

DEPOSIT SCHEME FOR RETIRING GOVERNMENT EMPLOYEES, 1989

CONTENTS

1. Short title
2. Definitions
3. Opening of account
4. Deposits and withdrawals
5. Interest on deposits
6. Premature withdrawal
7. Joint accounts and nomination
8. Closure of account
9. Pass book
10. Transfer from one accounts office to another
11. Issue of duplicate pass book
12. Power to relax

DEPOSIT SCHEME FOR RETIRING GOVERNMENT EMPLOYEES, 1989

¹1. This Scheme has been notified for the purpose of section 10(15) (iv), item (i) of the Income-tax Act, 1961. The Government of, India hereby notifies the following Deposit Scheme with effect from 1st July, 1989, until further orders.

1. Short title :-

This Scheme may be called the Deposit Scheme for Retiring Government Employees, 1989.

2. Definitions :-

In this Scheme, unless the context otherwise requires:

- (a) "Account" means an account opened under this Scheme.
- (b) "Accounts Office" means any branch of State Bank of India or its subsidiaries or any other nationalised banks, as may be authorised to accept deposits under the Scheme.
- (c) "Depositor" means a retired Central or State Government employee by whom or on whose behalf money is deposited in an account and "deposit" means money so deposited.
- (d) "Retirement benefits" mean any payment due to the depositor on account of his retirement whether on superannuation or otherwise

and includes the following payments:-

- (i) Balance at the credit of employee in any of the Government Provident Funds;
- (ii) retirement/superannuation gratuity;
- (iii) commuted value of pension;
- (iv) cash equivalent of leave; and
- (v) savings element of Government insurance scheme payable to the employee on retirement.

3. Opening of account :-

(a) Any depositor may open an account with any accounts office within three months from the date of receiving the retirement benefits ¹[or up to 31st December, 1989, whichever is later] for depositing the amounts not exceeding the total retirement benefits, by applying in Form 1, or as near thereto as possible, together with:-

- (i) a locally executed cheque, pay order or demand draft, for the amount of deposit, and
- (ii) a certificate from the employer indicating retirement benefits: Provided that a depositor who has received the retirement benefits before the notification of this Scheme may open an account within ² [six] months from the date of commencement of the Scheme.

(b) On receipt of an application under sub-paragraph (a) above, the accounts office shall open an account in the name of depositor and issue him a provisional receipt.

(c) After realisation of the cheque, pay order or demand draft, as the case may be, a pass book in Form 2 shall be issued in exchange for the provisional receipt indicating the name of the depositor, his address, the amount of deposit(s) made, and account number, duly initialled by an authorised official- of the accounts office.

(d) The date of realisation of the cheque, pay order or demand draft, shall be the date of deposit and the deposit shall be deemed to be made on that date only.

(e) A depositor may open only one account under this scheme, provided that where the retirement benefits have been received on different dates, more than one deposit can be made in this account.

Such deposits shall be made within three months from the date of receiving that retirement benefit from the Government.

1. Inserted by Notification No. GSR 886(E), dated 12-10-1989, w.e.f. 12-10-1989.

2. Substituted for "three" by Notification No. GSR 886(E), dated 12-10-1989, w.e.f. 12-10-1989.

4. Deposits and withdrawals :-

(a) The account shall be opened with a deposit of a minimum of one thousand rupees, and all deposits will be in the multiples of one thousand rupees: ¹ [Provided further that where the amount of deposit does not exceed Rs. 5 lakhs, an affidavit on stamped paper signed by the depositor indicating the amount of retirement benefits received by him shall be accepted in lieu of a certificate from the employer.] (b) All withdrawals shall be in multiples of one thousand rupees. (c) A depositor may, at his option, withdraw by applying in Form 3 or as near thereto as possible, the entire balance or part thereof after the expiry of three years from the date of deposit. Where a depositor elects to make part withdrawal, the balance amount will be held as a deposit in the account.

(d) The depositor may also make premature withdrawal of the principal amount subject to the conditions specified in paragraph 7.

(e) There shall not be more than one withdrawal in respect of a deposit in a calendar year.

1. Inserted by Notification No. GSR 745(E), dated 10-8-1989, w.e.f. 10-8-1989.

5. Interest on deposits :-

(a) All deposits made in accordance with this Scheme shall carry interest at the rate of 9% per annum from the date of the respective deposits. The interest will be paid from the date of deposit to 30th June/31st December, as the case may be, and thereafter, interest will be paid half-yearly on the 30th June and 31st December, The interest in fraction of a rupee will be rounded off to the next higher rupee: ¹[Provided that the deposits made in accordance with this scheme on or after 15th March, 1993, shall carry interest at the rate of 10 per cent per annum.]

(b) Where on expiry of three years, the account is continued the balance amount in the account will earn interest at the same rate till the account is closed:

²[Provided that where the account is continued on expiry of three years whether prior to 15th March, 1993, or at any time thereafter, the balance amount in such account shall earn interest at the rate of 10 per cent per annum on and from 15th March, 1993, or the date of expiry of three years, whichever is later.]

(c) If so authorised, interest payable every six months may be deposited by the accounts office in a separate savings account opened by the depositor at that accounts office.

(d) Interest due on the deposits but not drawn on due date will continue to earn interest at 9% as applicable to the principal amount, so long as the interest remains in deposit: ³ [Provided that where the deposits in an account earn interest at the rate of 10 per cent per annum in terms of the proviso to sub-paragraph (a) or sub-paragraph (b), the interest on the undrawn interest shall be at the rate of 10 per cent per annum on and from 15th March, 1993, or the date of expiry of three years, whichever is later.]

1. Inserted by Notification F. No. 15/1/93-NS-II, dated 15-3-1993, w.e.f. 15-3-1993.

2. Inserted by Notification F. No. 15/1/93-NS-II, dated 15-3-1993, w.e.f. 15-3-1993.

3. Inserted by Notification F. No. 15/1/93-NS-II, dated 15-3-1993, w.e.f. 15-3-1993.

6. Premature withdrawal :-

(a) No withdrawal can be made by the depositor during the first year from the date of the deposit.

(b) Where a depositor, makes a withdrawal of any amount after the expiry of one year but before the expiry of three years from the date of deposit, the interest on the amount withdrawn will be payable at the rate of 4% from the date(s) of deposit up to the date of withdrawal, interest at 9%, if already paid, being adjusted at the time of withdrawal.

7. Joint accounts and nomination :-

(a) The account may be opened by the depositor either in his name or jointly with his spouse.

(b) Where the account is held in a single name:

(i) The depositor may, at the time of opening the account or any time thereafter but before closure of the account, nominate in Form 4, a person or persons, who in the event of his death shall receive the payment due on the account.

(ii) A nomination made by a depositor may be cancelled or varied by a fresh nomination in Form 5 by giving notice in writing to the accounts office in which his account stands.

(iii) Every nomination and every cancellation or variation thereof shall be registered in the accounts office and shall be valid from the date of such registration, the particulars of which shall be entered in the pass book.

8. Closure of account :-

(a) The account may be closed by the depositor on or after the expiry of three years from the date of initial deposit or last deposit where more than one deposit is made in the account.

(b) If the depositor dies within the period of three years, or thereafter, the account shall be closed as soon as death is reported to the bank and the amount paid to the nominee. Where, however, the deposit

9. Pass book :-

The pass book shall be presented to the accounts office at the time of collecting interest and also at the time of withdrawal and closure.

10. Transfer from one accounts office to another :-

A depositor may apply for transfer of his account from one accounts office to another accounts office due to change of his residence.

11. Issue of duplicate pass book :-

In the event of loss or destruction of a pass book issued by an accounts office, the office may, on an application made to it in this behalf and on payment of rupee one by the depositor, issue a duplicate thereof to him.

12. Power to relax :-

Where the Central Government is satisfied that the operation of any of the provisions of this Scheme causes undue hardship to a subscriber, it may, by order, for reasons to be recorded in writing, relax the requirements of that provision.