

BANK OF BENGAL ACT, 1839

ACT NO. VI. OF 1839

(Rep., by Act 4 of 1862)

[18th March, 1839.]

*Passed by the Hon'ble the President of the Council of India in Council, on the 18th March, 1839.*

I. The existing Charter of the Bank of Bengal having been found in many respects inconvenient and imperfect, the Members of the said Corporation have by their Directors applied to the Governor General of India in Council for the amendment thereof, by a new Charter or Act of Incorporation, tendering the surrender thereupon of the said Charter, and the Governor General in Council having assented to such surrender, and to the continuance of the said Corporation as hereinafter declared;-It is hereby enacted, that from the 1st day of May next after the passing of this Act the Charter of the said Bank of Bengal bearing date the 29th May 1823, and the Acts No. XIX. of 1836 and No. XXIV. of 1838 relating thereto, shall respectively cease to have effect; and the same are hereby from that day cancelled, save as to such particulars as are herein mentioned or referred to.

II. And it is hereby enacted, that the persons who at the time of the determination of the said Charter and Acts aforesaid shall, under the provisions of the said Charter and Acts, be the Proprietors of the Capital Stock of the said Bank of Bengal, shall notwithstanding the determination of the said Charter and Acts continue to be a corporation, body corporate and politic by the name of the Bank of Bengal with perpetual succession to them and their successors Proprietors for the time being of the said Bank as hereinafter mentioned, and to possess and enjoy all the rights, privileges and immunities incident by law to a corporation aggregate.

III. And it is hereby enacted, that all property and securities for property, claims and demands whatsoever now vested in or held by the said Bank of Bengal, under and by virtue of said Charter and Acts, shall immediately on the determination of the said Charter devolve on and become vested and continued in the Bank of Bengal, so continued and incorporated by this Act as aforesaid, and that the said Bank of Bengal so continued and incorporated as aforesaid shall be subject to all debts, demands, claims and liabilities outstanding against the said Bank at the time of such determination of its said Charter as aforesaid, and that no suit or proceeding at Law or in Equity then pending shall cease or abate in consequence of such determination of the said present Charter, and of such renewal and continuance of the said Bank by virtue of this Act.

IV. And it is hereby enacted, that the said Bank so renewed and continued shall and may sue and be sued by its corporate name aforesaid, and shall and may have and use such common seal as the Directors of the said Bank shall from time to time appoint, and shall be competent to acquire and hold either absolutely or conditionally, for a term or in perpetuity, any description of property whatever and to transfer and convey the same.

V. And it is hereby enacted, that the Capital Stock of the said Bank as constituted under the said present Charter and Acts shall on the determination of the same by virtue of this Act continue to be the Capital Stock of the said Bank so renewed and continued as aforesaid, provided however that it shall be in the power of the Governor General of India in Council from time to time by resolution notified in the *Calcutta Gazette*, to authorize the said Capital Stock to be increased, and to make such order and direction for the opening of subscriptions towards such increase of capital as to him may seem fit, giving due notice thereof to the Proprietors of the said Bank for the time being, and allowing to them a period of not less than twelve months to fill up such subscription themselves, and likewise to prescribe in what manner and form the Proprietors shall subscribe and pay into the said Bank the proportions of new Stock to which they may respectively be entitled, and to make such order and direction as to him the said

Governor General in Council may seem fit for the disposal of the amount of new Stock that may not be subscribed for and paid up in the manner and form so prescribed.

VI. And whereas the Capital Stock of the said Bank which by the said Act No. XIX. of 1836 was fixed at seventy-five lakhs of Rupees divided into 1875 Shares of four thousand Rupees each, has by the Resolution of the President of the Council of India in Council, issued and notified to the Proprietors on the 17th October 1838, in conformity with Act No. XXIV. of 1838 been ordered to be increased by one-half, and whereas a book is now open for subscriptions and payment is now being made of such increased capital in the manner and under the terms and conditions authorized in the said Act No. XXIV. of 1838, and prescribed in the said order and notice of the President in Council. It is therefore hereby enacted, that the Capital Stock of the said Bank shall on the said Bank, consist of the said sum of seventy-five lakhs of Company's Rupees, together with such further amount as shall on that date have been subscribed and paid into the Bank of Bengal under the order and notice referred to, and the further subscriptions and payments of Capital authorized and ordered as abovementioned shall continue to be received in the manner provided in the said order and notice of the President in Council, and shall be added to the Capital Stock of the Bank as received, accordingly as is prescribed in the said order passed under the authority of the said Act, and the Capital Stock held by the Bank of Bengal on the said 1st May next, together with the further Capital that may be subscribed and paid up as above after that date shall be divided into shares of four thousand Rupees each, or into quarter shares of one thousand Rupees each in the manner declared and provided by Act No. XIX. of 1836, and the shares of the said Capital that may be then registered in the name of the Governor General of India in Council, shall be the property of the said Governor General of India in Council for the time being on behalf of the East India Company, together with any new shares of quarter shares for which subscription may be made on account thereof, under the option reserved to the said Governor General of India in Council to that effect in the said order and notice, and the shares and quarter shares registered as belonging to individual Proprietors shall continue to be the property of such Proprietors and the said Proprietors shall respectively be in the proportion of their several interests Proprietors of the Bank of Bengal as re-incorporated by this Act, and shall hold and enjoy in respect to their several shares and interests the same precise rights and privileges, as regards the subscription to fresh Stock, under the order and notice referred to, as they would have done if the Bank of Bengal had continued under the Charter and Acts referred to, the re-incorporation of the said Bank by this Act notwithstanding.

VII. And it is hereby enacted, that no Proprietor shall be allowed to increase his share in the Capital Stock of the said Bank beyond the amount of one lakh and sixty thousand Rupees, excepting on occasion of the present or of any future increase being made to the Capital Stock of the said Bank under the authority of the Governor General in Council in the manner prescribed in Sections V. and VI. of this Act, in which case any Proprietor holding Stock to the full amount of one lakh and sixty thousand Rupees, shall notwithstanding be entitled to subscribe to the increased Capital Stock in a rateable proportion; and excepting any addition to his interest in the said Capital Stock arises from succession, bequest or marriage.

VIII. And it is hereby enacted, that a certificate signed by three Directors of the said Bank shall be delivered to the Proprietor or Proprietors of all the said shares of the Capital Stock of the said Bank, upon demand made by the holder of such share, and that any person who is a Proprietor of more than one such share, may at his option demand a certificate for each of his shares, or one certificate for all his shares, or several certificates, each of which may be for any number of his shares.

IX. And it is hereby enacted, that the said share or shares of the Capital Stock of the said Bank shall be of the nature of personal estate of the Proprietors thereof respectively, and that the same shall be transferable by endorsement to be made on such certificates thereof respectively, under the hand of the Proprietor or Proprietors, or his, her, or their Attorneys duly authorized, which endorsement shall specify the name of the person or persons to whom the said transfer shall be made, provided that no such

endorsement shall be effectual to transfer any such share or share until such endorsement shall have been registered at the Bank of Bengal, and such registration shall have been noted on such endorsement under the hand of an Officer appointed for that purpose by the Directors of the said Bank.

X. And it is hereby enacted, that the said corporate body, so renewed and continued as aforesaid, shall consist and be composed of the registered Proprietors for the time being of the said shares of the Capital Stock of the said Bank, and of no other person or persons whatsoever.

XI. And it is hereby enacted, that the business of the said Bank shall be managed by nine Directors, of whom three shall be appointed and removable by the Governor General of India in Council, and the remaining six shall be elected by a General Meeting of the Proprietors of the said Bank, and removable by vote of the majority of a General Meeting of the said Proprietors.

XII. And it is hereby enacted, that the persons who, at the time of such determination of the said present Charter and Acts as aforesaid, shall be Directors of the said Bank, shall thereafter continue to be directors of the said Bank so renewed and continued as aforesaid.

XIII. And it is hereby enacted, that two of the six Directors elected and to be elected by the said Proprietors shall in rotation go out of office on the second Monday in the month of December in every year, on which day in every year a General Meeting of Proprietors shall be held for the election of two Directors in their stead-provided always that any Director going out by rotation as aforesaid may not be re-elected at the election which takes place thereupon-provided also that the rotation existing at the time of such determination as aforesaid of the said present Charter and Acts shall continue to be observed.

XIV. And it is hereby enacted, that in case of the death, resignation, or absence from Calcutta for more than three months, or removal as aforesaid of any Directors elected or to be elected by the said Proprietors, the Directors shall call a General Meeting of the Proprietors to be held within fifteen days for the purpose of choosing a successor, and such successor shall come into the same place in the rotation abovementioned in which the Director was.

XV. And it is hereby enacted, that no person shall be capable of serving as a Director by election of the said Proprietors who shall not be Proprietor in his own right, and unencumbered of three shares of twelve thousand Rupees of the Capital Stock of the Bank of Bengal, or who shall be a Director of any other Bank issuing Notes payable on demand within the Town of Suburbs of Calcutta.

XVI. And it is hereby enacted, that at General Meetings of the Proprietors every election and other matter in question shall be decided by a majority of votes, and that no person shall be allowed to vote at any such Meeting in respect of any share of the said Capital Stock acquired by transfer or purchase or otherwise than by act of law, unless such transfer shall have been completed six months at the least before the time of tendering such vote. “”

XVII. And it is hereby enacted, that at all such General Meetings the Proprietors shall vote according to the following scale:

1	Share of 4,000	Rs.	Shall	entitle to	1 vote.
5	”	”	”	”	2 ”
10	”	”	”	”	3 ”
15	”	”	”	”	4 ”
20	”	”	”	”	5 ”
30	”	”	”	”	6 ”
40	”	”	”	”	7 ”

and no Proprietor shall be entitled to more than seven votes.

XVIII. And it is hereby enacted, that it shall be lawful for the Governor General of India in Council to give a proxy in writing, signed by one of the Secretaries to Government, to any person whom the Governor General may appoint to attend any General Meeting of the Proprietors, and that the holder of such proxy shall be entitled to give seven votes upon all matters or question that may be submitted to such meeting excepting upon the election or removal of such Directors as are elected by the said Proprietors.

XIX. And it is hereby enacted, that any Proprietor or Proprietors entitled to vote at any General Meeting may give a proxy in writing, either General or Special, under his, her or their hand, or the hand of his, her or their attorney, duly authorized, to any other Proprietor, and that such proxy shall be produced at the time of voting, and that such proxy shall entitle the person to whom it is given to vote on such matters as shall be authorized by the tenor of such proxy.

XX. And it is hereby enacted, that at the first Meeting of the Directors in every year they shall chuse a President from among themselves, and if the office of President shall become vacant they shall at their next Meeting chuse a successor for the remainder of the current year, and that during any vacancy or in the absence of the President the senior Director shall be Vice-President for the time, and that such President or Vice-President shall have the casting vote in all cases of an equal division of votes at Meetings either of Directors or Proprietors.

XXI. And it is hereby enacted, that the presence of at least three Directors shall be necessary to form a board for the transaction of business, and that the said Directors shall establish a weekly rotation among themselves, so that not less than three Directors may attend every Meeting of Directors, provided always, that nothing herein contained shall be held to preclude any Director from attending any Meeting of Directors.

XXII. And it is hereby enacted, that all accounts of the said Bank, and all instruments not under seal, whereby the said Bank can in any manner be bound, except the Cash Notes of the Bank, shall be signed by three Directors and shall be of no validity unless so signed, and shall be of no validity unless so signed, and that the seal of the said Bank shall not be affixed to any instrument except in the presence of three Directors who shall sign their names to the instrument in token of their presence, and that such signing shall be independent of the signing of any person who may sign the instrument as a witness, and that unless so signed by three Directors such instrument shall be of no validity.

XXIII. And it is hereby enacted, that the said Directors shall have power to appoint such Officers as may be necessary to conduct the business of the said Bank, and to remove any Officer of the said Bank, and to fix the salaries of such Officers, provided that the whole expense of the establishment of the said Bank shall not in any one year exceed sixty thousand Rupees, without previous authority from the General Meeting of the Proprietors.

XXIV. And it is hereby enacted, that no person who shall hold the office of Secretary, Treasurer, Head Accountant or Khazanchee of the Bank of Bengal, shall engage in any other commercial business either on his own account, or as Agent for any other person or persons, or act a broker for the sale or purchase of Government Securities; and that every person appointed to any one or more of the said offices shall give security to the Directors for the faithful discharge of his duty in the sum of fifty thousand Rupees.

XXV. And it is hereby enacted, that the said Bank of Bengal shall not be engaged in any kind of business except the kinds of business hereinafter specified, that is to say-

1. The Discounting of Negotiable Securities.
2. The keeping of Cash Accounts.
3. Buying and Selling of Bills of Exchange payable in India.
4. The lending of Money on short loans.
5. The Buying and Selling of Bullion.
6. The receiving of Deposits.
7. The issuing and circulating of Cash Notes and Bank Post Bills.
8. The selling of Property or Securities deposited in the Bank as security for loans and not redeemed, or of Property or Securities recovered by the Bank in satisfaction of debts and claims.

XXVI. And it is hereby enacted, that the Directors of the said Bank shall discount no Negotiable Security and make no loan unless the amount of cash in possession of the said Bank, and immediately available, shall be equal to at least one-fourth of all the claims against the said Bank, outstanding for the time being and payable on demand.

XXVII. And it is hereby enacted, that the Directors of the said Bank of Bengal shall not discount any Negotiable Securities which shall have a longer period to run than three months, or lend any money for a longer period than three months, and that they shall make no loan or advance on any Bank Share or Certificate of Shares, nor on mortgage, or in any other manner on the security of any Lands, Houses, or immoveable property, nor on any Negotiable Security of any individual or partnership firm, which shall not carry on it the several responsibilities of at least two persons of firms unconnected with each other in general partnership, nor be in advance at one and the same time to any individual or partnership firm either by way of discount, loan, or in any other manner (saving by loans upon the deposit of Government Securities, or Goods not perishable as hereinafter mentioned) beyond the amount of three lakhs of Company's Rupees. Provided always that advances upon Bills of Exchange accepted by the Government, or upon other Government Obligations shall not be considered as an advance within the meaning of this restriction.

XXVIII. And it is hereby enacted, that the Directors of the said Bank shall make no loan other than such loans as are described in the Section next preceding, except on deposit of Public Securities to the full amount of the loan, and which Public Securities shall be so endorsed or transferred as to put them at the absolute disposal of the said Bank of Bengal, or on deposit of Goods, not of a perishable nature, and of estimated value exceeding the amount of the loan by at least one-fourth.

XXIX. And it is hereby enacted, that the said Bank shall not be at any time in advance to the Government more than seven lakhs and a half of Company's Rupees, provided always that the holding of Government Securities or of Bills of Exchange drawn upon the Government, or of other Government Acceptances or Obligations derived to the said Bank from individuals and not overdue shall not be construed as being in advance to the Government within the meaning of this Section.

XXX. And it is hereby enacted, that the Directors of the said Bank of Bengal shall not suffer any person or persons, or body corporate, keeping cash with the said Bank of Bengal, to overdraw his, her or their account.

XXXI. And it is hereby enacted, that the said Bank of Bengal may issue Promissory Notes, payable either on demand or at a date not exceeding thirty days after sight, which Notes shall and may be signed on behalf of the said Bank by such person as the Directors of the said Bank may appoint or authorize in that behalf, provided always that the total amount of such Notes in circulation at any one time shall not

exceed two crores of Rupees, and provided also that no such Note shall be for a smaller amount than ten Rupees.

XXXII. And it is hereby enacted, that it shall not be lawful for the said Bank to make, issue or negotiate any Note, Bill or other instrument containing any promise, undertaking or order for the payment of money elsewhere than within the limits of India.

XXXIII. And it is hereby enacted, that it shall be lawful for the Directors of the said Bank of Bengal to receive in deposit Goods not of a perishable kind, and to contract for the safe keeping of the same.

XXXIV. And it is hereby enacted, that the Directors of the said Bank shall cause the books of the said Bank to be balanced on the 30th day of June and the 31st of December in every year, and that a settlement of the balance on every such day, signed by a majority of the said Directors, shall be forthwith transmitted to one of the Secretaries to the Governor General of India in Council, and that the Governor General of India in Council shall at all times be entitled to require of the said Directors any information touching the affairs of the Bank, and the production of any documents of the said Bank, and that the said Directors shall comply with every such requisition.

XXXV. And it is hereby enacted, that an account of the profits of the said Bank shall be taken half yearly on the 1st day of January and the 1st day of July in every year, and that a dividend thereof shall be made so soon thereafter as conveniently may be, and that the amount of such dividend shall be determined by the Directors of the said Bank on the ground of the actual profits made by the said Bank during the six calendar months preceding the day up to which such half yearly account shall be taken, provided that the said Directors, subject to the control and sanction of the Proprietors at their General Meetings, shall have power when they see fit to set apart from such profits a sum not exceeding five per cent. on the Capital Stock of the Bank as a reserve against contingencies.

XXXVI. And it is hereby enacted, that on the first Monday of the month of August in every year, a General Meeting of the Proprietors of the Capital Stock of the said Bank shall be held, at which the Directors of the said Bank shall submit to the said Proprietors a statement of affairs of the said Bank, made up to the preceding 30th of June, and such General Meeting shall be competent to pass resolutions, and frame rules and directions relative to affairs and conduct of the said Bank which shall be binding on the Directors and Officers of the Bank, and on the Proprietors thereof, until rescinded or modified respectively by any subsequent General Meeting.

XXXVII. And it is hereby enacted, that any three of the said Directors of the said Bank, or any ten Proprietors of the Capital Stock of the said Bank, may at any time convene a General Meeting of the Proprietors upon giving fifteen days previous notice of such Meeting, and of the purpose or purposes for which the same shall be convened as well to the Directors of the said Bank for the time being, as also by public advertisement in the *Calcutta Gazette*.

XXXVIII. And it is hereby enacted, that it shall be lawful for the Bank of Bengal, with the sanction of the Governor General of India in Council, to establish Branch Banks at such places, and under such rules and restrictions as shall be determined by the Proprietors at their General Meetings, provided however, that such Branch Banks when so established, besides being subject to the rules and restrictions that may be imposed by the Proprietors, and to the control and orders of the Directors of the Bank at Calcutta, shall be bound by the same rules as to the description of business in which they are to engage and the manner of conducting such business, and likewise in respect to the issue of notes payable on demand and the retention of cash to meet the same, and in all transactions and matters herein above referred to, as are prescribed for the Bank of Bengal by this Act.

XXXIX. And it is further enacted, that if any of the said Proprietors shall become indebted to the said Bank it shall be lawful for the said Bank to withhold payment of the dividends on the share or shares of such Proprietor registered as his or her own property, and not as held in trust, or as executor, or

administrator, until payment of such debt, and to apply such dividends towards payment thereof, and that after demand and default of payment and notice in that behalf given either to such Proprietor, or his or her constituted Agent, or by public advertisement in the *Calcutta Gazette*, it shall be lawful for the said Bank to refuse registration of the transfer of any such share or shares of such Proprietor, until payment of such debt; and if the same shall remain unpaid for the space of six months after such notice, to advertise for public sale, and to sell such share or shares or so many as may be necessary, and to apply the proceeds thereof towards payment of such debt with interest at the rate of six per cent. per annum, paying over the surplus, if any, to such Proprietors, or to his or her lawful representative.

XL. And it is further enacted, that the said Bank shall continue as hereby constituted until the 1<sup>st</sup> day of May, which will be in the year of Our Lord 1846, and shall thereafter continue in like manner until duly dissolved or modified, provided however, that after the said 1st day of May 1846, the said Bank shall not, except upon the application or by the consent of the Proprietors of the said Bank be dissolved, or anywise modified without previous notice of twelve months at the least being given to the Directors of the said Bank for the time being of such intended dissolution or modification, provided also that in the event of the said Bank at any time suspending cash payments, the benefits granted to the said Bank by the present Act of Incorporation shall be thenceforth forfeited.

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