

**NATIONAL SAVINGS CERTIFICATES (FIRST ISSUE) RULES,  
1965**

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**NATIONAL SAVINGS CERTIFICATES (FIRST ISSUE) RULES,  
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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, commencement and application :-**

(i) These rules may be called the National Savings Certificates (First Issue) Rules, 1965.

(ii) They shall come into force on the 1st April, 1965.

(iii) They shall apply to the National Savings Certificates (First Issue).

**2. Definitions :-**

In these rules, unless the context otherwise requires-

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

(ii) "certificate" means National Savings Certificate (First Issue);

(iii) "identity slip" means an identity slip issued to a holder of a certificate under rule 11;

(iv) "post office" means any post office in India doing Savings Bank work;

(v) "old certificate" means a certificate issued under the Post office Savings Certificate Rules, 1960;

(vi) "Government company" means a company as defined in Section 617 of the Companies Act, 1956 (1 of 1956).

**3. Denominations in which certificates shall be issued :-**

National Savings Certificates (First Issue) shall be issued in denominations of Rs. 10, Rs. 100 and Rs. 1,000.

**4. Types of certificates and issue thereof :-**

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

(a) Single Holder Type Certificates;

(b) Joint 'A' Type Certificates; and

(c) Joint 'B' Type Certificates.

(2)

(a) Single Holder Type Certificates may be issued to an adult for

himself or on behalf of a minor, or to a minor.

(b) Joint 'A' Type Certificates may be issued to two adults payable to both holders jointly or to the survivor;

(c) Joint 'B' Type certificate may be issued jointly to two adults payable to either of the holders or the survivor.

**5. The limits up to which certificates may be purchased :-**

Certificates may be purchased up to the following limits:

Note.- One-half of the joint holding shall be taken to belong to each holder.

**6. Procedure for purchase of Certificates :-**

Any person desiring to purchase a certificate shall present on or after the 1st June, 1965 an application in Form 1 (obtainable free at all post offices) either in person or through his messenger or an authorised agent of the Small Savings Scheme.

**7. 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) surrender of Savings Stamps;

(ii) a cheque, pay order or demand draft;

(iv) duly signed withdrawal form together with the pass book for withdrawal from the post office savings bank account;

(v) surrender of a Government of India Five Year Interest Free Prize Bond, 1965, on or before the 31st December, 1965 ; and

(vi) surrender of a matured old certificate.

**8. Issue of certificates :-**

(1) On payment being made under rule 7, a certificate shall normally be issued immediately and except as otherwise provided in these rules, the date of such certificate shall be the date of its issue:

Provided that when payment is made by means of a cheque, pay order or demand draft, a certificate shall not be issued before the proceeds of the cheque, pay order, or demand draft are realised.

(2) 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 in such a case the date of certificate shall be the date of the provisional receipt.

**9. Certificate in lieu of proceeds of old certificate or Government of India Five Year Interest Free Prize Bonds, 1965 :-**

(1) Subject to the maximum limit prescribed in rule 5 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 application a certificate under these rules, the date of issue being the date on which the old certificate matured.

(2) Subject to the maximum limit prescribed in rule 5 a holder of the Government of India Five Year Interest Free Prize Bond, 1965 may make an application on or before the 31 st December, 1965 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 1st April, 1965.

**10. 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 holdings 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 of 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.

**11. Identity slip :-**

(1) If a request to this effect is made at any time by an individual adult holder of a certificate including a holder on behalf of a minor or by joint holders, to the Post Master of the post office where the certificate stands registered, an identity slip shall be issued to such holder or holders on his or their signing the identity slip.

(2) The identity slip shall be surrendered at the time of the final discharge of the certificate or, in case of its loss, a declaration of such loss shall be furnished to the post office in the form laid down by the Director General Posts and Telegraphs.

## **12. Transfer from one post office to another :-**

>.(1) A certificate may be transferred from a post office at which it stands registered, to any other post office on the holder or holders making an application in the form laid down by the Director General Posts and Telegraphs at either of the two post offices.

(2) Every such application shall be signed by the holder or holders thereof:

Provided that in the case of a Joint Type Certificate the application may be signed by one of the holders if the other is dead.

## **13. Transfer of certificate from one person to another :-**

(1) A certificate may be transferred with the previous consent in writing of an officer of the post office as specified below (hereinafter referred to in these rules as authorised Postmaster).

(2) An authorised Postmaster shall give his consent to the transfer of a certificate only if the following conditions are satisfied, namely :-

(a) The transfer of the certificate is effected after the expiry of the period of non-encashability laid down in rule 19 or where the transfer is effected before that period, the transfer falls under any of the following categories, namely:-

(i) transfer to a near relative out of natural love and affection;

Explanation.- 'Near relative' means a husband, wife, lineal ascendant or descendant, brother, or sister;

(ii) transfer in the name of the heir of the deceased holder;

(iii) transfer from a holder to a Court of law or to any other person under the orders of a Court of law; and

(iv) transfer in accordance with rule 16.

(b) An application for the transfer is made in the form laid down by the Director General, Posts and Telegraphs. Every such application shall be signed by the holder or holders thereof:

Provided that in the case of a Joint Type Certificate the application may be signed by one of the holders if the other is dead.

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

Subject to the provisions contained in sub-rule (1) of rule 13, on an application to this effect being made:-

(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.

**15. Conversion from A Type Certificate to B Type Certificate and vice versa :-**

(i) A Joint 'A' Type Certificate may be converted into a Joint 'B' Type Certificate in the names of the same holders;

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

**16. Pledging of certificate :-**

(1) On an application being made in the form laid down by the Director General, Posts and Telegraphs by the transferor and the transferee, Postmaster of the office of registration may at any time, before or after the period of its non-encashability permit the transfer of any certificate as 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 not be permitted under this sub-rule unless the

purchaser of the certificate certifies that the minor is alive and the transfer is for the benefit of the minor.

(2) When any certificate is transferred as security under sub-rule (1), the Postmaster of the office of registration shall make the following endorsement on the certificate, namely:- "Transferred as security to.....(official designation)."

(3) Except as otherwise provided in these rules, the transferee of a certificate under this rule shall, until it is re-transferred under sub-rule (4), be deemed to be the holder of the certificate.

(4) A certificate transferred under sub-rule (2) may, on the written authority of the pledgee, be re-transferred with the previous sanction in writing of the authorised Postmaster and when any such re-transfer is made, the Postmaster of the office of registration shall make the following endorsement on the certificate, namely:- "Re-transferred to.....".

Note.- A gazetted officer of the Government accepting the certificates as security under sub-rule (1) or releasing the pledge under sub-rule (4) on behalf of the President or the Governor of a State shall certify that he is duly authorised under Art. 299 of the Constitution vide Notification No.....dated.....by the Government of India in the Ministry of Finance...../State Government.....to execute such instruments or deeds on behalf of the President of India/Governor of.....State.

(5) Where as a result of several endorsements made under sub-rules (2) and (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 Postmaster of the office of registration in lieu of such certificate.

(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.

### **17. 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 post office where the certificate is

registered or at any other post office.

(2) Every such application shall be accompanied by :-

(a) a statement showing particulars, such as, number, amount, and date of the certificate and the circumstances attending such loss, theft, destruction, mutilation or defacement;

(b) an identity slip, if any.

(3) If the officer in charge of the post office to which application under sub-rule (1) has been made is satisfied after due reference to post office of issue of the loss, theft, destruction mutilation of defacement of the certificate, he shall make a report to the Director, Audit and Accounts, Posts and Telegraphs concerned and the Director of Audit and Accounts shall issue a duplicate certificate in the form laid down by the Director General, Posts and Telegraphs on the applicants furnishing an indemnity bond in the form laid down by the Director General, Posts and Telegraphs 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 and the identity slip, if any, are 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 except that it shall not be encashable at a post office other than the post office at which such certificate is registered without previous verification.

### **18. Nomination :-**

(1) The holder of a Single Holder Type Certificate referred to in sub-rule (2) (a) of rule 4 may, before the maturity of the certificate made an application in Form 2 affixing postage stamps of the value specified in sub-rule (2) of rule 30 together with the certificate to

the Postmaster of the office at which the certificate stands registered nominating any person who in the event of his death shall become entitled to the certificate and to the payment of the value due thereon :

Provided that in the case of a certificate of the denomination of Rs. 10 or Rs. 100, the holder shall not be entitled to nominate more than one person.

(2) No nomination shall be made in respect of a certificate applied for and held on behalf of a minor.

(3) A nomination made by the holder of a certificate under this rule may be cancelled or varied by submitting an application in Form 3 affixing postage stamps of the value specified in sub-rule (2) of rule 30 together with the certificate to the Postmaster of the post office at which the certificate stands registered.

Note.-Separate applications shall be made in respect of certificates registered at different times.

(4) The nomination or the cancellation of a nomination or the variation of a nomination shall be effective from the date it is registered in the post office, which date shall be noted on the certificate.

### **19. When encashable :-**

(1) Except as provided in sub-rule (2), a National Savings Certificate, 1965 (First Issue) of any denomination may be encashed at any time after the expiry of the period of two years from the date of issue.

(2) A certificate may be encashed before its period of non-encashability 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, where the pledge is in conformity with the provisions of these rule;

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

(d) when ordered by a Court of law.

### **20. Place of encashment :-**

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

Provided that a certificate may be encashed at any other post office if the officer in charge of that post office is satisfied on production of identity slip or on verification from the office of its registration that the person presenting the certificate for encashment is entitled thereto.

**21. 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 Post master.

(3) A certificate of discharge may be issued by the post office to any person encashing a certificate on payment of the fee specified in sub-rule (1) or rule 30.

**22. Encashment of minors certificate :-**

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

(2) When the nominee is a minor, the person appointed under sub-section (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 on behalf of the minor.

**23. Payment to heirs :-**

(1) For the purposes of sub-section (4) of Sec. 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 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) :-

(i)	Departmental Sub-Postmasters other than those	
	mentioned in (ii) below	.. Upto Rs.250

(ii)	Non Gazetted Head Postmasters, and Sub- Postmasters in the selection grades	...Upto Rs.250
(iii)	Gazetted Head Postmasters, Superintendents of Post Offices and Gazetted Sub-Post masters	... Upto Rs.1,000
(iv)	Presidency Postmasters and Senior Superintendents of Post Offices	... Up to Rs.2,000
(v)	Heads of Postal Circles	...UptoRs.5,000

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

#### **24. Encashment of certificate held by Army and Air Force Personnel :-**

Where on the death or desertion of any person holding a certificate and subject to the Army Act, 1950 (46 of 1950), or the Air Force Act, 1950 (45 of 1950), the Commanding Officer of the Corps, department, detachment or unit to which the deceased or deserter belonged, or the Committee of Adjustment, as the case may be, sends under Section 3 of the Army and Air Force (Disposal of Private Property) Act, 1950 , Section 4 of the Army and Air Force (Disposal of Private Property) Act, 1950 (40 of 1950), a requisition to the officer-in-charge of the post office where the certificate stands registered, to pay to him or it, the amount due under the certificate, the officer of the post office shall be bound to comply with such requisition.

#### **25. 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 to the postmaster of the office of registration 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..

Note.- When there is a nomination in favour of a single nominee or two adult nominees the post 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.

### **26. Partial discharge :-**

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

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

### **27. Conversion from one denomination to another :-**

(1) Certificate of lower denomination 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 face value.

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

### **28. Amount payable on discharge of certificates :-**

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

### **29. 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.

### **30. 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 the transfer under rule 14 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 16;

(ii) issue of a duplicate certificate under rule 17;

(iii) issue of a certificate of discharge under rule 21;

(iv) partial discharge of a certificate under rule 26;

(v) conversion from one denomination to another under rule 27;

Explanation.-

(1) The fee to be charged for the issue of a certificate of discharge under Cl (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) The fee to be charged for a partial discharge under Cl. (iv) or for a conversion under Cl. (v) shall be based on the number and denomination of the certificates required to be issued on such discharge or conversion.

(2) A fee of 50 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.

### **31. Special provisions :-**

A holder of a 12-Year National Defence Certificate issued during the period between the 1st April, 1965 and the 30th September, 1965 (both days inclusive) shall have the option to get the certificate exchanged on or before the 31st December, 1965 with a National Savings Certificate (First Issue) for an equivalent amount if the holder is otherwise eligible to hold a National Savings Certificate (First Issue). In such a case the new certificate shall be issued from the date of the 12-Year National Defence Certificate.

### **32. 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.

**33. Rectification of mistake :-**

(i) The Director General of Posts and Telegraphs, or

(ii) The Postmasters General or Heads of Postal Divisions in their respective jurisdiction may either suo moto 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 does not involve any financial loss to the Government or to any such person.