to any of the disqualifications specified in Cl. 10.

(2) If a member of a Committee constituted under Cl. 14 becomes subject to any of the disqualifications specified in Cl. 10, he shall be deemed to have vacated his office and thereupon such office shall become vacant.

(3) A member of a Committee constituted under Cl. 14 may resign his office by giving notice thereof in writing to the Board and such resignation shall take effect on receipt of communication of the resignation from the Board.

(4) The Board may remove any member of a Committee constituted under Cl. 14 and appoint another person in his place.

16. Remuneration and reimbursement of travelling expenses.—(1) A Director, not being the Chairman or a whole-time Director, including the Managing Director, or an official of the Reserve Bank or the Central Government shall be paid by the nationalized bank of which he is a Director, such fees as may be decided by the Central Government after consultation with Reserve Bank, for attending the meetings of the Board or of any Committee of the Board or for attending to any other work of the nationalized bank.

(2) In addition to the fees to which a Director may be entitled to be paid under sub-clause (1), every such Director travelling in connection with the work of the nationalized bank shall be reimbursed his travelling and

halting expenses, if any, on such basis as may be fixed from time to time by the Central Government after consultation with the Reserve Bank :

Provided that the Chairman or a whole-time Director, including the Managing Director, or an official of the Reserve Bank or the Central Government shall be reimbursed his travelling and halting expenses on such basis as may be applicable to him under the rules by which he is governed.

(3) A member of a Committee constituted under Cl. 14 shall receive such fees and travelling and halting expenses as may be decided by the Board.

17. Resolution without meeting of Board valid.—A resolution in writing signed by the majority of the members of the Board or of the Management Committee, as the case may be, shall be valid and effectual and shall be deemed to be the resolution passed by the Board or the Management Committee, as the case may be, on the date it was signed, by the last signatory to the resolution :

Provided that any resolution passed as aforesaid shall be placed before the next meeting of the Board or the Management Committee, as the case may be, and may be rescinded or amended at such meeting. Provided further that if any dissenting Director or member requires in writing that any resolution so passed shall be placed before a meeting of the Board or the Management Committee, as the case may be, the resolution shall not be deemed to be valid and effectual as aforesaid unless the same is passed at such meeting.

Comment

This clause provides that the resolution in writing signed by the majority of the members of the Board or of the Management Committee without holding the meeting of Board, shall be valid and effectual.

18. Meeting of committees constituted under Cl. 14.—The meetings of a Committee constituted under Cl. 14 shall be regulated in such manner as may be decided by the Board.

CHAPTER V

Paid-up Capital

19. Increase of paid-up capital.—Subject to the condition that the paid-up capital of the nationalized bank does not, in any case, exceed rupees fifteen crores, the paid-up capital of any such bank may be increased, from time to time, as in sub-clause (a) or sub-clause (b) below or both—

(a) the Board of Director of a nationalized bank may, after consultation with the Reserve Bank and with the previous sanction of the Central Government transfer to its capital a specified amount from the reserve fund established by such bank under sub-section (3) of the Act ;

(b) the Central Government may, in consultation with the Reserve Bank, make contribution of any specified amount to the paid-up capital of nationalized bank.

THE SCHEDULE

[See Cl. 2 (h)]

Subject.—*Procedure for verification of membership of unions operating the nationalized banks.*

The management of the nationalized banks shall be requested by the Chief Labour Commissioner (Central) to furnish the names and addresses of all the registered unions operating in that respective banks. The particulars of unions received from the management shall be forwarded to the Regional Labour Commissioners concerned for checking up from the record of the Registrars of Trade Unions whether the registration of these unions is still alive and whether there are other registered unions operating in the nationalized banks. The Regional Labour Commissioners shall report to the Chief Labour Commissioner (Central) the result of their checking. On receipt of this information, the unions shall be requested by the Chief Labour Commissioner (Central) to furnish their membership claims in quintuplicate in Annexure I by a specified date.

2. The registered unions shall, therefore, be allotted amongst Verification Officers for the purpose of physical verification of the membership. The Verification Officer shall ask the unions in Annexure II by registered Post Acknowledgement Due to produce him at the stipulated place and time; within ten days from the date of receipt of the first notice, a list of their members, in triplicate, in different branches or offices (bank-wise) who have paid subscription for at least three months during the period of six months preceding the date of reckoning which shall be the first of month just preceding the month in which the Central Government addresses the Chief Labour Commissioner (Central) to undertake the verification along with:

(i) Membership-cum-subscription register;

(ii) Counter-foils of receipts;

(iii) Cash and Account Books;

(iv) Bank Books;

(v) Copy of Union's Construction;

(vi) Registration Certificate;

(vii) Affiliation Certificate and payment receipts if the union is affiliated to any all-India/or State Federation or Central Organization;

(viii) Copy of the latest annual return submitted to the Registrar of Trade Unions;

(ix) List of office-bearers, and

(x) Minutes Book.

3. If a union fails to produce the list of its members and other records, a second and final notice shall be given by Registered Post Acknowledgment Due asking it to produce them at the stipulated place and time within ten days from the date of receipt of the second and final notice. If the union again fails to produce them on the second occasion also, no further attempt shall be made to verify its membership. However, in respect of the unions which have submitted the list and records, the Verification Officer shall

examine them and ascertain the number of members who had paid three months subscription within the period of six months preceding the date of reckoning. This examination shall be 100 per cent. and shall be done in the presence of the office-bearers of the unions concerned but not in the presence of the office-bearers or representatives of a rival union. While doing the verification of membership, the Verification Officer shall give due consideration to any representations which the union officials might make to him.

4. The Verification Officer shall, thereafter, visit the Central or Registered Office of the nationalized bank and ensure that the names of members thus verified are included in the list or borne on the rolls of the management on the date of reckoning. All those members whose names are not borne on the rolls of the management on the date of reckoning shall be eliminated from the list. The Verification Officer shall also obtain the number of persons employed in the respective branches or offices of the bank on the date of reckoning at the time of his visit to the Central or Registered Office of the bank.

5. The Verification Officer shall, thereafter, intimate in writing to the unions of Federation of unions concerned that the verified lists of their respective members in the bank are ready for inspection by the union representative at an appointed time and place. The union shall also at the same time be informed that after inspection of the verified list of members of the rival union(s), they should send, in writing, their specific objections, if any, to the entries in these lists, within ten days (or the longer period if the number of objections is likely to exceed 10,000 on the basis of one additional day for every 2,000 objections over and above, 10,000) of the date of inspection. It should be made clear to the unions that general and vague objections like inflated membership shall not be considered, the objections should give names of persons whose membership of a union is objected to and the reasons therefor.

(The union representative shall be allowed to make notes from the verified lists shown to them in the presence of the Verification Officer; they shall, however, not be allowed to take any of the lists, nor a copy of the lists shall be given to them.)

6. The objections received from the Unions shall then be verified by personal interrogation by the Verification Officer of the members on the basis of the following systematic sampling system:

(i) If the objection list furnished by a Union consists of 500 or less names of members, the number of person so be personally interrogated should 20 per cent. subject to a minimum of 100;

(ii) If the objection list furnished by a union consists of more than 500 but not more than 1,000 names, the number of persons to be personally interrogated should be 15 per cent. subject to a minimum of 100;

(iii) If the objection list furnished by a union consists of more than 10,000 but not more than 2,000 names, the number of persons to be personally interrogated should be 10 per cent. subject to a minimum of 150;

A systematic sample means sampling from a list by taking individuals at equally spaced intervals called sampling intervals. The sampling interval

should be:

$$\frac{\text{Total number of persons in the objection list}}{\text{number of persons in the sample.}}$$

B. R. Act—21

(iv) If the objection list furnished by a union consists of more than 2,000 but not more than 5,000 names, the number of persons to be personally interrogated should be 5 per cent. subject to a minimum of 200; and

(v) If the objection list furnished by the union consists of more than 5,000 names, the number of persons to be personally interrogated should be 2 per cent. to a minimum of 250.

The persons selected for personal interrogation should, among other things, be asked whether they are members of a particular union and whether they had paid subscriptions for three months within a period of six months from the date of reckoning and if so, the amount of subscription paid and the months for which it was paid. The Verification Officer shall maintain a list of members personally interrogated giving their ticket numbers, names of section where working and the result of personal interrogations.

7. Where sample check reveals that certain members interrogated deny membership of a union, its list of members shall be modified proportionately. For example, if on checking records, it is found that a union has 2,000 valid members and the rival union objects to say, 800 of these members, a 15 per cent. sample of the latter has to be drawn, that is to say, 120 persons have to be interrogated personally. If on personal interrogation it is found that 30 of the 120 persons (that is to say, 25 per cent.) deny membership of the union, the strength of the union shall be reduced by 25 per cent. of 800 persons whose membership was objected to, that is to say, by 200. In other words, the final strength of the union shall, in this case, be 1,800.

[2,000—(25 per cent. of 800)—1,800]

If the persons who, on interrogation, deny their membership of the union claiming them as their members, inform the Verification Officer that they are members of a rival union the Verification Officer shall check their membership with the list of members and records of that union and adjust its list accordingly, that is to say, their names shall be added to the list of the rival union if they are not already included in it, and excluded, in the manner mentioned above, from the list of the claimant union.

8. While conducting personal verification as mentioned in para. 6 above, the Verification Officer shall not allow the representative of any union or management to be present.

9. On completion of the verification work the Verification Officer shall furnish a report to the Chief Labour Commissioner.

Total number of persons in the objection list/Number of person in the sample

Thus, for example, if there are 400 workers in the objection list and a sample of 100 workers is to be selected, the Verification Officer should select every (400/100th) or 4th worker in the list. It is, however, not necessary that in all cases the selection should begin from the 4th name in the list; the first sample may either be the 1st name in the list, or the second, or the third or the fourth. Thus, for example if the 1st name is selected as the first sample, then subsequent samples will be 5th, 9th or 13th names; if, however, the second name is taken as the first sample the subsequent samples would be 6th, 10th or 14th names in the list.

ANNEXURE I

Proforma showing particulars of Unions functioning in.....Bank

Sl. No.	Name and address of the union	Registration No. and date of Registration	Whether the union is a primary or federating unit	Affiliation	
				Central organization	State or All-india Federation
1	2	3	4	5	6
Claimed Membership					
Name (s) of the branch or office of the Bank in which union is operating	Membership in each branch or office		Name of the President, General Secretary, Treasurer of the Union with their postal address		Remarks
	Workmen	Other than workmen			
7	8	9	10		11
Total					

NOTE.—If the union is functioning in more than one nationalized bank, it should submit membership claims for each bank in a separate *proforma*.

ANNEXURE II

First notice By Regd.
Second notice A. D.

GOVERNMENT OF INDIA

MINISTRY OF LABOUR

Office of the.....

Dated the.....

No.....

To

The General Secretary,

(Name)

Subject.—Verification of membership of unions operating in the nationalized banks.

Dear Sir,

I am to invite a reference to the procedure for verification of membership of unions operating in the nationalized banks (copy enclosed) as specified

in the Schedule to the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1980 and to request you to furnish—

(i) a list of membership of your union as on.....showing the name of each member, designation, branch or office where working and whether workman or other than workman employee. The list should contain only the names of those members who have paid at least three months' subscription during the period of six months ending with.....; and

(ii) (a) Membership-cum-subscription register ;

(b) Counterfoils of receipts ;

(c) Cash and account books ;

(d) Bank books ;

(e) Copy of the Union's constitution ;

(f) Registration Certificate ;

(g) Affiliation certificate and payment receipt if the union is affiliated to any All-India or State Federation or Central Organization ;

(h) Copy of the latest annual return submitted to the Registrar of Trade Unions ;

(i) List of office-bearers ; and

(j) Minutes Book.

at.....hours on.....(date) at.....
(Place)

**It may please be noted that in case the required documents are not produced on the above fixed date, no further attempts will be made to verify the membership of your union.

Kindly acknowledge receipt of this letter.

Yours faithfully,

Assistant Labour Commissioner (C)

Labour Enforcement Officer (C)

**For 2nd notice

Copy forwarded for information to—

* (1) The President,(Name and address of the union).

* (2) The Treasurer,(Name and address of the union).

* (3) Regional Labour Commissioner.

(4) Chief Labour Commissioner (Central), New Delhi.

*By name

Assistant Labour Commissioner (C)

Labour Enforcement Officer (C)