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4

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	414	Press Mis:
141-150.		
Dated	15-1-	1876.

Not to be folded or roughly handled

Bills—Legislative.

No. 149. Read the following letter from W. STOKES, Esq., Secretary to the Government of India, Legislative Department, to the Honorable W. HUDLESTON, Chief Secretary to Government, Fort St. George, dated Fort William, 16th December 1875, No. 764 :—

I am directed to forward herewith copies of the Bill for constituting and regulating the Banks of Bengal, Madras, and Bombay (with annexure), which was introduced on the 14th instant into the Council of the Governor-General and was referred to a Select Committee with instructions to report in two months.

2. I am to request that you will move His Excellency the Governor in Council to favor the Government of India in this Department with an early expression of his opinion on the provisions of the Bill.

3. I am also to request that the Bill and Statement of Objects and Reasons may be published in the *Fort St. George Gazette*, and that the dates of such publication may be communicated in your reply.

No. 150. ORDER THEREON, 15th January 1876, No. 94.

Copy of the Presidency Banks Bill and Statement of Objects and Reasons, received with the above letter, will be forwarded to the Directors of the Madras Bank, and to the Madras Chamber of Commerce, with the request that they will favor the Government with their views on the Bill in its present form, at their earliest convenience.

2. It is observed that the Bill and its annexure have already been published in the *Fort St. George Gazette—vide* Supplement, 28th December 1875.

(True Extract.)

W. HUDLESTON,
Chief Secretary.

To the Secretary, Bank of Madras,
,, Madras Chamber of Commerce, } with Bill and Statement.

Exd. T. O'Connor.

Bobt. of 1876 Madras

FINANCIAL.

To

The SECRETARY, BANK OF MADRAS,

&c., &c., &c.

Dated January, 15th.

Issued

Recd.

Encl.

G. O., 15th January 1876, No. 24.

JANUARY.
Nos. 149-150.

Bills—Legislature.—Copies of the Presidency Banks Bill forwarded to the Madras Bank and Chamber of Commerce for report.

17th September 1875.

PRESIDENCY BANKS BILL, 1876.

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SCHEDULE.

A

BILL

FOR

Constituting and regulating the Banks of Bengal, Madras and Bombay.

Preamble.

WHEREAS the Bank of Bengal is now constituted and regulated by Act No. IV of 1862, as amended by Acts No. VI of 1862 and No. XIX of 1870;

And whereas the Bank of Madras is now constituted and regulated by Madras Act No. VI of 1866, as amended by Madras Act No. I of 1871;

And whereas a Bank named the Bank of Bombay was constituted and regulated by Bombay Act No. X of 1863, as amended by Bombay Acts No. XV of 1866 and No. I of 1867; but such Bank has been wound up and the said Bombay Acts are now obsolete and should be expressly repealed;

And whereas on the tenth day of December 1867, a joint-stock Banking Company was registered and incorporated at Bombay, by virtue of the Indian Companies' Act, 1866, under the name of "The New Bank of Bombay, Limited," with a Memorandum of Association and Articles of Association then also registered, and prescribing the constitution and regulations for the management of such Bank;

And whereas the Government of India now holds certain shares in the said Bank of Bengal, Bank of Madras and New Bank of Bombay, Limited; and, under the provisions of the said Acts, No. IV of 1862 and Madras Act No. VI of 1866, is bound to appoint, and has power to remove, certain of the directors of the said Banks of Bengal and Madras respectively, and has also power to give a proxy to any person whom the Governor General in Council may appoint, to attend and vote at any meeting of the proprietors of each of the same Banks;

And whereas it has been determined to part with the said shares, and to surrender the said powers, and to repeal the said enactments and to consolidate such of them as relate to the said Banks of Bengal and Madras respectively with the changes rendered necessary or expedient by such parting and surrender;

And whereas it is expedient that the said New Bank of Bombay, Limited, should be reconsti-

tuted and regulated, in manner in this Act provided, under the name of the Bank of Bombay;

It is hereby enacted as follows :—

CHAPTER I.

PRELIMINARY.

Short title. **1.** This Act may be called "The Presidency Banks Act, 1876;"

Local extent. It extends to the whole of British India;

Commencement. And it shall come into force on the *first* day of *March* 1876.

Repeal of enactments. **2.** On and from that day the enactments specified in the schedule hereto annexed shall be repealed to the extent mentioned therein. But all bye-laws and regulations made under any such enactment, and then in force, shall, so far as they are consistent with this Act, be deemed to have been made hereunder.

The references made in the Indian Companies' Act, 1866, to the Bank of Bengal, the Bank of Madras, and the Bank of Bombay, shall be deemed to be made respectively to the Bank of Bengal, the Bank of Madras and the Bank of Bombay as constituted by this Act.

See Act X of 1866, ss. 125 and 231.

Interpretation-clause. **3.** In this Act, unless there be something repugnant in the subject or context—

Act IV of 1862, s. 41. Madras Act VI of 1866, s. 38.

"The Bank" means the Bank of Bengal, the Bank of Madras, or the Bank of Bombay (as the case may be), as constituted and regulated by this Act:

"Capital" means the capital from time to time of the Bank:

"Shares" means the shares from time to time of the capital, and in the case of the Bank of Bengal and the Bank of Madras includes also half shares and quarter shares:

"Capital Stock" means that part of the capital into which wholly paid-up shares have been converted or consolidated, and in the case of the Bank of Bengal and the Bank of Madras includes the present consolidated stock of such Banks respectively:

"Registered" means registered in the books of the Bank:

"Shareholders" means the duly registered holders from time to time of the shares of the Bank:

"Proprietors" means the holders for the time being of the capital stock of the Bank:

"Directors" means the Directors from time to time of the Bank, or, as the case may be, the Directors assembled at a Board:

"Board" means a meeting of the Directors duly called and constituted, or, as the case may be, the Directors assembled at a Board:

"Auditors" and "Secretary and Treasurer" mean those respective officers from time to time of the Bank:

"General Meeting" means the meeting of proprietors or shareholders or both, held annually under section forty-nine; it includes any adjourned holding thereof:

"Special Meeting" means a meeting of proprietors or shareholders or both held for the transaction of some particular business specified in the notice convening the meeting; it includes any adjourned holding thereof:

"Special Resolution" means a resolution passed at a special meeting:

"Office" means the office or principal office for the time being of the Bank:

"Goods" includes also wares and merchandize:

"Presidency of Fort St. George" means the territories for the time being under the government of the Governor of Fort St. George in Council:

"Presidency of Bombay" means the territories for the time being under the Government of the Governor of Bombay in Council; and

"Presidency of Fort William" means all the territories in British India other than the Presidency of Fort St. George and the Presidency of Bombay.

CHAPTER II.

CONSTITUTION.

Act IV, 1862, s. 2. Madras Act VI of 1866, s. 2. Bombay Bill, s. 2.

Proprietors and shareholders of Bank of Bengal, Bank of Madras, and New Bank of Bombay, Limited, to form bodies corporate.

4. The several persons who, when this Act comes into force, are respectively the proprietors and shareholders of the said Bank of Bengal, Bank of Madras and New Bank of Bombay, Limited, or who shall, at any time thereafter, by virtue of this or any other Act regulating the Bank, become proprietors or shareholders shall continue and constitute and be bodies corporate with perpetual succession, under the name,

in the case of the proprietors and shareholders of the said Bank of Bengal—of "The Bank of Bengal,"

in the case of the proprietors and shareholders of the said Bank of Madras—of "The Bank of Madras,"

and in the case of the shareholders and proprietors of the said New Bank of Bombay, Limited—of "The Bank of Bombay,"

and shall respectively possess and enjoy all the rights, powers and immunities incident by law to a corporation aggregate; subject, nevertheless, to the provisions of this or any other Act for the time being in force regulating the Bank.

5. All the property, moveable and immoveable, and all the securities, claims and demands, and the benefits of all agreements, of or to which the said Bank of Bengal, Bank of Madras and New Bank of Bombay, Limited, are or shall be respectively possessed or entitled, or which shall, or but for this Act might be, on the said first day of *March* 1876, or might at any time thereafter have been, due to, or claimed or asserted by, the said Banks respectively shall, by virtue of this Act, become vested in and devolve upon, and may be claimed, made and recovered by,

Act IV of 1862, s. 3.
Madras Act VI of 1866, s. 3.
Bombay Bill, s. 3.

Property of Banks of Bengal and Madras and of New Bank of Bombay, Limited, to vest respectively in Banks of Bengal, Madras and Bombay,

in the case of the said Bank of Bengal,—the Bank of Bengal as constituted by this Act,

in the case of the said Bank of Madras,—the Bank of Madras as constituted by this Act,

and in case of the said New Bank of Bombay, Limited,—the Bank of Bombay as constituted by this Act;

and the Bank shall, from and after the said first day of *March* 1876, be liable and subject to all debts, demands, claims and liabilities which shall then be claimable from, or which, but for this Act, might be then, or might at any time thereafter, have been due or claimable from, or made, claimed, or asserted against, the said Bank of Bengal, Bank of Madras, or New Bank of Bombay, Limited, as the case may be,

and claims against former may be prosecuted against latter Banks.

and no suit or legal proceeding then pending by or against the said Bank of Bengal, Bank of Madras, or New Bank of Bombay, Limited, shall cease, or abate or become defective, in consequence of this Act, but may be continued and prosecuted by or against the Bank.

Bombay Bill, s. 4.

6. The transfer of the assets and liabilities of the said New Bank of Bombay, Limited, to the Bank of Bombay by virtue of this Act, shall operate as a winding up and liquidation of the said New Bank of Bombay, Limited.

Transfer of assets and liabilities to operate as winding-up of New Bank of Bombay, Limited.

No shareholder or creditor of the said New Bank of Bombay, Limited, shall take any proceedings for winding up the same under the Indian Companies' Act, 1866, or any Act for the time being in force relating to the winding up of Companies;

and no person shall make, assert, or take any claims, demands, or proceedings against the same Bank, or the directors or officers thereof, except so far as may be necessary for enforcing the provisions of this or any other Act for the time being in force regulating the Bank of Bombay.

7. The Bank shall sue and be sued by its said corporate name;

Act IV of 1862, s. 4.
Madras Act VI of 1866, s. 4.
Bombay Bill, s. 5.

Bank to sue and be sued in corporate name,

and shall use such corporate seal as the directors from time to time appoint;

and use corporate seal;

and may as such body corporate acquire and hold, either absolutely or conditionally, for a term or in perpetuity, any property whatsoever, moveable or immoveable, and transfer, assign and convey the same.

and may hold and transfer property.

8. The seal of the Bank shall not be affixed to any instrument, except in the presence of at least two Directors and of the Secretary and Treasurer, who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person who may sign the instrument as a witness.

Act IV of 1862, s 24.
Madras Act VI of 1866, s. 24.
Bombay Bill, s. 6.

Seal how to be used.

Unless so signed as aforesaid, such instrument shall be of no validity.

CHAPTER III.

Business.

9. The Bank is authorized to carry on and transact the several kinds of business hereinafter specified (that is to say):

Act IV of 1862, ss. 27, 28, 29.
Madras Act VI of 1866, ss. 27, 28, 29.
Bombay Bill, s. 7.

Business which Banks may transact.

(*a*) the advancing and lending money, and opening cash-credits, upon the security of—

(1) promissory notes, debentures, stock and other securities of the Government of India;

(2) bonds, debentures and annuities charged by the Imperial Parliament on the revenues of India;

(3) stock or debentures of, or shares in, Railway or other Companies, the interest whereon shall have been guaranteed by the Government of India;

(4) debentures or other securities for money issued by, or on behalf of, any municipal body under the authority of any Act of an Indian legislature; and

(5) goods not of a perishable nature, which, or the documents of title to which, are deposited with, or assigned to, the Bank as security for such advances, loans or credits;

Provided that such advances and loans may be made, if the directors think fit, to the Governor-General in Council, without any specific security;

(*b*) the selling and realization of the proceeds of sale of any such promissory notes, debentures, stock receipts, bonds, annuities, stock, shares, securities, or goods which, or the documents of title to which have been deposited with, or assigned to, the Bank as security for such advances, loans or credits, or which are held by the Bank, or over

which, the Bank is entitled to any lien or charge in respect of any such loan or advance or credit or any debt or claim of the Bank, and which have not been redeemed in due time in accordance with the terms and conditions (if any) of such deposit or assignment;

(*c*) the drawing, discounting, buying and selling of bills of exchange and other negotiable securities payable in India, or (in the case of the Bank of Madras) in Ceylon;

(*d*) the investing of such part of the funds of the Bank as is not required to satisfy or provide for immediate demands, upon any of the securities specified in paragraph (*a*) of this section, clauses (1), (2), (3) and (4),

and from time to time altering, converting and transposing such investments for or into others of the investments above specified;

(*e*) the making, issuing and circulating of Bank post bills and letters of credit made payable in India, or (in the case of the Bank of Madras) in Ceylon, to order, or otherwise than to the bearer on demand;

(*f*) the buying and selling of gold and silver bullion;

(*g*) the receiving of deposits and keeping cash-accounts on such terms as may be agreed on;

(*h*) the selling of all property, whether moveable or immoveable, which may in any way come into the possession of the Bank in satisfaction or part satisfaction of debts and claims or otherwise;

(*i*) the transacting pecuniary agency business on commission;

(*j*) the acting as agent on commission in the transaction of the following kinds of business:—

(1) the buying and the taking charge of any Government or other securities, or shares in any Railway, Bank, Joint Stock, or other public Company;

(2) the receiving of the interest or dividends on any such securities or shares;

(3) the investment on account of the depositor, upon any such securities or shares, of any money deposited in the Bank;

(4) the sale or transfer of any such securities or shares deposited with the Bank, or the receipt of any principal money that may be payable thereon;

(5) the investment of the principal and interest and dividends so received, or the proceeds of such sale as last aforesaid, upon any such securities or shares, or, according to the instructions of its constituents, the holding or paying such principal, interest, dividends or proceeds, or, at the risk of such constituents, to remit the same by public

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or private bills of exchange, either payable in India, or in Great Britain or Ireland, or elsewhere, and the doing of all acts necessary or proper for the purpose of effecting such remittances;

(*k*) the drawing of bills of exchange, and the granting of letters of credit, payable out of India, for the use of its constituents for the purpose of the remittances mentioned in the last preceding clause;

(*l*) the buying of bills of exchange payable out of India for the purpose of meeting such bills or letters of credit;

Act IV of 1862, s. 29. Madras Act VI of 1866, s. 29.

(*m*) It shall also be lawful for the Bank under any arrangement or agreement with the Governor General in Council on behalf of the Secretary of State in Council,

(1) to act as banker for, and to pay, receive, collect and remit money, bullion and securities on behalf of, the Government;

(2) to undertake and transact any other business which the Government may from time to time entrust to the Bank;

And the directors shall have power from time to time to arrange and settle with the Governor General in Council the terms of remuneration on which such business shall be undertaken by the Bank, and also as to the examination and audit from time to time of the accounts and affairs of the Bank by or on behalf of the Governor General in Council.

Act IV of 1862, s. 30. Madras Act VI of 1866, s. 27. Bombay Bill, s. 8.

10. The directors shall not transact any kind of banking business other than those above specified, and in particular they shall not make any loan or advance—

Business which Banks may not transact.

(*a*) for a longer period than three months; or

(*b*) upon the security of stock or shares of the Bank of which they are directors; or

(*c*) upon mortgage, or in any other manner upon the security, of any immoveable property, or the documents of title relating thereto; or

Act III of 1840, s. 27. Report of Commissioners on failure of Bank of Bombay. Blue Book: London, 1869.

(*d*) by way of discount on any negotiable security of any individual or partnership firm, which does not carry on it the several responsibilities of at least two persons or firms unconnected with each other in general partnership; or

(*e*) at one and the same time to any individual or partnership firm, by way of discount or otherwise (except upon the security mentioned in section nine, paragraph (*a*)) beyond the amount of three lakhs of rupees;

and the directors shall not discount any negotiable security which shall have a longer period to run than three months: provided that, in the case of the Bank of Madras, the directors may discount negotiable securities payable in Ceylon which may run for a period not exceeding four months.

Act V of 1862, s. 1.

11. Until the expiration of at least fourteen days after notice has been given by notification of the Governor General in Council published, in the case of the Bank of Bengal, in the *Gazette of India* and the *Calcutta Gazette*, and in the cases of the Bank of Madras and the Bank of Bombay, in the local official *Gazette*, that the Bank will no longer act as banker for, or pay, receive, collect or remit money, bullion and securities on behalf of the Government,

Sums payable by or to Government to be payable at Banks.

all sums payable by or to the Secretary of State for India in Council, or by or to the Governor General in Council, or the Government of Bengal or the Governor of Fort St. George in Council or the Governor of Bombay in Council, on behalf of the Secretary of State for India in Council, at the General Treasury of Fort William in Bengal, or at the General Treasury at Madras, or at the General Treasury at Bombay,

shall be payable—

in the case of the Secretary of State for India in Council, or the Governor General in Council—at the Bank of Bengal, the Bank of Madras, or the Bank of Bombay, as the case may be,

in the case of the Government of Bengal—at the Bank of Bengal;

in the case of the Governor of Fort St. George in Council—at the Bank of Madras; and

in the case of the Governor of Bombay in Council—at the Bank of Bombay.

Act V of 1862, ss. 2 & 4.

12. Whenever presentment of any promissory note, bond, or other security for payment or any other purpose at any of the said General Treasuries would heretofore have been necessary or sufficient, presentment for such purpose shall be necessary or sufficient (as the case may be) until the expiration of fourteen days after the giving of the notice mentioned in section eleven—

Presentment of promissory notes at Banks.

in the case of the General Treasury of Fort William—at the Bank of Bengal;

in the case of the General Treasury at Madras—at the Bank of Madras; and

in the case of the General Treasury at Bombay—at the Bank of Bombay.

Act V of 1862, s. 5.

Nothing in this section shall render it necessary to present at the Bank of Bengal, the Bank of Madras, or the Bank of Bombay, any security which need not have been presented at one of the said General Treasuries.

Bombay Bill, s. 9.

13. The office of the Bank of Bengal shall be at Calcutta, that of the Bank of Madras shall be at Madras, and that of the Bank of Bombay shall be in the Island of Bombay;

Place of business.

and the business of the Bank shall be carried on at its office, and, subject to the provisions of section fifteen, at such other place or places in India as the Board may deem advisable.

Bombay Bill, s. 10.

14. For the purpose of providing offices and places in and at which to carry on and manage the business of the Bank, the directors may—

Acquisition of business-premises.

(*a*) hire, take, or acquire by purchase, lease or otherwise, lands, houses, or buildings, on such terms as they may from time to time think advisable;

(*b*) build on any land hired, taken or acquired as aforesaid, or pull down, alter, remove, or convert any such houses or buildings, and erect and build other houses and buildings in lieu thereof on any such land;

(*c*) fit up, furnish, repair, and insure against loss by fire, all or any of such houses or buildings; and let, or give possession of, the whole or any part of the same, whether fitted up or furnished, or otherwise, to such person, and on such terms as they consider advisable with regard to the interests of the Bank, and the promotion or carrying on of its business;

(*d*) sell and buy in any such lands, houses or buildings as aforesaid, and resell the same, and otherwise deal with all or any part of the same as they may consider most conducive to the interests of the Bank.

Act IV of 1862, s. 36.
Madras Act VI of 1866, s. 35.
Bombay Bill, s. 72.

15. It shall be lawful for the directors to maintain as branches or agencies of the Bank, any branches or agencies of the Bank of Bengal, the Bank of Madras, or the New Bank of Bombay, Limited (as the case may be), which may be in existence on the *first* day of *March* 1876,

Establishment of branches and agencies.

and, from time to time, to establish branches or agencies at such places within the Presidency in which the Bank is situate as they deem advantageous to the interest of the Bank,

and, with the previous consent of the Governor General in Council, but not otherwise, to establish branches or agencies at such places outside the Presidency in which the Bank is situate, as the directors deem advantageous for the interests of the Bank:

Proviso.

Provided that the agency of the Bank of Bengal now established in Bombay shall not advance or lend money, or open cash-credits on securities, or receive deposits and keep cash-accounts, or discount bills of exchange drawn and payable in the Presidency of Bombay,

and shall not act as agent on commission, or transact any business except as agent of the same Bank, or of any of its branches.

The directors may discontinue any branch or agency maintained or established under this section.

Government of India.

LEGISLATIVE DEPARTMENT.

A

BILL

FOR

Constituting and regulating the Banks of Bengal, Madras and Bombay.

(Sir W. Muir.)

(Price annas.)

Govt. Central Branch Press, Simla.—L. D.—20-9-75.—00 copies.

Memo:

35

The Presidency Banks Bill - 1876.

1. The Statement of Objects & Reasons explains the necessity for a new Bank Act. The Govt wish to part with their shares in the Banks of Bengal and Madras; and as a consequence, it is deemed necessary to repeal the present Acts which empower Govt to appoint Directors, and to vote. Opportunity is taken to legislate for reducing the capital of the Banks of Bengal and Madras*; for reducing the value of the shares from 1000 to 500 Rs each; and to extend the kinds of business which the Banks may transact.

2. The Bill, as originally drawn, was sent to this Govt in 1873. It was forwarded for the consideration of the Directors of the Madras Bank, whose suggestions, with the opinion of the Advocate Genl, and the Minutes of the Members of Govt, were communicated to the Govt of India with the letter of this Govt noted in the margin.

3. The Govt of India have, in the Bill now before this Govt, adopted some of the

* Reduction of Capitals.

	From	To
Bengal -	22,000,000	20,000,000.
Madras -	5,625,000	5,062,000.

Confidential.

To G. of I. 19 Jan³/74, No 76, (Financial Dept).

From G. of I. 16 Dec/75, No 764, Leg: Dept.

suggestions made to them, and have apparently not given effect to the others. The details of the various changes, and of the new provisions, are noted in pencil in the accompanying copy of the new Bill of December 1875 (entitled the Presidency Banks Bills-1876). The principal points are hereunder noticed.

Liability of Shareholders.

4. Section 4 of the Bill, relating to the constitution of the Bank, defines the persons composing it to be a body Corporate, and invests them with the powers, rights, and immunities incident by law to a corporation aggregate. The Bank Directors were afraid that it might be the intention that the liability of the shareholders should be declared by the Act to be unlimited - at all events, they begged that a clause might be added for the purpose of limiting liability to the capital paid up. This Govt apprehended that the Directors had misunderstood been misinformed as to the view taken by the Govt of India; but to remove all doubt, they remarked that it might be desirable to alter the section. The present Bill however makes no change; and the Govt of India merely say that they accept the opinion of the late Govt Solicitor of Madras (Mr. Bryson) that the liability of the shareholders is limited under the present law, and will be limited under the Bill.

See their Secretary's let in Finl: Pro: 19 Jan 3/74

See para 3 of the letter of this Govt to the G. of I. 19 Jan 3/74, No. 76.

Para 4, Fem G. of I. 22 Sept/75, No. 3568 in Madras Finl. Pro: 8 Oct/75.

Bills in Ceylon.

5. Section 10 of the Bill (article e) carries out the suggestion of this Govt to permit the Bank of Madras to negotiate Bills in Ceylon running for 4 months, that being the practice in Ceylon, instead of 3 months to which period the Bank is limited here; but with reference to the suggestion to except Bills on England at six months sight, the Govt of India make no alteration, as they are of opinion that this section, article e, does not preclude the Bank from purchasing such Bills under section 9, clause 7. (now 7).

para 4 of the letter of this Govt.

para 5 of letter of G. of I. 22 Sept/75.

Branch Banks.

6. With reference to section 15 providing for the establishment of branch banks, this Govt recommended that the Bank should not be allowed to open, or maintain, any branch without the concurrence of the Govt; but the Govt of India say that, with the concurrence of the Secretary of State, they have resolved to allow the Directors to open & close branches within their own Presidency, at their discretion, Govt interference being only necessary when the Directors wish to open a branch beyond the limits of their Presidency.

para 5, M. 9.

para 6, G. of I.

Value of Shares.

7. In regard to section 17, this Govt remarked that the proposal to reduce the

amount of the shares to 250 Rs each might have the effect of creating a less substantial proprietary, though it would improve the value of shares and increase the stability of the Bank as a means of prudent investment, and added that if the shares of the Bombay Bank could not be raised, it might be convenient to lower those of the Bengal and ~~Bombay~~ Madras Banks. The Govt of India have however made the reduction (in the Bill) from 1000 to 500 Rs per share, but say that the decision as to the value of each share must be postponed until the opinion of the Directors of the Bank of Bengal is known.

para 6. M. G.

para 7. their letter 22 Sept 1875.

8. Section 21 of the old Bill (Sec 20 of present Bill) gave the Shareholders power to increase or reduce the capital of the Bank by Special resolution, with the previous sanction of the Govr Genl in Council. The Directors wished to retain these powers in their own hands, subject to a meeting of the shareholders annulling or modifying their resolutions; but the Govt of India agree with this Govt to let the section stand unaltered.

Power to increase Capital.

(Govt agree with Mad Govt)

Para 7 M.G.

Para 8. G. of I.

9. Section 30 of the old Bill (now Sec: 24) empowered the Bank to withhold dividends from, and to sell the shares of, defaulting shareholders indebted to the Bank. Both the Directors and this Govt wished this section to be omitted, this Govt pointing out that the remedy provided by the Common Law was sufficient to guard

Powers of Bank against indebted Shareholders.

(not attended to)

para 8, M.G.

the equitable lien of the Bank on the shares and dividends of the Bank's debtors. The Govt of India make no alteration in the Bill, but say that, after careful consideration of the objections adduced, they have resolved to leave the suggestions for the consideration of the Legislature.

para 9, G. of I.

Re-election of retiring Directors.

(attended to)

10. Section 47 of the old Bill (now 34) provided that no Director retiring should be eligible for re-election. The Govt supported the Directors in their objection to this provision, pointing out that the field of selection was too limited in Madras to admit of this restriction. The Bill has been altered in compliance with this suggestion.

para 9, M.G.

Reserve Fund.

(Sug[n] of Mad Govt not carried out)

11. Section 57 of the old Bill (now 45) gave the Directors liberty to set aside such a sum as they thought proper for a reserve fund before declaring any dividend; and a clause was added that no dividend exceeding the rate of 10 per cent on the paid up capital should be declared unless the reserve fund amounted to at least one equal ~~—~~ fifth part of the paid up capital. The Directors suggested a modification of this section so as to allow of a maximum dividend of 10 per cent being declared, because otherwise, they said, by the operation of a clause in (the old) section 56, which provided that the dividend for the half year ending 31 Dec[r] should not exceed 5 per cent, the Bank w[d] be precluded from paying more than an average of 7½ per cent, viz[z]: 5 per cent on 31 Dec, & 10 per cent on 30 June.

para 10.

This Govt saw no objection to the provision that no dividend exceeding 10 per cent on the paid up capital should be declared unless the reserve fund equalled 20 per cent of such capital; but they pointed out that there was nothing in the section, or in the Bill, to ensure the existence of a reserve fund at all, and recommended the enactment of a provision to compel the Directors to declare (say) ten per cent yearly from net profits for reserve, which, after reaching a certain amount, might be resorted to for the purpose of making up the annual dividend to 3 or 4 per cent. The new Bill omits ~~the clause of the old~~ sec: 58, about dividend not exceeding 5 per cent on 31 Dec^r^ (see its section 44); and while ~~doing~~ so striking out the clause (of the old section 57) declaring that no dividend exceeding 10 per cent shall be declared unless the reserve fund amounts to one fifth, it still simply provides that the Directors may set aside what they think proper as a reserve fund, and invest the same in the purchase of promissory notes, debentures, Bills of Exchange &^c^.

Bye-Laws.

12. Section 72 of the old Bill (now sec: 63) gave the Directors power to make Bye Laws, but subject always to the approval of the Gov^r^ Gen^l^ in Council previously obtained. The Directors wished this latter provision to be omitted, as otherwise considerable delay & possible inconvenience might be caused, and they submitted that the power of veto on any bye law w^d^ be sufficient for all practical purposes. This Govt made no proposition or remark, on this point. The Govt

para 12, G. of I.

of India have not altered the section. They say that the Gov^r^ Gen^l^ in Council is unwilling to sanction any bye laws being enacted without his consent previously obtained.

Eligibility of Partners in Banking Houses.

13. The letter of this Govt concluded with the opinion that there should be no room for doubt as to the eligibility of members of agency firms, otherwise qualified, to be elected as Directors, even though some of the ordinary business of the firm may be of a banking character. To exclude such shareholders, they said, practically would deprive the Bank of the services of those best qualified for the duty and most interested in the Bank's prosperity. This observation does not appear to have received attention. The Bill remains the same. Section 35 (corresponding sec: of old Bill, 48) provides for the qualification & disqualification of directors. One of the circumstances disqualifying - see clause 2 - is if the person "holds the office of director, provisional director, promoter, agent, or manager, of any other Bank established or having a branch or agency in British India, or advertised as about to be established, or to have a branch or agency in British India".

22^d^ Sept^r^/75

Enumeration of Bank.

14. The letter from the Govt of India, in answer to the report of this Govt on the old Bill, contains the Memorandum of conditions on which the Govt of India is prepared to enter into arrangements with the Madras Bank at the Presidency for the transaction of the public business. The new Bill contains an entirely new section (67) for the sale of the Govt shares.

Sale of Govt Shares.

8.1.76.

Memo:

The Presidency Banks Bill.

-1876-

G of I 15 Jany 76 N° 96

Ld

I think we had better invite the remarks of the Directors of Bank of Madras & the Chamber of Commerce on the Bill in its present form

Ags

Bdl

234
748
C 10/1.

C. 29-1-76

Please see additional Memo. subjoined to this, on the replies of the Chambers of Commerce & the Bank Directors.

MM

N° 764

From

Whitley Stokes Esqre,
Secretary to the Govt. of India
Legislative Department.

To

The Honble W. Huddleston
Chief Secretary to the Govt. of Madras

Dated Fort William the 16th December 1875.

Sir,

I am directed to forward herewith Copies of the Bill for constituting and regulating the Banks of Bengal, Madras and Bombay, with annexures, which was introduced on the 14th instant into the Council of the Governor General and was referred to a Select Committee with instructions to report in two months.

2. I am to request that you will move His Excellency the Governor in Council to favour the Government of India in this Department with an early expression of his opinion on the provisions of the Bill.

3. I am also to request that the Bill

Bill and Statement of objects and reasons may be published in the Fort St. George Gazette and that the dates of such publication may be communicated in your reply.

I have the honour to be

Sir,

Your Obedient Servant

Whitley Stokes

Secretary to the Govt. of India

W.C.

Financial Dept.

41

Read letter from the Govt of India, Legislative Dept, dated 16 Dec/75, No. 764.

Ord.- 15- Jany 1876 p. 94

Copy of the Presidency Banks Bill and Statement of Objects and Reasons, received with the above letter, will be forwarded to the Directors of the Madras Bank, and to the Madras Chamber of Commerce, with the request that they will favour the Govt with their views on the Bill in its present form, at their earliest convenience.

2. It is observed that the Bill and its annexure have already been published in the Fort St. George Gazette - vide Supplement 28 Dec/75.

To
The Secy, Bank of Madras
Madras Chamber of Commerce.

Desp 15/1/76

With Bill & Statt

Recd Copy Sent 24/1/76

15.1.76.

8th Feby/76, Rec 17-2-76

Financial (Bills & Legislative) Dept

Fwd Copy of Bill & Statement of Objects & Reasons

Desp 16/2/76

Rec 22/2/76

No. 765- 2 Encls & Schedule

No 2983

Forwarded for the information of the Bank, and requesting to be favoured with the Banks views on the Bill as now framed, at the Banks earliest convenience.

Fort St. George
Dated 17th Feby 1876

By Order
Secretary

Gazette

W. Skrine
Compare Govt Note
Mr. Bright & this
Govt's Comments on
the Madras Bank
Minute proceedings
for Orders.

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Govt. of {187} Madras.

Final

F. W. No. 234 x 1878

G.O. 15 Jany 1880. No. 94

Nos. 149–50

Bills - Legislature. Opinion of the Acting Standing Counsel for the Madras Bank Bill for the Madras Bank & Chamber of Commerce in reply -