

GOVERNMENT SAVINGS CERTIFICATES RULES, 1965

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SCHEDULE 1 :- SCHEDULE

GOVERNMENT SAVINGS CERTIFICATES RULES, 1965

In exercise of the powers conferred by Sec. 12 of the Government Savings Certificates Act, 1959 (46 of 1959) the Central Government hereby makes the following rules, namely:-

1. Short title and commencement :-

(1) These rules may be called the Government Savings Certificates Rules, 1965.

(2) They shall come into force on the 1st March, 1966.

(3) They shall apply to the National Savings Certificates (First Issue)-Bank Series.

2. Definitions :-

In these rules, unless the context otherwise requires--

(i) "Act" means the Government Savings Certificates Act, 1959 (46 of 1959);

(ii) "Bank" means the State Bank of India or any of its subsidiary banks which is authorised to issue the Certificate;

(iii) "Certificate" means a National Savings Certificate (First Issue)-Bank Series:

(iv) "Company" means a company as defined in the Companies Act, 1956 (1 of 1956) and includes a foreign company as defined in Section 591 of the said Act:

(v) "Co-operative Society" means a society registered or deemed to have been registered under the Co-operative Societies Act, 1912 (2 of 1912) or under any other law for the time being in force;

(vi) "Corporation" means a corporation established by or under any law for the time being in force, but does not include a company;

(vii) "Deposit Office" means an office of the State Bank of India or any of its subsidiary banks;

(viii) "Form" means a form set out in the schedule to these rules;

(ix) "Government Company" means a Company as defined in Section 617 of the Companies Act, 1956 (1 of 1956);

(x) "Issuing Office" means the deposit office authorised by the Central Government by notification in the official Gazette in that behalf to issue certificates also;

(xi) "Local Authority" means a municipal corporation, municipal committee, district board, body of port commissioners or other authority legally entitled to or entrusted by the Government with the control or management of a municipal or local fund;

(xii) "Scheduled Bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934) and includes an executor and a trustee company which is a subsidiary of a scheduled bank.

3. Denominations in which certificates shall be issued :-

The certificates shall be issued in denominations of Rs. 10, Rs. 100 and Rs. 1,000.

4. Types of certificates :-

The certificates shall be of the following types, namely:-

(a) Single Holder Type Certificates issued to an adult for himself or on behalf of a minor, or to a minor;

(b) Joint 'A' Type Certificates issued jointly to two adults and repayable to them jointly or to the survivor.

(c) Joint 'B' Type Certificates issued jointly to two adults and repayable to either of them or to the survivor.

5. Acceptance of deposits :-

(1) The deposits for the purchase of the certificates shall be accepted at all deposit offices. These deposits may be in cash or by cheque, pay order, or demand draft drawn in favour of the officer in charge of the deposit office.

(2) Every deposit for the purchase of certificate shall be made along with an application in Form I at any deposit office and that office, if it is not an issuing office, shall send that amount of deposit together with the application to the issuing office concerned.

6. Issue of certificates :-

(1) On receipt of the deposit with the application, the issuing office shall, on being satisfied that the application is in order, issue certificate or certificates after registering the same-

(a) where the deposit has been received from another office, to the depositor or his representative through that office;

(b) in all other cases, to the depositor or his representative.

(2) The date of issue of a certificate shall be the date on which the deposit is made:

Provided that where the deposit is made by means of a cheque,

pay order or demand draft, the certificate shall not be issued unless the proceeds thereof are realised.

(3) Where a certificate or certificates are not issued immediately, a provisional receipt in Form II shall be given by the deposit office to the purchaser which may later be exchanged for a certificate and in such a case the date of certificate shall be the date of the provisional receipt.

7. Limits up to which certificates may be purchased :-

The maximum amount that may be invested in the certificates including the amount invested in National Savings Certificates (First Issue) in terms of the Government of India, Ministry of Finance Notification No. F. 7 (3)-NS/65 (ii), dated the 25th March, 1965, shall be:

8. Calculations of limits :-

For the purpose of calculating the limits under the rules:-

(i) one-half of the joint holding shall be taken to belong to each holder:

(ii) the certificates transferred by way of pledge or security under rule 12 shall continue to be counted as the holding of the pledger.

9. Excess or irregular holdings :-

(1) Any certificate purchased or acquired in excess of the limit prescribed in these rules or in contravention of these rules shall be encashed by the holder as soon as the fact of the holding being in excess of the limit or in contravention of these rules is discovered and no interest shall be paid on either the excess holding or any holding in contravention of these rules :

Provided that a holding shall not be considered in excess of the limit prescribed in these rules, if it is due to any of the following reasons, namely:- (a) inheritance; (b) award by the Government for meritorious services; (c) survivorship in the case of joint holdings; (d) statutory devolution; and (e) nomination.

(2) If any interest has been paid on any excess holding or any holding which is in contravention of these rules, it shall be forthwith refunded to the Government, failing which, the Government shall be entitled to recover the amount involved from any money payable by the Government to the investor or as an arrear of land revenue.

10. Transfer from one office to another :-

(1) A holder of a Single Holder Type Certificate or both its holders in the case of a Joint 'A' Type Certificate or either of the holders of a Joint 'B' Type Certificate may apply in Form III for transfer of the certificate from one issuing office to another.

11. Transfer from one person to another :-

(1) A certificate may be transferred subject to the following conditions, namely-

(a) the transfer shall be made in writing in Form IV;

(b) the transfer may relate to the whole amount for which the certificate is issued or to a part thereof;

(c) the transfer shall be made to a person who is himself eligible to hold a certificate under these rules;

(d) the transfer shall not take effect until it is registered by the issuing office;

(e) any transfer during the period of two years from the date of issue of the certificate may be made only to-

(i) a near relative (husband, wife, lineal ascendant or descendant, brother or sister) out of natural love and affection;

(ii) any other person or to any court under the orders of a court of law or with the approval of the Central Government;

(iii) a legal heir or the registered nominee or nominee of the deceased holder.

(2) An officer-in-charge of the issuing office shall give his consent to the transfer of a certificate held on behalf of a minor only if, at the time of the proposed transfer, a parent or a guardian referred to in sub-clause (7) or, as the case may be, sub-clause (ii) of Cl. (b) of Section 5 of the Act certifies, in writing, that the minor is alive and that such transfer is in his or her interest.

(3) Save as provided in rule 12, on the registration of a transfer, a new certificate shall be issued to the transfer.

(4) the date of issue of the new certificate referred to in sub-rule (3) shall be the same as the date of the certificate transferred.

12. Transfer by way of pledge or security :-

(1) Notwithstanding anything contained in Cl. (e) of sub-rule (1) of rule 11, but subject to the conditions specified in Cls. (a), (b) and (d) of that sub-rule, a certificate may be transferred by way of pledge or security to-

(a) the President of India or Governor of a State in his official capacity;

(b) the Reserve Bank of India or a scheduled bank, or a co-operative society including a co-operative bank;

(c) a corporation or a Government company; and

(d) a local authority:

Provided that the transfer of a certificate purchased on behalf of a minor shall be permitted only if at the time of the proposed transfer, a parent or a guardian referred to in sub-clause (i) or, as the case may be, sub-clause (ii) of Cl. (b) of Section 5 of the Act certifies in writing that the minor is alive and that such transfer is in his or her interest:

Provided further that a gazetted officer of the Government who accepts the certificate as security under sub-rule (1) or releases the pledge under sub-rule (3) on behalf of the President or the Governor of a State shall certify that he is duly authorised under Art. 299 of the Constitution in pursuance of the Notification No.....dated the..... ..by the Government of India in the Ministry of...../State Government.....to execute such instruments or deeds on behalf of the President of India/Governor of.....State. Such a certificate shall bear the signature and seal of office of the gazetted officer.

(2) Until a certificate is retransferred under sub-rule (3), the pledgee shall be deemed to be the holder of the certificate.

(3) A certificate transferred under sub-rule (1) may be retransferred, even within the period of non-encashability, by registration of the transfer deed in Form IV executed by the pledgee and the pledger.

(4) No new certificate shall be issued in the case of a transfer under the provision of this rule. On the registration of a transfer, the officer-in-charge of the issuing office shall make the following endorsement on the certificate, namely :-

"Transferred as security to(official designation)" In the event of the certificate being re-transferred to the pledger, the officer-in-charge of the issuing office shall make the following endorsement on the certificate, namely- "Retransferred to.....,....."

(5) Where as a result or several endorsements made under sub-rule (4) on a certificate, no space is left for making further endorsements of a like character on that certificate, a fresh certificate may be issued by the officer in-charge of the office of registration in lieu of such certificates.

(6) A fresh certificate issued under sub-rule (5) shall be treated as equivalent to the certificate in lieu of which it has been issued for all the purposes of these rules.

13. Transfer from single holding to joint holding and vice versa :-

On an application in Form V being made to the issuing office :-

(a) a certificate in the name of a single holder may be transferred to the joint names of the holder and any other person;

(b) a certificate in the names of joint holders may be transferred to the name of one of the joint holders.

14. Conversion from A Type certificate to B Type certificate and vice versa :-

On an application being made to the issuing office:

(i) a joint 'A' Type Certificate may be converted into a joint 'B' certificate in the names of the same holders, and

(ii) a joint 'B' Type Certificate may be converted into a joint 'A' Type Certificate in the names of the same holders.

15. Replacement of lost or destroyed certificate :-

(1) If a certificate is lost, stolen, destroyed, mutilated or defaced, the person or persons entitled thereto may apply for the issue of a duplicate certificate to the issuing office where the certificate is registered.

(2) Every such application shall be accompanied by a statement showing particulars, such as, number, amount, and date of the certificate and the circumstances attending such loss, theft, destruction, mutilation or defacement.

(3) If the issuing office to which the application under sub-rule (1) has been made, is satisfied of the loss, theft, destruction, mutilation or defacement of the certificate, it shall, after recording an entry on the application for purchase in respect of that certificate, issue a duplicate certificate on the applicant furnishing an indemnity bond in Form VI with one or more approved sureties or with a bank's guarantee :

Provided that where the face value or the aggregate face value of the certificate or certificates lost, stolen, destroyed, mutilated or defaced is Rs. 500 or less, a duplicate certificate or certificates may be issued on the applicant furnishing an indemnity bond without any such surety or guarantee :

Provided further that where such application is made with respect to a certificate mutilated or defaced, of whatever face value, a duplicate certificate may be issued without any such indemnity bond, surety or guarantee, if the certificate mutilated or defaced is surrendered and the certificate is capable of being identified as the one originally issued.

(4) A duplicate certificate issued under sub-rule (3) shall be treated as equivalent to the original certificate for all the purposes of these rules.

16. Encashability :-

(1) A certificate shall not be encashable within a period of twenty-four months from the date of its purchase,

(2) A certificate may, however, be encashed within the period specified in sub-rule (1) under any of the following circumstances, namely :-

(a) on the death of the holder or both the holders in the case of a Joint holding;

(b) on forfeiture by a pledgee being a gazetted Government Officer, when the pledge is in conformity with the provisions of these rules;

(c) when the holding is in excess of the limits prescribed under these rules;

(d) when the certificate has been issued in contravention of these rules; and

(e) when ordered by a Court of law.

17. Place of encashment :-

A certificate shall be encashable at the office at which it stands registered:

Provided that a certificate may be encashed at any other office of the bank if the officer-in-charge of that office is authorised by the office of its registration to make payment to the person presenting the certificate.

18. Discharge of certificates :-

(1) The person entitled to receive the amount due under a certificate shall, on its encashment, sign on the back thereof in token of having received the payment.

(2) In the case of a certificate purchased on behalf of a minor who has since attained majority, the certificate shall be signed by that person himself, but his signature shall be attested either by the person who purchased it on his behalf or by any other person who is known to the issuing office.

(3) A certificate of discharge may be issued to any person encashing a certificate on payment of the fee specified in sub-rule (1) of rule 28.

19. Encashment of minors certificate :-

(1) A person encashing a certificate on behalf of a minor shall furnish a certificate on behalf of a minor shall furnish a certificate that the minor is alive and that the money is required in the interest of the minor.

(2) When the nominee is a minor, the person appointed under subsection (3) of Section 6 of the Act, while encashing the certificate shall furnish a certificate that the minor is alive and that the money is required in the interest of the minor.

20. Partial discharge :-

(1) At any time after the period of its non-encashability a certificate of denomination of Rs. 100 or Rs. 1,000 may be discharged in part, such part being Rs. 10 or a multiple thereof.

(2) The date of issue of certificates for the balance due will be that of the original certificate partly discharged.

21. Conversion from one denomination to another :-

(1) Certificates of lower denomination bearing the same date of issue may be exchanged for a certificate or certificates of higher denomination of the same face value or a certificate of higher denomination may be exchanged for certificates of lower denomination of the same value.

(2) The date of issue of the exchange certificate shall be the same as that of the original certificate surrendered and not the date on which it is exchanged.

22. Nomination :-

(1) A holder of a Single Holder Certificate who is not a minor or a sole surviving holder of a Joint 'A' or 'B' Type Certificate and who holds the certificate in his individual capacity and not in the capacity of the holder of an office or otherwise may nominate one or more persons who shall be entitled to the certificate and to payment thereon in the event of the death of the holder:

Provided that - (a) the person or each of the persons nominated is himself competent to hold a certificate, and (b) the nomination is made before the maturity of the certificate.

(2) Every nomination under sub-rule (1) whether in substitution of a nomination already made or not, shall be made in Form VII.

(3) A nomination made under this rule may on a subsequent date be cancelled in writing in Form VIII.

(4) A person making a nomination under sub-rule (2) or cancelling a nomination already, made under sub-rule (3) shall apply in (he prescribed form accompanied by the fee prescribed in sub-rule (2) of rule 28 either at the issuing office or at the deposit office which shall transmit the application to the issuing office for registration of a nomination or for cancellation of a registered nomination, as the case may be.

(5) The issuing office shall, thereupon, register a nomination or cancel the registered nomination in its books and return the certificate with an endorsement thereon that a nomination has been made in respect of the certificate or that the nomination already made has been cancelled.

(6) No nomination or cancellation of a nomination shall take effect

unless and until it has been registered under this rule but on such registration having been registered it shall have effect from the date on which the nomination was actually made by the holder.

(7) Separate applications shall be made in respect of certificate registered at different times.

(8) Not more than one person shall be nominated in respect of a certificate of the denomination of Rs. 10

23. Rights of nominees :-

(1) In the event of the death of the holder of a certificate, in respect of which a nomination is in force, the nominee or nominees shall be entitled at any time before or after the maturity of the certificate to-

(a) encash the certificate; or

(b) sub-divide the certificate in appropriate denominations in favour of individual nominees or two adult nominees jointly.

(2) For the purposes of sub-rule (1) the surviving nominee or nominees shall make an application supported by proof of death of the holder and of a deceased nominee, if any.

(3) If there are more nominees than one, all the nominees shall give a joint discharge of the certificate at the time of receiving payment or sub-division.

(4) Where there is a nomination in favour of a single nominee or two adult nominees the issuing office of registration may, on an application made in that behalf, issue a fresh certificate in the name of such nominee or nominees jointly, as the case may be.

(5) A transfer of a certificate under rule 11 shall automatically cancel a nomination previously made :

Provided that where a certificate on its transfer under rule 12 is held by or on behalf of any person as a pledgee or by way of security for any purpose such transfer shall not have the effect of cancelling a nomination but the right of the nominee shall be subject to the right of the pledgee.

24. Documents executed by an illiterate person :-

(1) If any person by whom any application for investment, or any other document relating to these certificates is to be

signed/executed, satisfies a Magistrate that he is for any reason unable to write and that the fact of the document is fully understood by him and that he is the person whom he represents himself to be, such Magistrate may at the request of that person and subject to the provisions of this rule execute the application or the document on his behalf under proper authentication.

(2) Nothing contained in sub-rule (1) shall preclude the Bank from accepting an application for investment by an illiterate person bearing the thumb impression of the investor and attested by two witnesses or an authorised agent unless the Bank doubts the genuineness of the thumb impression or of the attestation.

25. Payment to heirs :-

(1) For the purposes of sub-section (4) of Section 7 of the Act, the officer-in-charge of the issuing office shall be competent to sanction claims up to Rs. 5,000 on the death of the holder of the certificate, without production of the probate of his will or letters of administration of his estate or succession certificate granted under the Succession Act, 1925 (39 of 1925).

(2) A declaration shall be furnished by the claimant that to the best of his knowledge, there exist no other certificate in the name of the deceased other than those for which payment is sought and that subsequently if any more such certificate be found in excess of the value of Rs. 5,000 legal evidence of heirship as required by the Bank will be produced: such declaration should be countersigned by a Magistrate under the seal of his court certifying that the claimant/s is/are the only legal heir/s of the deceased who has left no other property necessitating production of a succession certificate.

26. Surrender values :-

The amount (including interest) on certificates of different denominations after each completed year of retention shall be as in the following table, namely:-

27. Income tax :-

Interest on these certificates will be liable to tax under the Income tax Act, 1961 (43 of 1961) but no tax will be deducted at the time of payment of the discharge value of the certificate.

28. Fees :-

(1) A fee of twenty-five paise in the case of a certificate of denomination of rupees one hundred or lower and rupee one in any other case, shall be chargeable in respect of the following transactions, namely:-

(i) transfer of a certificate from one person to another including die transfer under rule 13, except the transfer from the name of a deceased holder to his heir or from a holder to a court of law or to any other person under the orders of a court of law, or transfers made under rule 12;

(ii) issue of a duplicate certificate under rule 15;

(iii) issue of a certificate of discharge under rule 18(3);

(iv) partial discharge of a certificate under rule 20;

(v) conversion from one denomination to another under rule 21.

Explanation.-(1) The fee to be charged for the issue of a certificate of discharge under clause (iii) shall be calculated separately on the aggregate face value of all certificates which were purchased on any one application and which are included for discharge in discharge certificate.

(2) A fee of fifty paise shall be chargeable on every application for registration of nomination or cancellation thereof:

Provided that no fee shall be charged on an application for registration of the first nomination.

29. Responsibility of the issuing officer :-

The issuing office shall not be responsible for any loss caused to a holder by any person obtaining possession of a certificate and fraudulently encashing it.

30. Powers to rectify clerical errors :-

The issuing office of the Bank may upon an application by any person interested in any certificate issued in pursuance of these rules rectify any clerical or arithmetical mistake provided that it does not involve any financial loss to the Government or to any such person.

31. Residuary powers :-

All matters in respect of a certificate which are not covered by the provisions of these rules shall be regulated as the Central Government may specify in consistence with the provisions of the

Act and these rules.

SCHEDULE 1

SCHEDULE

1. Form I-Form of Application for purchase of certificate [Rules 5 (2)]
2. Form II- Receipt for deposits [Rule 6(3)]
3. Form III- Form of transfer of certificate from one office to another (Rule 10)
4. Form IV- Form of transfer of certificate from one person to another [Rule 11(1)]
5. Form V- Form of transfer from single holding to joint holding etc. (Rule 13)
6. Form VI- Form of Indemnity Bond [Rule 15(3)]
7. Form VII- Nomination Form [Rule 22(2)]
8. Form VIII- Form of cancellation of registered nomination [Rule 22(3)].