

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

¹[15. **Chairman of Board.**—(1) The Small Industries Bank shall, in consultation with the State Government nominate a director as a Chairman of the Board for such period not exceeding three years and on such terms and conditions as the Small Industries Bank may specify:

Provided that the Chairman shall not be a whole-time director unless he is also appointed to function as the managing director:

Provided further that the Chairman shall so long as he remains a director be eligible for re-appointment as Chairman.

(2) The Chairman shall preside over the meetings of the Board and the general meetings of the Financial Corporation.]

²[16. **Remuneration of directors.**—The directors other than the managing director and not being servants of the Government shall be paid such fees as may be prescribed for attending meetings of the Board and, if they are members of the Executive Committee, or any other committee appointed by the Financial Corporation, for attending meetings of such committee.]

17. Managing director.—³[(1) The managing director shall—

- (a) be appointed, in consultation with the Small Industries Bank, by the State Government;
- (b) be a whole-time officer of the Financial Corporation;
- (c) perform such duties as the Board, by regulations, entrust or delegate to him;
- (d) hold office for such term not exceeding three years as the State Government may specify and shall be eligible for re-appointment;
- (e) receive such salary and allowances and be subject to other terms and conditions of service as the Board may, with the previous approval of the State Government, determine.]

⁴[(2) The State Government may, after consulting the Board, remove the managing director from office:

Provided that no managing director shall be so removed unless he has been given an opportunity of showing cause against his removal.]

⁵[(3) Notwithstanding anything contained in sub-section (1), the State Government, with prior consultation of the Small Industries Bank, shall have the right to terminate the term of office of the managing director at any time, before the expiry of the term

specified under clause (d) of sub-section (1) by giving him notice of not less than three months in writing or three months salary and allowances in lieu of such notice and the managing director shall also have right to relinquish his office at any time before the expiry of term specified under clause (d) of sub-section (1) by giving to the State Government notice of not less than three months in writing.]

¹[18. **Executive Committee.**—(1) The Board shall constitute an Executive Committee consisting of the chairman and managing director, the whole-time directors and such other directors as it may deem fit:

Provided that in the case of a Joint Financial Corporation, if the directors nominated under clause (b) of section 10 represent different State Governments then, all of them shall be members of the Executive Committee.

(2) The Executive Committee shall discharge such functions as may be prescribed or as may be delegated to it by the Board.

(3) The Board may constitute such other committees whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons for such purpose or purposes as it may think fit.]

19. Meetings of the Board and Committee.—(1) The Board and the Executive Committee shall meet at such times and places and shall observe such rules of procedure in regard to transaction of business at its meetings as may be provided by regulation made under this Act.

(2) All questions at a meeting shall be decided by a majority of votes of the members present, and, in the case of equality of votes, the Chairman or in his absence, any other person presiding, shall have a second or casting vote.

(3) No director shall vote on any matter in which he is interested.

²[***]

³[***]

⁴[(5) If for any reason the Chairman of the Board or the Chairman of the Executive Committee is unable to attend any meeting of the Board or, as the case may be, of the Executive Committee,—

- (a) in the case of the meeting of the Board, a director ⁵[* * *] authorised by the Chairman of the Board in writing shall preside at such meeting, but if the director so authorised is absent or if no such authorisation has been made, the Board may elect a director to preside at that meeting; and
- (b) in the case of the meeting of the Executive Committee, a member authorised in writing by the Chairman of that Committee shall preside at

1. Subs. by Act 39 of 2000, sec. 12, for section 15 (w.e.f. 5-9-2000).

2. Subs. by Act 6 of 1962, sec. 7, for section 16 (w.e.f. 16-4-1962).

3. Section 17 renumbered as sub-section (1) of that section by Act 56 of 1956, sec. 9 (w.e.f. 1-10-1956) and subs. by Act 39 of 2000, sec. 13 (w.e.f. 5-9-2000).

4. Ins. by Act 56 of 1956, sec. 9 (w.e.f. 1-10-1956).

5. Ins. by Act 39 of 2000, sec. 13 (w.e.f. 5-9-2000).

1. Subs. by Act 39 of 2000, sec. 14, for section 18 (w.e.f. 5-9-2000).

2. Sub-section (3A) ins. by Act 56 of 1956, sec. 11 (w.e.f. 1-10-1956) and omitted by Act 39 of 2000, sec. 15 (w.e.f. 5-9-2000).

3. Sub-section (4) subs. by Act 6 of 1962, sec. 9 (w.e.f. 16-4-1962) and omitted by Act 39 of 2000, sec. 15 (w.e.f. 5-9-2000).

4. Ins. by Act 6 of 1962, sec. 9 (w.e.f. 16-4-1962).

5. The words ", not being the managing director" omitted by Act 43 of 1985, sec. 12 (w.e.f. 21-8-1985).