

National Savings Certificate (Vi Issue) Rules, 1981

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National Savings Certificate (Vi Issue) Rules, 1981

In exercise of the powers conferred by section 12 of the Government Savings Certificates Act, 1959 (46 of 1959), the

Central Government hereby makes the following rules, namely :--

1. Short Title, Commencement And Application :-

(1) These rules may be called the National Savings Certificates (VI Issue) Rules, 1981.

(2) They shall come into force on the 1st day of May, 1981.

(3) They shall apply to the National Savings Certificates (VI Issue).

2. Definitions :-

In these rules, unless the context otherwise requires-

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

(ia) cash means cash in Indian currency;

(ii) certificate means the National Savings Certificates (VI Issue);

(iii) 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;

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

(v) Form means a form appended to these rules;

(vi) Government company means a company as defined in section 617 of the Companies Act, 1956 (1 of 1956);

(vii) identity slip means an identity slip issued to a holder of a certificate under rule 12;

(viii) 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;

(viiiia) non-resident has the meaning assigned to it in clause (30) of section 2 of the Income-tax Act, 1961 (43 of 1961);

(ix) old certificate means a certificate issued under the Post Office Savings Certificates Rules, 1960, or the National Savings Certificates (First Issue) Rules, 1965, or the National Savings Certificates (IV Issue) Rules, 1970, or the National Savings Certificates (V Issue) Rules, 1973, or a Bond issued under the National Development Bonds Rules, 1977;

(x) post office means any post office in India doing savings bank work;

(xi) resident in India has the meaning assigned to it in the Income-tax Act, 1961 (43 of 1961).

3. Section 3 :-

3A. Discontinuance Of National Savings Certificates (Vi Issue) In Denomination Of Rs. 10 :-

(1) On and from the 1st day of April, 1986 the National Savings Certificates (VI Issue) in denomination of Rs. 10 shall be discontinued.

(2) Notwithstanding anything contained in sub-rule (1), these rules shall continue to apply to any certificate in denomination of Rs. 10 purchased before the 1st day of April, 1986.

4. Section 4 :-

5. Section 5 :-

6. Procedure For Purchase Of Certificate :-

Any person desiring to purchase a certificate, shall present at a post office, an application -

(i) in Form 1, or

(ii) if such application is made by any person referred to in the proviso to this rule or rule 8, in Form 1A (obtainable free of cost at all post offices), either in person or through an authorised agent of the Small Savings Schemes:

Provided that where the applicant is an individual not being a citizen of India or not being a person of Indian origin, who is a non-resident, or, as the case may be, who is not resident in India, prior approval of the Reserve Bank of India for the purchase of the certificate shall be necessary.

Explanation: For the purposes of this rule, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

7. Purchase Of Certificates On Behalf Of Others :-

A person or body specified in column I of the Table below may purchase certificate(s) on behalf of persons specified against his or its name in the corresponding entry in column II of the said Table:

Provided that the persons specified in the said column II are eligible under these rules to purchase certificates.

<i>I</i>	<i>II</i>
<i>Persons or body who can purchase</i>	<i>On behalf of</i>
(i) an adult	a minor
(ii) a co-operative society including a co-operative bank or a scheduled bank	its members, clients, employees or contractors whose moneys are held as a deposit or otherwise with such society or bank
(iii) a Gazetted Government Officer, an officer of a Government company or of a corporation or of a local authority, or an officer of a corporate body like a marketing committee established under a State Act and authorised by the State Government in this behalf, in his official capacity, or the Reserve Bank of India.	person whose moneys are held as deposit or otherwise with such officer or the Reserve Bank

8. Legal Tender :-

Payment for the purchase of a certificate may be made to a post office in any of the following modes, namely :-

- (i) cash;
- (ii) a cheque, pay order or demand draft drawn in favour of the Postmaster;
- (iii) duly signed withdrawal form together with the pass book for withdrawal from the post office savings bank account;
- (iv) surrender of a matured old certificate duly discharged as follows :-

"Received payment through issue of fresh certificate, vide application attached:

Provided that where the applicant is an individual, being a citizen of India or a person of Indian origin who is a non-resident or, as the case may be, who is not resident in India, he shall, if he desires to avail of the benefits under clause (4B) of section 10 of the Income-tax Act, 1961 (43 of 1961), or clause (xvic) of sub-section (1) of section 5 of the Wealth-tax Act, 1957 (27 of 1957), or clause (iid) of sub-section (1) of section 5 of the Gift-tax Act, 1958 (18 of 1958), as the case may be, make such payment only in any of the following modes, namely :-

- (a) a cheque in favour of the postmaster drawn by the applicant on his Non-Resident (External) Account with a bank branch in India;
- (b) a demand draft or pay order in favour of the Postmaster issued by a bank branch in India by debit to the applicants Non-Resident (External) Account or by withdrawal from his Foreign Currency

(Non-Resident) Account together with a certificate from the said bank branch stating that the said demand draft or pay order has been issued by debit to or withdrawal from the said account;

(c) a demand draft drawn in favour of the postmaster by a bank in a country outside India on its branch or correspondent bank in India;

(d) cash, together with foreign inward remittance certificate or bank certificate indicating conversion of foreign exchange in rupees or bank certificate issued in favour of the applicant stating that the funds have emanated from the applicants Non-Resident (External) Account or Foreign Currency (Non-Resident) Account.

Explanation : For the purposes of this rule a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

9. Issue Of Certificates :-

(1) On payment being made under rule 8, except where payment is made by a cheque, pay order or demand draft, a certificate shall normally be issued immediately, and the date of such certificate shall be the date of payment.

(2) Where payment for the purchase of a certificate is made by a cheque, pay order or demand draft, the certificate shall not be issued before the proceeds of the cheque, pay order or demand draft, as the case may be, are realised and the date of such certificate shall be the date of encashment of the cheque, pay order or demand draft, as the case may be:

Provided that where the payment for purchase of certificate or certificates is made by means of a cheque, pay order or demand draft expressed in a foreign currency and the proceeds thereof are not equivalent to the face value of the certificate or the certificates applied for, a certificate or certificates shall be issued for the maximum aggregate face value possible within the said proceeds but in any case not exceeding the aggregate face value of the certificate or the certificates applied for and any balance amount of the said proceeds shall be refunded to the applicant or to any person authorised by him to receive such amount or credited to the savings account, if any, of the applicant in the post office savings bank :

Provided further that where the payment is made in the manner specified in clause (a) of the proviso to rule 8, the certificate shall be issued only after the post office receives an intimation from the

drawee bank branch that the cheque has been paid by debit to the applicants Non-resident (External) Account with the said drawee bank branch.

(3) If for any reason a certificate cannot be issued immediately, a provisional receipt shall be given to the purchaser which may later be exchanged for a certificate and the date of such certificate shall be as specified in sub-rule (1) or sub-rule (2), as the case may be.

10. Certificate In Lieu Of Proceeds Of Old Certificate :-

A holder of an old certificate entitled to encash that certificate may make an application in Form 1 for the grant of a certificate under these rules; on receipt of such an application, there shall be issued to the applicant a certificate under these rules, the date of issuing being the date on which the old certificate duly discharged is presented:

Provided that the facility of issue of a certificate in lieu of an old certificate specified in this rule shall not be available to a person who is a non-resident or, as the case may be, who is not resident in India:

11. Section 11 :-

12. Section 12 :-

13. Section 13 :-

14. Section 14 :-

15. Section 15 :-

16. Section 16 :-

17. Section 17 :-

18. Nomination :-

Subject to the provisions of sub-rules (2) to (6) the single holder or joint holders of a certificate may, by filling in necessary particulars in Form 1 or, as the case may be, Form 1A at the time of purchasing the certificate, nominate any person who, in the event of death of the single holder or both the joint holders, as the case may be, shall become entitled to the certificate and to the payment of the amount due thereon. If such nomination is not made at the time of purchasing the certificate, it may be made by the single

holder, the joint holders or the surviving joint holder, as the case may be, at any time after the purchase of the certificate but before its maturity, by means of an application in Form 2 to the Postmaster of the office at which the certificate stands registered.

19. Encashment On Maturity :-

[(1)] The maturity period of a certificate of any denomination shall be six years commencing from the date of the certificate. The amount, inclusive of interest, payable on encashment of a certificate, at any time after the expiry of its maturity period shall be Rs. 201.50 for the denomination of Rs. 100 and at proportionate rate for any other denomination. The interest as specified in the Table below shall accrue to the holder or holders of the certificate at the end of each year and the interest so accruing at the end of each year up to the end of the fifth year shall be deemed to have been re-invested on behalf of the holder and aggregated with the amount of face value of the certificate :

TABLE

The year for which interest accrues Amount of interest accruing on certificate of Rs. 100 denomination Rs.

First year 12.40

Second year 13.90

Third year 15.60

Fourth year 17.50

Fifth year 19.70

Sixth year 22.40

Note : The amount of interest accruing on a certificate of any other denomination shall be proportionate to the amount specified in the Table above:

Provided that where a certificate has been purchased on or after the 1st March, 1983, by or on behalf of an individual specified in the proviso to rule 8 and payment, therefor has been made in any of the modes specified in the said proviso, the amount inclusive of interest payable on encashment of the certificate at any time after the expiry of its maturity period shall be Rs. 213 for the denomination of Rs. 100 and at proportionate rate for any other denomination. The interest as specified in the Table below shall accrue to the holder or holders of such certificate at the end of, each year and the interest so accrued at the end of each year up to the end of the fifth year shall be deemed to have been re-invested

on behalf of the holder and aggregated with the amount of face value of the certificate.

TABLE

The year for which interest accrues Amount of interest accruing on certificate of Rs. 100 denomination

First year 13.40

Second year 15.20

Third year 17.30

Fourth year 19.60

Fifth year 22.20

Sixth year 25.30

Note : The amount of interest accruing on a certificate of any other denomination shall be proportionate to the amount specified in the Table above.

1[(2) Where a certificate has been purchased on or after the 1st day of April, 1987, the amount, inclusive of interest, payable on encashment of the certificate at any time after the expiry of its maturity period shall be Rs. 190.10 for denomination of Rs. 100 and at proportionate rate for any other denomination. The interest as specified in the Table below shall accrue to the holder or holders of the certificate at the end of each year and the interest so accrued at the end of each year up to the end of the fifth year shall be deemed to have been re-invested on behalf of the holder and aggregated with the amount of face value of the certificate.

TABLE

The year for which Amount of interest accruing on certificate interest accrues of Rs. 100 denomination

Rs.

First year 11.30

Second year 12.60

Third year 14.00

Fourth year 15.60

Fifth year 17.30

Sixth year 19.30

Note : The amount of interest accruing on a certificate of any other denomination shall be proportionate to the amount specified in the Table above.

20. Premature Encashment :-

(1) Notwithstanding anything contained in rule 19 and subject to sub-rules (2), (3) and (4), certificate purchased on or after the 1st day of April, 1986, may be prematurely encashed in any of the following circumstances, namely :-

- (a) on the death of the holder or both the holders in case of joint holders;
- (b) on forfeiture by a pledgee being a Gazetted Government Officer, when the pledge is in conformity with these rules;
- (c) when ordered by a court of law.

(2) If a certificate is encashed under sub-rule (1) within a period of one year from the date of the certificate, only the face value of the certificate shall be payable and no interest shall be payable.

(3) If a certificate is encashed under sub-rule (1) after the expiry of one year but before the expiry of three years from the date of certificate, the encashment shall be at a discount. On encashment of the certificate, an amount equivalent to the face value of the certificate together with simple interest shall be payable. Such simple interest shall be calculated on the face value, at the rate applicable from time to time to single accounts under the Post Office Savings Account Rules, 1981, for the complete months for which the certificate has been held. The difference between the aforesaid simple interest and the interest accruing under rule 19 shall be deemed to be the discount.

(4) If a certificate is encashed under sub-rule (1) after the expiry of three years from the date of the certificate, the amount payable inclusive of interest accrued under rule 19 and after adjustment of discount shall be as specified in the Table below for a certificate of Rs. 100 denomination and at a proportionate rate for a certificate of any other denomination.

TABLE

Period from date of the certificate to the Amount payable, inclusive date of its encashment of interest

Rs.

3 years or more, but less than 3 years and 6 months 132.00

3 years and 6 months or more, but less than 4 years 138.50

4 years or more, but less than 4 years and 6 months 145.00

4 years and 6 months or more, but less than 5 years 152.00
5 years or more but less than 5 years and 6 months 159.00
5 years and 6 months or more, but less than 6 years 166.50

21. Section 21 :-

22. Section 22 :-

23. Section 23 :-

24. Section 24 :-

25. Section 25 :-

26. Section 26 :-

27. Section 27 :-

28. Income-Tax :-

Interest on these certificates shall be liable to tax under the Income-tax Act, 1961 (43 of 1961), on the basis of the annual accrual specified in rule 19, but no tax shall be deducted at the time of payment of discharge value :

Provided that such interest shall not, in the case of certificates purchased under rule 6 or rule 7 by or on behalf of a person who is a non-resident, be liable to tax subject to the fulfilment of the conditions specified in this behalf in the said Act.

28A. Wealth-Tax :-

Subject to the conditions specified in this behalf in the Wealth-tax Act, 1957 (27 of 1957) wealth-tax shall not be payable in respect of certificates purchased under rule 6 or rule 7 by or on behalf of a person who is not resident in India.

28B. Gift-Tax :-

Subject to the conditions specified in this behalf in the Gift-tax Act, 1958 (18 of 1958), gift-tax shall not be charged in respect of gifts made by a person who is not resident in India to any relative of such person in India in the form of certificates purchased by such person under rule 6 or on his behalf under rule 7.

29. Fees :-

(1) A fee of rupee one in the case of a certificate of the denomination of Rs. 500 or above and a fee of twenty-five paise in any other case, shall be chargeable in respect of the following transactions, namely:-

- (i) transfer of certificate from one person to another, other than a transfer from the holder to a court of law or under the orders of a court of law;
- (ii) issue of a duplicate certificate under rule 17;
- (iii) issue of a certificate of discharge under rule 22;
- (iv) conversion from one denomination to another under rule 27 :

Provided that no fee shall be chargeable in respect of such transactions in the case of a certificate purchased by a person who is a non-resident or, as the case may be, who is not resident in India.

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 certificate.

Explanation 2 : The fee to be charged for a conversion under clause (iv) shall be based on the number and denomination of the certificates required to be issued on such conversion.

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

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

Provided further that no fee shall be charged in the case of a certificate purchased by a person who is a non-resident or, as the case may be, who is not resident in India.

30. Responsibility Of The Post Office :-

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

31. Rectification Of Mistakes :-

The Director General, Posts and Telegraphs or the Postmaster-General or Heads of Postal Divisions in their respective jurisdictions, may either suo motu or upon an application by any person interested in any certificate issued in pursuance of these rules, rectify any clerical or arithmetical mistakes with respect to that certificate, provided that it does not involve any financial loss to the Government or to any such person.

32. Power To Relax :-

Where the Central Government is satisfied that the operation of any of the provisions of these rules causes undue hardship to the holder or holders of a certificate, it may, by order, for reasons to be recorded in writing, relax the requirements of that provision in a manner not inconsistent with the provisions of the Act.