

GOVERNMENT SAVINGS BANKS ACT, 1873

5 of 1873

[28th January, 1873]

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STATEMENT OF OBJECTS AND REASONS "The object of this Bill, which is founded on Statute 26 and 27 Vic., c. 87, Section 30, is to legalise the repayment of monies deposited in District Savings Banks by or on behalf of minors, i.e., in the words of the Indian Succession Act, persons who have not completed the age of eighteen years. Such deposits are often made by fathers on behalf of their minor children, and hardship is sometimes caused by the impossibility (as the law stands) of providing thereout for the maintenance, clothing and education of these minors."-Gazette of India, 1872, Part V, page 575.

1. Short title :-

This Act may be called the Government Savings Banks Act, 1873.
Local extent. It extends¹to ²[the whole of India ³ [* * *].]

1. Substituted for "all the provinces of India" by A.L.O., 1950.
2. Words "except the State of Jammu and Kashmir" were omitted by the Jammu and Kashmir (Extension of Laws) Act, 1956 (62 of 1956), Section 2 and Sch. (1-11-1956).
3. Commencement clause was repealed by the Repealing Act, 1874 (14 of 1874), Section I and Sch., Pt. 1.

2. Act not to apply to deposits in Anchal Savings Bank :-

This Act shall not apply to any deposits made in the Anchal Savings Bank of the State of Travancore-Cochin, and, notwithstanding anything contained in this Act, any law in force in the said State immediately before the commencement of the Part B States (Laws) Act, 1951, relating to such deposits, shall continue to apply thereto as if that law had not been repealed.]

3. Interpretation clause :-

In this Act- "depositor" means a person by whom, or on whose behalf, money has been heretofore, or shall be hereafter, deposited in a Government Savings Bank and "deposit" means money so "deposited": ¹Provided that on and after the date on which the Finance Bill, 2005 receives the assent of the President, the provisions of this clause shall have effect as if for the word? "a person", the words "an individual" had been substituted by the Finance Act, 2005 ²["Secretary" means in the case of a Post Office Savings Bank the Postmaster- General appointed for the area in which the Saving Bank is situate], ³[or if that area is in Pakistan, by the Postmaster-General for such area in India as the Central Government may by general or special order specify in this behalf]: ⁴["minor" means a person who is not deemed to have attained his majority under the Majority Act, 1875]: ⁵ ["prescribed" means prescribed by rules made under this Act.]

1. In Section 3 of the Government Savings Banks Act, 1873, in the definition of "depositor", the following proviso shall be inserted, namely: "Provided that on and after the date on which the Finance Bill, 2005 receives the assent of the President, the provisions of this clause shall have effect as if for the word? "a person", the words "an individual" had been substituted.' by the "Finance Act, 2005"
2. Substituted for the original definition by the Government Savings Bank (Amendment) Act, 1923 (16 of 1923), Section 2.
3. Inserted by A.C.A.O., the Government Savings Bank (Amendment) Act, 1923 (16 of 1923), Section 2, 1948.
4. Substituted for the original definition by the Amending Act, 1916

(13 of 1916), section 2 Sch.

5. Inserted by the Government Savings Banks (Amendment) Act, 1959 (45 of 1959), section 2 (18-9-1959).

4. Nomination by depositor :-

(1) Notwithstanding anything contained in any law for the time being in force, or in any disposition, whether testamentary or otherwise, by a depositor in respect of his deposit, where any nomination made in the prescribed manner purports to confer on any person the right to receive the deposit on the death of the depositor, the nominee shall, on the death of the depositor become entitled, to the exclusion of all other persons to be paid the deposit, unless the nomination is varied or cancelled in the prescribed manner.

(2) Any nomination referred to in sub-section (1) shall become void if the nominee predeceases, or where there are two or more nominees, all the nominees predecease, the depositor.

(3) Where the nominee is a minor it shall be lawful for the depositor to appoint in the prescribed manner any person to receive the deposit in the event of his death during the minority of the nominee.]

4A. Payment on death of depositor :-

(1) If a depositor dies and there is in force at the time of the death of the depositor a nomination in favour of any person, the deposit shall be paid to the nominee.

(2) Where the nominee is a minor, the deposit shall be paid-

(a) in any case where a person has been appointed to receive it under sub-section (3) of section 4 , to that person; and

(b) where there is no such person, to the guardian of the minor for the use of the minor. .

(3) Where a deposit is payable to two or more nominees and either or any of them is dead, the deposit shall be paid to the surviving nominee or nominees.

(4) If a depositor dies and there is no nomination in force at the time of his death and probate of his will or letters of administration of his estate or a succession certificate granted under the Succession Act, 1925 , is not within three months of the death of

the depositor produced to the Secretary of the Government Saving Bank in which the deposit is, then-

(a) if the deposit does not exceed ¹[such limit as may be prescribed], the Secretary may pay the same to any person appearing to him to be entitled to receive it or to administer the estate of the deceased; and

(b) within the ² [limit prescribed under clause (a)], any officer employed in the management of a Government Savings Bank who is empowered in this behalf by a general or special order of the Central Government may, to the extent to which he is empowered by such order and subject to any general or special orders of the Secretary in this behalf, pay the deposit to any person appearing to him to be entitled to receive it or to administer the estate.

(5) Nothing contained in this section shall be deemed to require any person to accept payment of a deposit, which is a time deposit, before it has become due.]

OBJECTS AND REASONS "Under Section 4 of the Government Savings Banks Act, 1873 deposits in a Government Savings Bank belonging to the estate of a deceased person are payable to his legal heirs on production of probate of his will or letters-of administration of his estate or a succession certificate granted under Succession Act, 1925; but if the deposit does not exceed Rs. 5,000 and any of the documents referred to above is not produced within a period of three months of the death of the depositor, payment can be paid by the postal authorities to any person appearing to them to be entitled to receive it or to administer the estate of the deceased. 2. Suggestions have been made from time to time that, as the production of legal proof of succession involves considerable delay and expense, the depositors may be allowed the right to nominate a person or persons to receive the amounts due to the deceased depositors without the production of legal documents. This Bill, accordingly, seeks to allow nomination facilities to the depositors in the Government Savings Bank by amending Savings Banks Act, 1873."- S.O.R., Gaz. of Ind., 1959, Extra, Pt. II, Section 2, page 865.

1. Substituted for the words "five thousand rupees" by Government Savings Laws (Amendment) Act (56 of 1985), S. 2 (4-9-85).

2. Substituted for the words "aforesaid limit of five thousand rupees; Government Savings Laws (Amendment) Act (56 of 1985), S. 2 (4-9-85).

5. Payment to be a discharge :-

¹[Any payment made in accordance with the foregoing provisions of this Act] shall be a full discharge from all further liability in respect

of the money so paid: Savings of right of executor. But nothing herein contained precludes any executor, or other representative of the deceased, from recovering from the person receiving the same the amount remaining in his hands after deducting the amount of all debts or other demands lawfully paid or discharged by him in due course of administration. Savings of right of creditor. And any creditor or claimant against the estate of the deceased may recover his debt or claim out of the money paid under this Act, ² [* * * * * * * * * *] to any person, and remaining in his hands unadministered, in the same manner and to the same extent as if the latter had obtained letters of administration of the estate of the deceased.

1. Substituted for the words "such payment", by the Government Savings Banks (Amendment) Act, 1959 (45 of 1959), S. 4(18-9-1959).
2. Words "or Act No. 26 of 1855" were omitted, the Government Savings Banks (Amendment) Act, 1959 (45 of 1959), S. 4 (18-9-1959).

6. Security for due administration :-

The Secretary of any such Bank ¹[or any officer empowered ²[under sub-section (4) of section 4A]] may take such security as he thinks necessary from any person ³ [to whom he pays any money under sub-section (4) of section 4A] for the due administration of the money so paid, and he may assign the said security to any person interested in such administration.

1. Inserted by the Government Savings Banks (Amendment) Act, 1923 (16 of 1923), Section 4.
2. Substituted for "under Section 4", 1959 (45 of 1959), Section 5.
3. Substituted for "to whom he pays any money under Section 4", the Government Savings Banks (Amendment) Act, 1923 (16 of 1923), Section 4.

7. Power to administer oath :-

For the purpose of ascertaining the right of the person claiming to be entitled as aforesaid, the Secretary of any such Bank ¹[or any officer empowered ² [under sub-section (4) of section 4A]] may take evidence on oath or affirmation according to the law for the time being relating to oaths and affirmations. Penalty for false statements. Any person who, upon such oath or affirmation, makes any statement which is false, and which he either knows or believes to be false or does not believe to be true, shall be deemed guilty of an offence under Section 194 of the Indian Penal Code, 1860 .

1. Inserted by the Government Savings Banks (Amendment) Act, 1923 (16 of 1923), S. 4.
2. Substituted for the words "under Section 4" 1959 (45 of 1959), S. 6 (18-9-1959).

8. Deposit when excluded in computing court-fees :-

Where the amount of the deposit belonging to the estate of a deceased depositor does not exceed ¹ [three thousand rupees,] such amount shall be excluded in computing the fee chargeable, under the Court Fees Act, 1870 , on the probate, or letters of administration, or certificate (if any), granted in respect of his property: Provided that the person claiming such probate or letters or certificate shall exhibit to the Court authorized to grant the same a certificate of the amount of the deposit in any Government Savings Bank belonging to the estate of the deceased. Such certificate shall be signed by the Secretary of such Bank, and the Court shall receive it as evidence of the said amount.

1. Substituted for "one thousand rupees", by the Government Savings Banks (Amendment) Act, 1917(17 of 1917), Section 2.

9. Act not to apply to deposits belonging to estates of European soldiers or deserters :-

Omitted by the Government Savings Banks (Amendment) Act, 1959 (45 of 1959), Section 7 (18-3-1959).]

10. Payment of deposits to minor or guardian :-

Any deposit made by, or on behalf of, any minor, may be paid to him personally, if he made deposit, or to his guardian for his use, if the deposit was made by any person other than the minor, together with the interest accrued thereon. The receipt of any minor or guardian, for money paid to him under this section, shall be a sufficient discharge therefor.

11. Legalization of like payments heretofore made :-

Omitted by the Government Savings Banks (Amendment) Act, 1959 (45 of 1959), S. 7 (18-9-1959).]

12. Payment of deposits belonging to lunatics :-

If any depositor becomes insane or otherwise incapable of managing his affairs, and if such insanity or incapacity is proved to the satisfaction of the Secretary of the Bank in which his deposit may be, such Secretary may, from time to time, make payments out of the deposit to any proper person, and the receipt of such person, for money paid under this section, shall be a sufficient

discharge therefor. Where a committee or manager of the depositor's estate has been duly appointed, nothing in this section authorizes payments to any person other than such committee or manager.

13. Payment of married womens deposits :-

Any deposit made by or on behalf of a married woman, or by or on behalf of a woman who afterwards marries, may be paid to her, whether or not ¹ [Section 20 of the Indian Succession Act, 1925] applies to her marriage; and her receipt for money paid to her under this section shall be a sufficient discharge therefor.

1. Substituted for "the Indian Succession Act, 1865, Section 4", by the Government Savings Banks (Amendment) Act, 1959(45 of 1959), S. 8 (18-9-1959).

14. Protection of action taken in good faith :-

No suit or other legal proceeding shall lie against the Secretary or any other officer of the Government in respect of anything which is in good faith done or intended to be done under this Act.]

15. Power to make rules :-

(1) The Central Government may, by notification in the Official Gazette, make rules' for carrying out the. purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :-

(a) the persons by whom and the terms and conditions subject to which deposits may be made in a Government Savings Bank;

(b) the maximum limits of deposits and the conditions as to interest or discount relating to deposits generally, or any class of deposits in particular;

(c) the non-accrual of interest on deposits when the maximum limits are exceeded and the recovery of any interest paid in excess in the same manner as an arrear of land revenue or in any other manner;

(d) the persons to whom and the manner in which deposits may be paid;

(e) the form of nominations, the manner in which, the persons in whose favour and the conditions and restrictions subject to which,

nominations may be made and the registration of nominations;

(f) the variation or cancellation of nominations;

(g) the fees that may be levied for registration of nominations and for variation or cancellation thereof;

(h) the manner in which any person may be appointed for the purpose of sub-section (3) of section 4 .

¹[(i) the limit under clause (a) of sub-section (4) of section 4A .]

(3) Every rule made under this section shall be laid as soon as may be after it is made before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.]²

1. Inserted by the Government Savings Laws (Amendment) Act (56 of 1985), S. 2 (4-9-85).

2. For Post Office Savings Banks Rules, 1965, made under this section, see Gaz. of Ind., 25-1-1965, Pt. II, Section 3(i), Ext., page 35. (Amended by G. S. R. 495 of 1965, dated 25-3-1965). Rules in force before the commencement of these rules, i.e. 1-3-1965, and the Post Office Savings Banks (Nomination) Rules, 1960 are repealed by these Rules. National Savings Scheme Rules, 1987-See Gaz. of Ind., 3-3-1987, Pt. II, S. 3(i), Ext., p. 2 (No. 51), GSR 335 (E/87).