

| MONDAY MEETING | CORPORATE PROFESSIONALS | OCTOBER 17, 2016 |  
| VENUE: D-28, SOUTH EX-PART-1, NEW DELHI - 110 049 |

## **MCA UPDATES**

### **1) INSOLVENCY AND BANKRUPTCY CODE, 2016**

Ministry of Corporate Affairs has issued a Public Notice dated October 10, 2016 on behalf of the Insolvency and Bankruptcy Board of India inviting comments from interested stakeholders on the following drafts rules and regulations:

#### **A. Rules**

1. Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

#### **B. Regulations**

1. Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

2. Insolvency and Bankruptcy (Liquidation of Insolvent Corporate Persons) Regulations, 2016.

*(Enclosed as Annexure A)*

### **2) MISCELLANEOUS**

- The **e-Form INC-29 (Integrated Incorporation Form)** will no longer be available on the Ministry's portal and stakeholders will not be able to file any previously downloaded versions from 1st November, 2016.
- Stakeholders are advised to ensure that **Form 3** (Information with regard to Limited Liability Partnership agreement and changes, if any, made therein) has been mandatorily filed for initial agreement before filing of Form 8 (Statement of Account & Solvency) and Form 11 (Annual Return of Limited Liability Partnership (LLP)). Filing Form 3 within 30 days of incorporation is mandatory.

## **SEBI UPDATES**

SEBI on 10.10.2016 issued **Circular No. SEBI/HO/MRD/DSA/CIR/P/2016/110** to all recognized/Non-operational /Exited Stock Exchanges and to all Exclusively Listed Companies in the Dissemination Board (shares of companies available for buying and selling and not for companies referred as vanishing companies.) regarding **Exclusively listed companies of De-recognized/Non-operational/exited Stock Exchanges placed in the Dissemination Board (DB).**

*(Enclosed as Annexure B)*

SEBI on 14.10.2016 issued **Circular No. SEBI/HO/CDMRD/DRMP/CIR/P/2016/112** Bullion as Collateral to protect the interests of investors in securities and to promote the development of, and to regulate the securities market

*(Enclosed as Annexure C)*

### **RBI UPDATES**

The RBI had allowed banks to classify government securities borrowed from the Central Bank in the daily liquidity adjustment facility (LAF) under Statutory Liquidity Ratio (SLR) making liquidity management easier for banks.

*(Enclosed as Annexure d)*

**F. No. 30/10/2016-Insolvency  
Government of India  
Ministry of Corporate Affairs,**

**Public Notice**

The Ministry of Corporate Affairs (MCA) as part of the process for implementing the Insolvency and Bankruptcy Code, 2016 (Code) had set-up a working group consisting of practitioners and experts for making recommendations for drafting rules and regulations for the insolvency resolution and liquidation of insolvent corporate persons. Based on recommendations of working group, the following rules and regulations have been drafted:

**A. Rules**


1. **Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016**

**B. Regulations**

1. **Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.**
2. **Insolvency and Bankruptcy (Liquidation of Insolvent Corporate Persons) Regulations, 2016.**

These Rules and Regulations have been made available on the online portal of the MCA, [www.mca.gov.in](http://www.mca.gov.in)

Comments, on behalf of the Insolvency and Bankruptcy Board of India, are invited from interested stakeholders on these drafts rules and regulations. Interested stakeholders may submit their comments in the prescribed format available on the website of MCA latest by 31<sup>st</sup> October, 2016.

  
(Shatrughan Chauhan)  
Assistant Director  
Insolvency Section  
10<sup>th</sup> October, 2016



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

## CIRCULAR

SEBI/HO/MRD/DSA/CIR/P/2016/110

October 10, 2016

**All recognised/Non-operational /Exited Stock Exchanges.**

**All Exclusively Listed Companies in the Dissemination Board (shares of companies available for buying and selling and not for companies referred as vanishing companies.)**

Dear Sir/Madam,

**Sub: Exclusively listed companies of De-recognized/Non-operational/exited Stock Exchanges placed in the Dissemination Board (DB).**

1. SEBI vide circular dated May 30, 2012 issued guidelines facilitating the exit of De-recognized/Non-operational stock exchanges and exit to the shareholders of exclusively listed companies (ELCs) by allowing them to get listed on nationwide stock exchanges after complying with the diluted listing norms of nationwide stock exchanges, failing which they would be moved to the Dissemination Board (DB).
2. Further, SEBI vide circular dated May 22, 2014, inter-alia, provided that ELCs, on de-recognized/non-operational stock exchanges, can also opt for voluntary delisting by following the existing delisting norms of SEBI. It was also specified that if the ELCs fail to comply with the same, they shall be moved to DB.
3. Subsequently, SEBI vide circular dated April 17, 2015 allowed a period of eighteen months' time to ELCs on DB to obtain listing upon compliance with the listing requirements of the nation-wide stock exchanges.
4. SEBI has been receiving representations seeking clarifications on raising of further capital and the process of exit of ELCs from the DB. Therefore, SEBI, in the interest of the investors of such ELCs, clarifies as follows:
  - a. The respective nationwide stock exchanges hosting the ELC on its DB would hereinafter be referred as 'designated stock exchange'.
  - b. The ELCs on the DB would be required to exercise one of the two options as mentioned in Para 4.c or 4.d of the circular.
  - c. Raising capital for listing on Nationwide Stock Exchanges.  
In order to facilitate listing on nationwide stock exchanges, the ELCs on the DB shall be allowed to raise capital for meeting the listing requirements through preferential allotment route in terms of the provisions under the Issue of Capital and Disclosure Requirements Regulations, 2009 (ICDR).

- i. For the above purpose the procedures as specified under ICDR shall be followed to the extent possible. Towards this purpose, the designated stock exchange shall be according in principle approval and monitoring compliance with the same.
    - ii. In the process of raising capital through preferential allotment, if the allotment is made to promoters/public such that it is in excess of the threshold limits (5% or 25%) of the SEBI (Substantial Acquisition of Shares and Takeovers Regulations), 2011 (SAST), the provisions of SAST Regulation shall not be applicable for the proposed acquisition subject to the overall holding of the promoter group not exceeding 75% of the paid up capital of the company.
    - iii. The ELCs which fail to list on the nationwide stock exchanges under the aforesaid mechanism shall provide exit to its investors as per para 4.d of the circular.
  - d. Procedure to provide exit to investors:  
 In order to protect the interest of all shareholders of such ELCs, an exit mechanism to investors of such ELCs shall be as prescribed in **Annexure-A** to this circular. Accordingly, all ELCs shall be required to ensure compliance with the procedure for exit. The oversight and monitoring of such exit mechanism shall be carried out by the designated stock exchange.
    - i. Designated stock exchanges shall further ensure that the promoters have made adequate efforts in terms of the above provisions for providing exit to their shareholders before removing ELCs from the DB.
    - ii. The designated stock exchange shall display the list of companies willing to provide exit to their investors on their website on a monthly basis.
5. In order to facilitate the raising of capital or provide exit to investors as mentioned under para 4.c and 4.d, it is prescribed that:
- a. The ELCs on the DB which are yet to indicate their intention to comply with listing or to provide exit shall submit their plan of action to designated stock exchanges latest within three months from the date of this circular to the satisfaction of the designated stock exchanges, failing which the designated exchange shall recommend action as specified under Para 6 of this circular.
  - b. The designated stock exchanges shall review the plan of action and ensure completion of the process within 6 months.

**6. Action against companies remaining on the DB**

a. Any promoter or director whose company is on the DB and has failed to demonstrate adequacy of efforts for providing exit to their shareholders in conformity with the exit mechanism as provided in this circular shall be liable for the following actions :

- The company, its directors, its promoters and the companies which are promoted by any of them shall not directly or indirectly associate with the securities market or seek listing for any equity shares for a period of ten years from the exit from the DB.
- Freezing of shares of the promoters/directors.
- List of the directors, promoters etc. of all non-compliant companies as available from the details of the company with nationwide stock exchanges shall be disseminated on SEBI website and shall also be shared with other respective agencies.
- Attachment of bank accounts/other assets of promoters/directors of the companies so as to compensate the investors.

7. The provisions of this Circular are applicable to the exclusively listed companies of all de-recognized/non-operational stock exchanges which are exited/in the process of exit in terms of exit circular dated May 30, 2012.
8. The respective designated stock exchanges shall ensure that all exclusively listed companies on the DB be accordingly advised to facilitate compliance of the above provisions in a time bound manner.
9. This circular is issued in exercise of powers conferred under Section 11 (1) and 11(2) (j) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

**Bithin Mahanta**  
**Deputy General Manager**  
**Division of SRO Administration**  
**Market Regulation Department**  
**+91-22-26449634**  
**Email: [bithinm@sebi.gov.in](mailto:bithinm@sebi.gov.in)**

#### **Annexure-A.**

- i. The promoter in consultation with the designated stock exchange shall appoint an 'independent valuer' from the panel of expert valuers of the designated stock exchange.
- ii. In case the fair value determined is positive the promoter of the company shall acquire shares of such companies from the public shareholders by paying them such value determined by the valuer.
- iii. The promoter shall undertake to complete the entire process within seventy five working days.
- iv. The promoter of the company to make a public announcement in at least one national daily with wide circulation, one regional language newspaper of the region where the exited stock exchange was located and the website of the designated stock exchanges.
- v. The public announcement shall contain all material information of the fact of such exit opportunity to its shareholders, disclosing therein the name and address of company, including exit price offered by the promoter with the justification therefore, and shall not contain any false or misleading statement.
- vi. The announcement shall contain a declaration about the liability of the promoter to acquire the shares of the shareholders, who have not offered their shares under exit offer up to a period of one year from the completion of offer at the same price determined by the valuer.
- vii. The exit offer shall remain open for a period of minimum five working days during which the public shareholders shall tender their shares. The promoter shall open an escrow account in favour of independent valuer/designated stock exchange and deposit therein the total estimated amount of consideration on the basis of exit price and number of outstanding public shareholders. The escrow account shall consist of either cash deposited with a scheduled commercial bank or a bank guarantee, or a combination of both. The amount in the escrow account shall not be released to the promoter unless all the payments made in respect of shares tendered for the aforesaid period of one year.
- viii. The promoter shall make payment of consideration within fifteen working days from the date completion of offer.
- ix. The promoter shall certify to the satisfaction of designated stock exchange that appropriate procedure has been followed for providing exit to shareholders of such companies. Subsequently, the designated stock exchanges upon satisfaction shall remove the company from the dissemination board.

- x. The exclusively listed companies which have 100% promoter holding shall be removed from the dissemination board on obtaining a compliance certification from any independent professional with regard to the holding of shares of these companies and submit to the designated stock exchanges.
- xi. The names of the companies providing exit opportunity to its shareholders and their promoters shall be displayed in a separate section on the website of the designated stock exchange.

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भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DRMP/CIR/P/2016/112

October 14, 2016

To,

**The Managing Directors / Chief Executive Officers  
National Commodity Derivatives Exchanges**

Sir / Madam,

**Sub: Bullion as collateral**

1. Vide circular no. CIR/CDMRD/DRMP/01/2015 dated October 01, 2015 SEBI had specified comprehensive risk management framework for national commodity derivatives exchanges including norms on collateral that can be accepted by Exchanges from their members.
2. After analysing the representations received regarding bullion as collateral, it has been decided to modify the condition - "*Total commodities collateral for any clearing member shall not exceed 15% of the total liquid assets of the clearing member*", prescribed in paragraph 2 (Liquid Assets) of Annexure I of the above mentioned circular, as follows – "*Total commodities collateral for any clearing member shall not exceed 30% of the total liquid assets of the clearing member, out of which non-bullion collateral shall not exceed 15% of the total liquid assets of the clearing member*".
3. It is reiterated that exchanges shall make necessary arrangements to enable timely liquidation of collaterals accepted by them and may stipulate concentration limits for collateral at member level/across all members as may be necessary based on their risk perception, capability to hold and arrangements for timely liquidation.
4. The exchanges are advised to bring the provisions of this circular to the notice of their members and also to disseminate the same on their website.



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

5. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

**Shashi Kumar**  
**General Manager**  
**Division of Risk Management and Products**  
**Commodity Derivatives Market Regulation Department**  
**[shashikumarv@sebi.gov.in](mailto:shashikumarv@sebi.gov.in)**



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

www.rbi.org.in

RBI/2016-17/83

DBR.No.Ret.BC.15/12.02.001/2016-17

October 13, 2016

**All Commercial Banks, Primary (Urban) Co-operative Banks (UCBs),  
State and Central Co-operative Banks (StCBs/CCBs)**

Dear Sir,

**Section 24 and Section 56 of the Banking Regulation Act, 1949 - Maintenance  
of Statutory Liquidity Ratio (SLR)**

Please refer to [circulars DBR.Ret.BC.64/12.01.001/2015-16 dated December 10, 2015](#), on maintenance of Statutory Liquidity Ratio under Section 24 and Section 56 of the Banking Regulation Act, 1949.

2. It has been decided that the SLR securities acquired from RBI under Liquidity Adjustment Facility (LAF) shall be considered as eligible assets for SLR maintenance from October 3, 2016.

3. All scheduled commercial banks, Primary (Urban) Co-operative Banks and State and Central Co-operative Banks shall be guided by these guidelines. A copy of the relative notification DBR.No.Ret.BC.14/12.02.001/2016-17 dated October 13, 2016, applicable to all these banks is enclosed.

4. Please acknowledge receipt.

Yours faithfully,

(S S Barik)  
Chief General Manager-in-Charge

Encl: As above

बैंकिंग विनियमन विभाग, केंद्रीय कार्यालय, 12वीं और 13वीं मंज़िल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, मुंबई 400001

टेलीफोन /Tel No: 22661602, 22601000 Fax No: 022-2270 5670, 2260 5671, 5691 2270, 2260 5692

Department of Banking Regulation, Central Office, 12th & 13th Floor, Central Office Bhavan, Shahid Bhagat Singh Marg, Mumbai - 400001. Tel No: 22661602, 22601000 Fax No: 022-2270 5670, 2260 5671, 5691 2270, 2260 5692

हिंदी आसान है, इसका प्रयोग बढ़ाइए

**NOTIFICATION**

In exercise of the powers conferred by sub-section (2A) of Section 24 read with Section 51 and Section 56 of the Banking Regulation Act, 1949 (10 of 1949) and in partial modification of the [Notification DBR.No.Ret.BC.63/12.01.001/2015-16 dated December 10, 2015](#), the Reserve Bank hereby specifies that:

(i) with effect from the dates given below, every scheduled commercial bank, local area bank, primary co-operative bank, state co-operative bank and central co-operative bank shall maintain in India assets (hereinafter referred to as 'SLR assets') the value of which shall not, at the close of business on any day, be less than:

(a) 20.75 per cent from October 1, 2016; and

(b) 20.50 per cent from January 7, 2017

of their total net demand and time liabilities in India as on the last Friday of the second preceding fortnight, valued in accordance with the method of valuation specified by the Reserve Bank from time to time; and

(ii) such SLR assets shall be maintained by:

**A. Scheduled commercial banks and local area banks, as -**

(a) cash; or

(b) gold as defined in Section 5(g) of Banking Regulation Act, 1949 valued at a price not exceeding the current market price: or

(c) unencumbered investment in any of the following instruments [hereinafter referred to as Statutory Liquidity Ratio securities ("SLR securities")], namely:-

- 1) Dated securities of the Government of India issued from time to time under the market borrowing programme and the Market Stabilization Scheme ; or
- 2) Treasury Bills of the Government of India; or
- 3) State Development Loans (SDLs) of the State Governments issued from time to time under the market borrowing programme:

(d) the deposit and unencumbered approved securities required, under sub-section (2) of section 11 of the Banking Regulation Act, 1949(10 of 1949), to be made with the Reserve Bank by a banking company incorporated outside India;

(e) any balance maintained by a scheduled bank with the Reserve Bank in excess of the balance required to be maintained by it under section 42 of the Reserve Bank of India Act, 1934 (2 of 1934);

Provided that the instruments referred to in items (1) to (3) above that have been acquired under reverse repo with Reserve Bank of India, shall not be included as SLR securities for the purpose of maintenance of SLR assets up to October 2, 2016.

From October 3, 2016 such securities acquired from Reserve Bank shall be considered as eligible assets for SLR maintenance.

Provided further that the following securities shall not be treated as encumbered for the purpose of maintenance of SLR assets, namely:-

(a) securities lodged with another institution for an advance or any other credit arrangement to the extent to which such securities have not been drawn against or availed of;

(b) securities offered as collateral to the Reserve Bank for availing liquidity assistance from Marginal Standing Facility (MSF), upto the permissible percentage of the total NDTL in India, carved out of the required SLR portfolio of the bank concerned; and

(c) securities offered as collateral to the Reserve Bank for availing liquidity assistance under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).

**B. Primary (Urban) co-operative banks, as–**

(a) Cash, or

(b) gold as defined in Section 5(g) of Banking Regulation Act, 1949 (AACS) valued at a price not exceeding the current market price: or

(c) Unencumbered investment in approved securities as defined in section 5(a) of the Banking Regulation Act, 1949 (10 of 1949) read with section 56 thereof:

Provided that the instruments that have been acquired under reverse repo with Reserve Bank of India, shall not be included as SLR securities for the purpose of maintenance of SLR assets up to October 2, 2016. From October 3, 2016 such securities acquired from Reserve Bank shall be considered as eligible assets for SLR maintenance.

Provided further that the following securities shall not be treated as encumbered for the purpose of maintenance of SLR assets, namely:-

(a) securities lodged with another institution for an advance or any other credit arrangement to the extent to which such securities have not been drawn against or availed of;

**C. State co-operative bank (StCB) and Central co-operative bank (CCB), as -**

(a) cash, or

(b) gold as defined in Section 5(g) of Banking Regulation Act, 1949 (AACS) valued at a price not exceeding the current market price:, or

(c) unencumbered investment in approved securities as defined in Section 5(a) of the Banking Regulation Act, 1949 (10 of 1949) read with Section 56 thereof.

Provided that the instruments that have been acquired under reverse repo with Reserve Bank of India, shall not be included as SLR securities for the purpose of maintenance of SLR assets up to October 2, 2016. From October 3, 2016 such securities acquired from Reserve Bank shall be considered as eligible assets for SLR maintenance.

The securities lodged with another institution for an advance or any other credit arrangement to the extent to which such securities have not been drawn against or availed of.

Notwithstanding anything contained hereinabove,

i. Unencumbered balances maintained by a Central co-operative bank with the State co-operative bank of the State concerned, in excess of the balance required to be maintained by it under Section 18 of the Banking Regulation Act, 1949 (10 of 1949) read with section 56 thereof;

ii. Any unencumbered term deposits maintained by a Central cooperative bank with the State co-operative bank of the State concerned; and

iii. Unencumbered term deposits held by a State co-operative bank or a central co-operative bank with State Bank of India or a subsidiary bank or a corresponding new bank or IDBI Bank Ltd.

shall also be deemed to be assets for the purpose of calculating the percentage specified under this notification, till March 31, 2017. However, SLR on incremental NDTL over the level as on July 25, 2014 shall be maintained by StCBs / CCBs in the form of approved assets. Maintenance of SLR in the form of approved assets on NDTL as on July 25, 2014 shall be as per the roadmap advised as under.

Date	Investment in approved assets
March 31, 2016	10% of NDTL as on July 25, 2014 to be maintained in assets as mentioned at (c) above
From April 1, 2017	Entire SLR as prescribed by RBI as on that date in assets as mentioned in (a) to (c) above
* <a href="#">RPCD circular RPCD.RCB.BC.No.16/07.51.020/2014-15 dated July 21, 2014</a>	

(Sudarshan Sen)  
Executive Director

Explanation- For the purpose of this notification,

(a) “cash” to be maintained by

i) Scheduled commercial banks and local area banks shall include, in addition to cash in hand, the net balance in current accounts with other scheduled commercial banks in India.

ii) Primary (urban) co-operative banks shall include :

- Any balances maintained by a primary co-operative bank, which is a scheduled bank, with the Reserve Bank in excess of the balance required to be maintained by it under section 42 of the Reserve Bank of India Act, 1934 (2 of 1934);
- Any balances maintained by a primary co-operative bank, not being a scheduled bank, with the Reserve Bank in excess of the balance required to be maintained by it under Section 18 of the Banking Regulation Act, 1949 (10 of 1949) read with Section 56 thereof; and
- “Net balances in current accounts” as defined in the Explanation to sub-section (1) of Section 18 of the Banking Regulation Act, 1949 (10 of 1949) read with Section 56 thereof, in excess of the balance required to be maintained by it under the said section.

iii) State co-operative bank or a Central co-operative bank shall include –

- Any balances maintained by a State co-operative bank, which is a scheduled bank, with the Reserve Bank in excess of the balance required to be maintained by it under Section 42 of the Reserve Bank of India Act, 1934 (2 of 1934);
- Any balances maintained by a State co-operative bank or Central co-operative bank, not being a scheduled bank, with the Reserve Bank in excess of the balance required to be maintained by it under Section 18 of the Banking Regulation Act, 1949 (10 of 1949) read with Section 56 thereof; and
- “Net balances in current accounts” as defined in the Explanation to sub-section (1) of section 18 of the Banking Regulation Act, 1949 (10 of 1949) read with section 56 thereof, in excess of the balance required to be maintained by it under the said Section.

(b) “Facility to Avail Liquidity for Liquidity Coverage Ratio” shall mean facility whereby banks will be permitted to reckon government securities held by them up to a certain per cent of their NDTL within the mandatory SLR requirement as level 1 High Quality Liquid Assets (HQLA) for the purpose of computing their Liquidity Coverage Ratio (LCR).

(c) “Liquidity Adjustment Facility” shall mean Repo auctions (for injection of liquidity) and reverse repo auctions (for absorption of liquidity) conducted by the Reserve Bank of India.

(d) “Local area bank” shall mean a banking company licensed as such under Section 22 of the Banking Regulation Act, 1949 (10 of 1949).

(e) "Marginal standing facility" shall mean the facility under which the eligible entities can avail liquidity support from the Reserve Bank against SLR securities, up to a certain per cent of their respective NDTL outstanding at the last Friday of the second preceding fortnight.

(f) "Market borrowing programme" shall mean the domestic rupee loans raised by the Government of India and the State Governments from the public and managed by the Reserve Bank through issue of marketable securities, governed by the provisions of the Government Securities Act, 2006, Public Debt Act, 1944 and the Regulations framed under those Acts, through an auction or any other method, as specified in the notification issued in this regard.

(g) "Scheduled commercial bank" shall mean a banking company included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934) and includes the State Bank of India, subsidiary bank, corresponding new bank and Regional Rural Bank.

(h) "State Co-operative Bank" shall mean the Principal Co-operative Society in a State, the primary object of which is the financing of other Co-operative Societies in the State:

Provided that in addition to such Principal Society in a State, or where there is no such Principal Society in a State, the State Government may declare any one or more Co-operative Societies carrying on business in that State to be also or to be a State Co-operative Bank or State Co-operative Banks within the meaning of this definition;

(i) "Central Co-operative Bank" shall mean the Principal Co-operative Society in a district in a State, the primary object of which is the financing of other Co-operative Societies in that district:

Provided that in addition to such Principal Society in a district, or where there is no such Principal Society in a district, the State Government may declare any one or more Co-operative Societies carrying on the business of financing other Co-operative Societies in that district to be also or to be a Central Co-operative Bank or Central Co-operative Banks within the meaning of this definition.

(j) "Primary Co-operative Bank" shall mean a co-operative society, other than a primary agricultural credit society,-

- i. the primary object or principal business of which is the transaction of banking business;
- ii. the paid-up share capital and reserves of which are not less than one lakh of rupees; and
- iii. the bye-laws of which do not permit admission of any other co-operative society as a member :

Provided that this sub-clause shall not apply to the admission of a co-operative bank as a member by reason of such co-operative bank subscribing to the share capital of such co-operative society out of funds provided by the State Government for the purpose.