

## **RELEVANT EXTRACT OF COMPANIES ACT, 1956**

### **Sec-417 Employees' securities to be deposited in post office savings bank or Scheduled Bank**

(1) Any money or security deposited with a company by any of its employee in pursuance of his contract of service with the company shall be kept or deposited by the company within fifteen days from the date of deposit

(a) in a post office savings bank account, or

(b) in a special account to be opened by the company for the purpose in the State Bank of India or in a Scheduled Bank, or

(c) where the company itself is a Scheduled Bank, in a special account to be opened by the company for the purpose either in itself or in the State Bank of India or in any other Scheduled Bank.

(2) No portion of such moneys or securities shall be utilised by the company except for the purposes agreed to in the contracts of service.

(3) A receipt for moneys deposited with a company by its employee shall not be deemed to be a security within the meaning of this section; and the moneys themselves shall accordingly be deposited as provided in sub-section (1).

### **Sec-419 Right of employee to see bank's receipt for moneys or securities referred to in Section 417 or 418**

An employee shall be entitled, on request made in this behalf to the company, or to the trustees referred to in sub-section (4) of section 418, as the case may be, to see the bank's receipt for any money or security such as is referred to in sections 417 and 418.

### **Sec-420 Penalty for contravention of Sections 417, 418 and 419**

Any officer of a company, or any such trustee of a provident fund as is referred to in sub-section (4) of section 418 who, knowingly, contravenes, or authorises or permits the contravention of, the provisions of section 417, 418 or 419, shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to ten thousand rupees.