



FACULTY OF JURIDICAL SCIENCES

COURSE NAME : BALLB/BBALLB

SEMESTER : VIIIth

SUBJECT : Banking law

SUBJECT CODE: BAL -802/BBL-802

LECTURE : 7

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Companies; Control over Management:

The Section 36AA of Banking Regulation Act deals with control over management of banking company. It deals with Power of Reserve Bank to remove managerial and other persons from office.

Control over Management

- Under Section 36AA of Banking Regulation Act, 1949 Reserve Bank of India is empowered to remove Chairman, Director, chief executive officer, any officer or employee of the banking company. However RBI must be satisfied that such action is necessary for public interest or for preventing the affairs of a banking company being conducted in a manner detrimental to the interests of the depositors or for securing the proper management of any banking company.
 - The reasonable opportunity must be given to concerned official of making a representation to the Reserve Bank against the proposed order. The person against whom an order of removal has been made can appeal to Central Government within thirty days from the date of communication to him of the order. The decision of the Central Government on such appeal shall be final and shall not be called into question in any court.
 - The person against whom an order is made by the Reserve Bank contravenes the provisions, he shall be punishable with fine which may extend to two hundred and fifty rupees for each day during which such contravention continues
 - The Reserve Bank may appoint another suitable person in place of person who was removed by RBI. Such person shall hold office during the pleasure of the Reserve Bank but a period not exceeding three years or such further periods not exceeding three years at a time. However such appointment shall not incur any obligation or liability by reason during the execution of the duties of his office.
 - As per Section 36ACA of Banking Regulation Act, 1949, the Reserve Bank may supersede the Board of Directors of banking company if in consultation with Central Government it is satisfied that it is necessary in the public interest or for preventing the affairs of any banking company being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company
1. MCQs **Controlling function finds out how far _____ deviates from standards.**
- (a) Actual performance
 - (b) Improvement
 - (c) Corrective actions
 - (d) Cost

- 2. Which of the following is not a limitation of controlling?**
- (a)* Little control on external factors
 - (b)* Costly affair
 - (c)* Ensuring order & discipline
 - (d)* Difficulty in setting quantitative standards
- 3. “Planning is theoretical whereas controlling is practical”**
- (a)* True
 - (b)* False
 - (c)* Cannot say
- 4. Which of the following is not a process of controlling?**
- (a)* Analyzing deviations
 - (b)* Integrates employees efforts
 - (c)* Taking corrective measures
 - (d)* Setting performance standards
- 5. Which of the following is a traditional technique of managerial control?**
- (a)* Personal observation
 - (b)* Breakeven analysis
 - (c)* Budgetary control
 - (d)* All of the above