

## **National Savings Certificates (VII Issue) Rules, 1989**

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## **National Savings Certificates (VII Issue) Rules, 1989**

In exercise of the powers conferred by S.12 of the Government Savingi Certificates Act, 1959, the Central Government hereby mate the following rules, namely:-

### **1. Short title and coinmencement :-**

(1)- These rules may be called the National Savings Certificates (VIII Issue) Rules, 1989.

(2) They shall come into force on the 8th May, 1989.

## **2. Definitions :-**

In these rules, unless the context otherwise requires,-

- (i) "Act" means Government Savings Certificates Act, 1959 ;
- (ii) "Banking Company" means a banking company as defined in S.5 of the Banking Regulations Act, 1949 ;
- (iii) "cash" means cash in Indian currency;
- (iv) "certificate" means the National Savings Certificates (VIII Issue);
- (v) "company" means a company as defined in Companies Act, 1956 ;
- (vi) "corporation" means a corporation established by or under any law for the time being in force;
- (vii) "firm" means a firm registered under Partnership Act, 1932 :
- (viii) "Form" means a form appended to these rules and also includes forms as prescribed by the Department of Posts ;
- {ix) "Government Company" means a company as defined in Section 617 of the Companies Act, 1956 ;
- (x) "Local Authority" means 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 'municipal or local fund ;
- (xi) "Old Certificate" means a certificate issued under Post Office Savings Certificates Rules, 1960, or National Savings Certificates (First Issue) Rules, 1965 or National Savings Certificates (4 Issue) Rules, 1970 or National Savings Certificates (V Issue) Rules, 1973 or a Bond issued under National Development Bonds Rules, 1977 or National Savings Certificates (VI Issue) Rules, 1981 or National Savings Certificates (VII Issue) Rules, 1981 or Social Security Certificates Rules, 1982 or Kisan Vikas Patra Rules, 1988.
- (xii) "Post Office" means any departmental post office in India doing savings bank work and such other post office as is authorised by Department of Posts ;
- (xiii) "Scheduled Bank" means a bank for the time being included in

the second Schedule to Reserve Bank of India Act, 1934 ;

(xiv) "Trust" means a trust registered under any law for the time being in force.

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

The National Savings Certificates (VIII Issue) shall be issued in denominations of Rs. 100, Rs. 500, Rs. 1000, Rs. 5000, Rs. 10000 and such other denominations as may be notified by the Central Government from time to time.

### **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) A Single Holder Type certificate may be issued to:-

(i) an adult for himself or on behalf of a minor or to a minor ;

(ii) a banking company excluding a Cooperative Bank;

(iii) a company;

(iv) a corporation;

(v) an association, institution or a body registered as a society under any law for the time being in force excluding cooperative society;

(vi) a firm;

(vii) a local authority ;

(viii) a trust.

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

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

### **5. Purchase of Certificates :-**

Certificates may be purchased for any amount.

## **6. Procedure for purchase of certificates :-**

Any person or body specified in Rule 4, desiring to purchase a certificate, shall present at a Post Office an application in Form I, either in person or through an authorised agent of the Small Savings Schemes.

## **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) a locally executed cheque, pay order or demand draft drawn in favour of the Postmaster;

(iii) by presenting a 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":

## **8. Issue of certificates :-**

(1) On payment being made under Rule 7, 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.

(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.

## **9. 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 I 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 issue being the date on which the old certificate duly discharged is presented.

**10. 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 prescribed form at either of the two post offices.

(2) Every such application shall be signed by the holder or holders of the certificate: Provided that in the case of Joint 'A/ Type Certificate or a Joint 'W Type Certificate the application may be signed by one of the joint holders if the other is dead.

**11. 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 as referred in sub-rule (1) shall give his consent to the transfer of a certificate only if the following conditions are satisfied, namely:-

(a) the transferee is eligible under these rules to purchase certificates;

(b) the transfer is made after the expiry of a period of at least one year from the date of the certificate or where the transfer is sought before the expiry of such period, the transfer falls under any of the following categories, namely :-

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

Explanation.-For the purposes of this rule, "near relative" means husband, wife, lineal ascendent or decen- dent, 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 the court of law.

(iv) transfer in accordance with Rule 12 ;

(v) transfer in the name of the survivor in the event of death of one of the joint holders.

{c) An application for transfer is made in the prescribed form and is signed by the holder or holders of the certificate : Provided that in the case of a joint 'A' Type Certificate or a Joint 'B' Type Certificate the application may be signed by one of the holders, if the other is dead.

(3) Without prejudice to the provisions of sub-rule (2), an authorised Postmaster 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 the guardian referred to in sub-clause (i) or, as the case may be, sub-clause (ii), of clause {b) of Section 5 of the Act, certifies in writing, that the minor is alive and that such transfer is in his interest.

(4) In every case of transfer, other than a transfer under Rule 12, the original certificate shall be duly discharged and the new certificate bearing the same date as that of the original certificate surrendered shall be issued in the name of the transferee.

## **12. Pledging of certificate :-**

(1) On an application being made in the prescribed form, by the transferor and the transferee, the Postmaster of the office of the registration may, at any time, 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 cooperative society including a cooperative 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 parent or the guardian of the minor referred to in sub-clause (i) or as the case may sub-clause (ii), of clause (b) of Section 5 of the Act certifies in writing that the minor is alive and that the transfer is for the benefit of the minor.

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

(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 transfer is made) the Postmaster of the office of registration shall make the following endorsement on the certificate, namely :- "Re-transferred to.....".

Note 1.-A Gazetted officer of the Government accepting the certificate 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 under his dated signature and seal of office that he is duly authorised to execute such instruments or deeds on behalf of the President of India or Governor of a State, giving the particulars of the number and date of the notification of the Government authorising him in this behalf.

Note 2. -An officer of the Reserve Bank of India or a scheduled bank or a cooperative society including a co-operative bank, a corporation or a Government company or a local authority, as the case may be, accepting the certificate as security under sub-rule (1) or releasing the pledge under sub-rule (4) on behalf of the respective institution, shall certify under his dated signature and seal of office that he is duly authorised under the articles of the said institution, to execute such instruments or deeds on its behalf.

(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 the 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 purposes of these rules.

### **13. Replacement of lost or destroyed certificate :-**

(1) If a certificate is lost, stolen, destroyed, mutilated or defaced, the person entitled thereto may apply for the issue of duplicate certificate to the post office, where the certificate is registered or to any other post office in which case the application will be forwarded

to the post office of registration.

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

(3) If the Officer-in-charge of the post office of registration is satisfied of the loss) theft, destruction, mutilation or defacement of the certificate, he shall issue a duplicate certificate on the applicant furnishing an indemnity bond in the prescribed form 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 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.

#### **14. Nomination :-**

(1) Subject to the provision of sub-rules (2) to (6), the single holder or joint holders of a certificate may, by filling in necessary particulars on Form I 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.

(2) There shall not be more than one nominee except in cases



where the denomination of a certificate is Rs. 500 or more.

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

(4) A nomination made by the holder or holders 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 25 together with the certificate to the Postmaster of the post office at which the certificate stands registered.

(5) Separate applications for nomination or cancellation of a nomination or variation of a nomination shall be made in respect of certificates registered on different dates.

(6) 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 shall be noted on the certificate.

#### **15. 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 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 reinvested on behalf of the holder and aggregated with the amount efface value of the certificate.

#### **16. Premature encashment :-**

(1) Notwithstanding anything contained in Rule 15 and subject to sub-rules (2), (3) and (4), a certificate may be prematurely encashed in any of the following circumstances, namely :-

{a) on the death of the holder or any of 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; or

(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.

(3) If a certificate, is encashed under sub-rule (1) after 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 15 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 15 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 an other denomination.

**17. 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 verification from the office of its registration that the person presenting the certificate for encashment is entitled thereto.

**18. Discharge of certificate :-**

(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 such a person himself, but his signature shall be attested by the person who purchased it on his behalf or by any other person who is known to the Postmaster.

(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 ( I ) of Rule 25.

**19. Encashment or minors certificate :-**

(1) A person encashing a certificate on behalf of a minor shall furnish a letter from the parent or guardian of the minor referred to in sub-clause (i), or as the case may be, sub-clause (H), of clause (b) of Section 5 of the Act, to the effect 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 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 on behalf of the minor.

**20. Payment to heirs :-**

(1) If a person dies and is at the time of his death the holder of a Savings Certificate 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 Indian Succession Act, 1925 is not, within three months of the death of the holder produced to the authority specified in the Table to sub-rule (2), then if the sum due on the Savings Certificate does not exceed Rs. 20,000 (inclusive of the sum due on the Savings Certificates issued from time to time and held by the deceased), the authority specified in Table to sub-rule (2) may pay the same to any person appearing to it to be entitled to receive the sum or to administer the estate of the deceased.

(2) The authorities specified in the Table below shall be competent to sanction claims up to the limit noted against each on the death of the holder of the savings 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 .

**21. Encashment of Certificates held by Army, Air Force and Navy Personnel :-**

Where a certificate is held by a person who is subject to Arms Act, 1950 or Air Force Act, 1950 or Navy Act, 1957 , and such person dies or deserts, the Commanding Officer of the Corps, department, unit or ship to which the deceased or deserter belonged or the committee of Adjustment as the case may be, send a requisition to the officer in charge of the post office where the certificate stand registered to pay him the amount due under the

certificate; and the officer-in-charge of the post office shall be bound to comply with such requisition even though there is in force at the time of death or desertion of holder of the certificate a nomination made in favour of any person.

Explanation.-The aforesaid requisition must be made under Section 3 or Section 4 of the Army and Air Force (Disposal of Private Property) Act, 1950 in the case of a person belonging to the Army or the Air Force, or under Section 171 or Section 172 of the Navy Act, 1957 in the case of a person belonging to the Navy.

## **22. 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 purpose 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 deceased nominee or nominees, 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 the payment or sub-division. Note.-When there is a nomination in favour of 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.

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

(1) Certificates of lower denomination may be exchanged for a certificate or certificates of higher denominations of the same aggregate face value or a certificate of higher denomination may be exchanged for the certificates of lower denomination of the same aggregate face value : Provided that certificate bearing different dates shall not be combined for being exchanged for certificate or certificates of higher denomination.

(2) The date of the certificate or certificates issued in exchange shall be the same as that of the original certificate or certificate surrendered and not the date on which the exchange is made.

**24. Income-tax :-**

Interest on these certifications shall be liable to tax under the Income-tax Act, 1961, on the basis of the annual accrual specified in Rule 15, but no tax shall be deducted at the time of payment of discharge value.

**25. Fees :-**

(1) A fee of rupees five 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 court of law;

(ii) issue of duplicate certificate under Rule 13 ;

(iii) issue of a certificate of discharge under Rule 18 ;

(iv) conversion from one denomination to another under Rule 23. Explanation.-The fee to be charged for a conversion under clause {iv) shall be based on the number of the certificates required to be issued on such conversion.

(2) A fee of rupees five 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.

**26. 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.

**27. Rectification of mistakes :-**

The Department of Posts, or the Postmasters General or the 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,

**28. 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.