

National Development Bonds Rules 1977

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National Development Bonds Rules 1977

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

1. Short title, commencement and application :-

- (1) These rules may be called the National Development Bonds Roles, 1977.
- (2) They shall come into force on the date of their publication in the Official Gazette.
- (3) They shall apply to the National Development Bonds issued under these rules.

2. Definitions :-

In these rules, unless the context otherwise requires,-

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

(b) "Bond" means the National Development Bond;

(c) "Form" means a Form appended to these rules;

(d) "Issuing Office" means a Post Office doing Savings Bank work, or a corresponding new Bank specified in the First Schedule to Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or State Bank of India constituted under the State Bank of India Act, 1955, or a subsidiary Bank as defined in State Bank of India (Subsidiary Banks) Act, 1959.

3. Denominations :-

Bonds shall be issued in denominations of Rs. 10 Rs. 100 and Rs. 500.

4. Limits upto which Bonds may be purchased :-

Any number of Bonds may be purchased in the denominations specified in Rule 3.

5. Procedure for purchase of Bonds :-

(1) A person desiring to purchase a Bond shall apply to an Issuing Office either himself or through a messenger in Form I obtainable from that Office.

(2) Payment for the purchase of a Bond may be made to an Issuing Office either in cash or by cheque drawn on and in favour of that Issuing Office.

(3) The Bonds may be held by-

(a) an individual in his or her name or on behalf of a minor

(b) two adults, payable to both jointly or to either holder or survivor.

6. Date of issue of Bonds :-

A Bond shall be issued on the date of payment. If for any reason a Bond cannot be issued on the same day a provisional receipt in Form 2 shall be given to the purchaser which may later be exchanged for a Bond and in such a case the date of the Bond shall be the date of the provisional receipt.

7. Encailunent of Bond :-

(1) The Bond may be encashed at any time after the expiry of 5 years from the date of issue, at the Issuing Office at which it stands registered or the Issuing Office to which it stands trans-

ferred under Rule 9.

(2) The amount) including interest, payable on Bonds of denominations of Rs. 10, Rs. 100 and Rs. 500, on encashment under sub-rule (1), shall be Rs. 16.50, Rs. 165 and Rs. 825, respectively.

8. Irregular holdings :-

Any Bond purchased or acquired in contra- vention of these rules shall not earn any interest and if any interest has been paid. Government shall be entitled to recover the same from the holder.

9. Transfer from one Issuing Office to another :-

On an applica- tion being made to this effect by the holder of a Bond to the Post Office, or, as the case may be, the Bank, referred to in clause (d) of Rule 2, the Bond may be transferred from the post office to another post office or from the branch of the Bank to another branch of the same Bank.

10. Transfer of Bonds :-

The Bonds may, on an application being made to this effect by the holder to the Issuing Office concerned, be trans- ferred in favour of any authority as a security and retransferred to the original holder on the written authorisation of the transferee : Provided that the transfer of a Bond purchased on behalf of a minor shall not be permitted unless the holder of the Bond certifies that the minor is alive and the transfer is for the benefit of the minor.

11. Conversion of single holding into Joint holding and vice- nersa :-

On an application being made to this effect by the holder to the Issuing Office concerned-

(a) a Bond held in an individual's name, may be converted into a Bond to be held jointly with an other individual;

(b) conversely, a Bond held jointly may be converted into a Bond in the name of one of the joint holders.

12. Replacement of Bond :-

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

(2) Every such application shall be accompanied by a statement

showing particulars, such as, number, amount and date of the Bond and the circumstances attending such loss, theft, destruction, mutilation or defacement.

(3) If the Issuing Office is satisfied of the loss, theft, destruction, mutilation or defacement of the Bond, it shall issue a duplicate Bond on the applicant furnishing an indemnity bond 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 Bond or Bonds lost, stolen, destroyed, mutilated or defaced is Rs. 500 or less, a duplicate Bond or Bonds may be issued on the applicant furnishing an indemnity bond without any such surety or guarantee : Provided further that where such application is made in respect of a Bond mutilated or defaced, of whatever face value, a duplicate Bond may be issued without any such indemnity bond, surety or guarantee, if the Bond mutilated or defaced is surrendered and the Bond is capable of being identified as the one originally issued.

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

13. Nomination :-

(1) The holder of a Bond may, by filling in necessary particulars in Form 3 at the time of purchasing the Bond or at any time after the purchase of the Bond but before the maturity thereof, nominate any person who in the event of the holder's death, shall become entitled to the Bond and to the payment of the amount due thereon: Provided that the holder shall not be entitled to nominate more than one person in respect of a Bond.

(2) No nomination may be made in respect of a Bond applied for and held jointly, or by or on behalf of a minor.

(3) A nomination made by the holder of a Bond under this rule may be cancelled or varied by him by submitting an application in Form 4 to the Issuing Office where the Bond stands registered. Note.- Separate applications shall be made in respect of Bonds registered at different times.

(4) A nomination, or the cancellation or variation of a nomination, shall be effective from the date it is registered in the Issuing Office, which date shall be noted on the Bond.

14. Discharge of Bonds :-

(1) The person entitled to receive the amount due on a Bond shall, on its encashment under Rule 7, sign on the reverse side thereof in token of having received the payment.

(2) In the case of a Bond purchased on behalf of a minor, who has since attained majority, the Bond 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.

15. Payment to heirs :-

(1) For the purposes of sub-section (4) of Section 7 of the Act, the authorities named below shall be competent to sanction claims upto the limit noted against each, on the death of the holder of the Bond, without production of the probate of his will or letters of administration of his estate or succession certificate, granted under the Succession Act, 1925 . Rule 2 \ \Rs. 5,000

(2) A declaration shall be furnished by the claimant that to the best of his knowledge there exist no other Bonds the name of the deceased other than those for which payment is sought and that if subsequently any more such Bonds be found in excess of the value of Rs. 5,000, legal evidence of heirship as required by the Issuing Office shall be produced.

16. Income-tax :-

Interest on the Bonds, shall be liable for tax under the Income-tax Act, 1961, and be eligible for exemption under Section 80C thereof.

17. Fees :-

A fee of fifty paise shall be chargeable in respect of the following transactions, namely :-

(i) transfer of a Bond from one Issuing Office to another under Rule 9;

(ii) issue of a duplicate Bond under Rule 12 ;

(iii) registration of nomination (other than the first nomination) or of any variation or cancellation of nomination under Rule 13.

18. Rectification of mistake :-

The Issuing Office may, either suo motu or upon an application by any person interested in any Bond issued in pursuance of these

rules, rectify any clerical or arithmetical mistakes with respect to that Bond provided that it does not involve any financial loss to the Government or to any such person.