

THE GOVERNMENT SAVINGS BANKS ACT, 1873 (5 OF 1873)

(28th January, 1873)

(As amended by Government Savings Bank Amendment Act, 1959 and further modified from time to time)

An Act to regulate and channelise the savings from general public into Government Savings Schemes.

(As amended by chapter VIII of Finance Act, 2018 and by chapter V of Finance Act, 2023)

Preliminary

1)

- a) **Short title.**- This Act may be called the Government Savings Promotion Act, 1873.
- b) **Local extent.**- It extends to the whole of India.

Note:- The act has been extended to the State of Sikkim vide Ministry of Home Affairs Notification No. F.11013/1/82-SKM dated 22.7.1983.

2) **(Omitted vide Finance Act, 2018)**

3) In this Act, unless the context otherwise requires,—

- a) “*account*” means an account opened under any of the Savings Schemes;
- b) “*administrator*” means an administrator as defined in clause (a) of section 2 of the Indian Succession Act, 1925;
- c) “*Authorised Officer*” means—
 - i) *in the case of a Post Office Savings Bank, an officer authorised by the Director General Posts; and*
 - ii) *in the case of State Bank of India or a banking company or any other company or institution, an officer so authorised by State Bank of India or that banking company or that other company or that institution, as the case may be;*
- d) “*banking company*” means a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949;
- e) “*depositor*” means an individual by whom, or on whose behalf money has been deposited in a Government Savings Bank and “*deposit*” means the money so deposited;
- f) “*executor*” means an executor as defined in clause (c) of section 2 of the Indian Succession Act, 1925;
- g) “*Government Savings Bank*” means—
 - i) *a Post Office Savings Bank; or*

- ii) *State Bank of India or a banking company, or any other company or institution, as the Central Government may, by notification in the Official Gazette, specify for the purposes of this Act;*
- h) “guardian” in relation to a minor or a person of unsound mind means—
 - i) *either of the parents;*
 - ii) *where neither parent is alive or where neither or the only living parent is incapable of acting as such, a person entitled under the law for the time being in force to have the care of the property of a minor or a person of unsound mind, as the case may be;*
 - iii) *legal guardian appointed by a court;*
- i) “minor” means a person who has not attained the age of majority under the Indian Majority Act, 1875;
- j) “prescribed” means prescribed by rules made under this Act;
- k) “Savings Schemes” means the Government Savings Schemes, including Savings Certificates and Public Provident Fund Scheme, listed in the Schedule;
- l) “Schedule” means the Schedule annexed to this Act.

3A

- i) The Central Government may, by notification in the Official Gazette, frame new Savings Schemes or amend or discontinue existing Savings Schemes to promote household savings in the country.
- ii) The Central Government may, by notification in the Official Gazette, include or omit or amend Savings Schemes in the Schedule.
- iii) The notification referred to in sub-section (1) may include any or all of the following provisions, depending on the design of such Scheme, namely:—
 - (1) the persons who shall be eligible to make deposit in a Savings Scheme;
 - (2) the terms and conditions subject to which deposit may be made;
 - (3) manner of calculation, frequency of payment and rate of interest payable on the deposit;
 - (4) the maximum and minimum limits of deposit;
 - (5) premature closure, withdrawal of deposit, grant of loans against deposit and transfer of 15 deposit;
 - (6) any other provision depending on the purpose and design of the Savings Scheme.

m) 3B

- i) A minor who has attained the age of ten years may open and operate an account in the Government Savings Bank, if so permitted under a Savings Scheme.
- ii) Subject to the provisions of sub-section (1), the guardian of a minor may open and operate an Account on behalf of the minor, till he becomes a major.’.

4) Nomination by depositor.-

- a) "The depositors shall designate one or more individuals, as nominee or nominees, who shall be entitled, in the event of the death of the depositor of a single account, or all the depositors of a joint account, as the case may be, to

receive the sum due, as an owner or a trustee, and to the extent, as may be specified by the depositor at the time of making nomination:

Provided that if the depositor is a minor or a person of unsound mind, the nominee shall be designated by the guardian.”;

- b) Any nomination referred to in sub-section (1) shall become void if the nominee predeceases, or where there are two or more nominees, all the nominees predecease the depositor.
- c) Where the nominee is a minor, it shall be lawful for the depositor to appoint in the prescribed manner any person to receive the deposit in the event of his death during the minority of the nominee.
- d) The transfer of deposit, if permitted under a Savings Scheme, shall automatically cancel a nomination previously made.”.

4A. Payment on death of depositor.-

- e) If a depositor dies and there is in force at the time of the death of the depositor a nomination in favour of any person, the deposit shall be paid to the nominee.
- f) Where the nominee is a minor, the deposit shall be paid-
 - i) in any case where a person has been appointed to receive it under sub-section (3) of section 4, to that person; and
 - ii) Where there is no such person, to the guardian of the minor for the use of the minor.
- g) Where a deposit is payable to two or more nominees and either or any of them is dead, the deposit shall be paid to the surviving nominee or nominees.

“(3A) Where the deposit belongs to a minor or to a person of unsound mind who dies and there is no nominee immediately before the date of commencement of Part I of Chapter VIII of the Finance Act, 2018, the deposit shall be paid to the guardian.”;
- h) If a depositor dies and no nomination is in force at the time of his death, and the probate of his will or letters of administration of estate or a succession certificate granted under the Indian Succession Act, 1925, or legal heir certificate issued by the revenue authority not below the rank of Tahsildar having jurisdiction, is not produced within six months from the date of death of the depositor to the Authorised Officer, then, where the eligible balance does not exceed such limit as may be prescribed, the Authorised Officer may, for reasons to be recorded in writing, pay the eligible balance to the person legally entitled to receive it or to administer the estate of the deceased in accordance with such procedure and manner as may be prescribed.
 - i) **Omitted.**
 - ii) **Omitted.**

5. Omitted.

5) Payment to be a discharge.-

- a) Any payment made in accordance with the foregoing provisions of this Act shall be a full discharge from all further liability in respect of the money so paid:

- b) **Saving of right of executor.-** Nothing herein contained precludes (Prevent) any executor or administrator, or other representative of the deceased, from recovering from the person receiving the same the amount remaining in his hands after deducting the amount of all debts or other demands lawfully paid or discharged by him in due course of administration.
 - c) **Saving of right of creditor.-** Every creditor or claimant against the estate of the deceased may recover his debt or claim out of the money paid under this Act to any person, and remaining in his hand unadministered, in the same manner and to the same extent as if that person had obtained letters of administration of the estate of the deceased.
- 6) **Security for due administration.-** The Authorised Officer of a Government Savings Bank may take such security as he thinks necessary from any person to whom he pays any money under sub-section (4) of section 4A for the due administration of the money so paid, and he may assign the said security to any person interested in such administration.
- 7) **Power to administer oath.-**
 - a) For the purpose of ascertaining the right of the person claiming to be entitled as aforesaid, the Authorised Officer of a Government Savings Bank may take evidence on oath or affirmation according to the law for the time being in force relating to oaths and affirmations.
 - b) **Penalty for false statements.-** Any person who, upon such oath or affirmation, makes any statement which is false and which he either knows or believes to be false or does not believe to be true shall be deemed guilty of an offence under section 193 of the Indian Penal Code (45 of 1860).

“7A. The Central Government through any designated authority, may call for such information, documents and evidence as it may deem necessary, in relation to any account, for carrying out the purposes of this Act.”

- 8) **Deposit when excluded in computing court fees.-** Where the amount of the deposit belonging to the estate of a deceased depositor does not exceed the prescribed limit, such amount shall be excluded in computing the fee chargeable under the Court-fees Act, 1870 (7 of 1870) on the probate or letters of administration, or sucession certificate (if any), granted in respect of his property:

Provided that the person claiming such probate or letters or certificate shall exhibit to the Court authorised to grant the same a certificate of the amount of the deposit in any Government Savings Bank belonging to the estate of the deceased. Such certificate shall be signed by the Authorised Officer of such Bank, and the Court shall receive it as evidence of the said amount.

- 9) **Act not to apply to deposits belonging to estates of European Soldiers or deserters.-** Repealed by the Government Savings Banks (Amendment) Act, 1959 (45 of 1959).

Deposits belonging to minors

- 10) **Payment of deposits to minor or guardian.**- Any deposit made by or on behalf of, a minor, may be paid to him personally, if he made the deposit, or to his guardian for the use of such minor if the deposit was made by any person other than the minor, together with the interest accrued thereon.
The receipt of the minor or guardian for money paid to him under this section, shall be a sufficient discharge therefor.
- 11) **Legalization of like payments heretofore made.**- Repealed by the Government Savings Banks (Amendment) Act, 1959 (45 of 1959).

Deposits belonging to lunatics

- 12) **Payment of deposits belonging to lunatics.**- If any depositor becomes insane or otherwise incapable of managing his affairs, and if such insanity or incapacity is proved to the satisfaction of the Authorised Officer of the Government Savings Bank in which his deposit may be, such Authorised Officer may, from time to time, make payments out of the deposit to guardian, and the receipt of such guardian, for money paid under this section, shall be a sufficient discharge therefor.
Where a committee or manager of the depositor's estate has been duly appointed, payments shall be made to such committee or manager.
"12A. Any depositor who suffers from physical infirmity, including blindness may operate and make a deposit through any literate individual whom he authorises."
- 13) **Omitted .**

⁴Miscellaneous

- 14) **Protection of action taken in good faith.**- No suit or other legal proceeding shall lie against the Authorised Officer or any other officer of the Central Government of India in respect of anything which is in good faith done or intended to be done under this Act.
- 15) **Power to make rules.**-
- a) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.
 - b) In particular, and without prejudice to the generality of the foregoing power, such rules may provide all or any of the following matters, namely:-
 - i) **Omitted.**
 - ii) "the conditions as to interest or discount relating to deposits generally, or any class of deposits in particular;"
 - iii) the non-accrual of interest on deposits when the maximum limits are exceeded and the recovery of any interest paid in excess in the same manner and as arrear of land revenue or in any other manner;
 - iv) the persons to whom and the manner in which deposits may be paid;
 - v) the form of nominations, the manner in which, the persons in whose favour and the conditions and restrictions subject to which, nominations may be made and the registration of nominations;

- vi) the variation or cancellation thereof;
- vii) " the fees that may be levied for discharge of any services under this Act;";
- viii) the manner in which any person may be appointed for the purpose of sub-section (3) of section 4;
- ix) " the limit, procedure and manner under sub-section (4) of section 4A; (Amended vide chapter V of Finance Act, 2023)
- x) the mode of making deposits, such as physical, electronic or through use of any other tools of communication and information technology;
- xi) benchmark for interest rates on deposits with a view to ensure financial sustainability of Savings Schemes;
- xii) amount to be excluded in computing the court fee chargeable under the Court-fees Act, 1870 for the purpose of section 8 of the Act;
- xiii) mechanism for redressal of grievances and settlement of disputes;
- xiv) any other matter which is required to be or may be, prescribed."
- c) Every rule made under this section shall be laid as soon as may be, after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of any thing previously done under that rule.

16)

- a) The Government Savings Certificates Act, 1959 and the Public Provident Fund Act, 1968 are hereby repealed.
- b) Notwithstanding such repeal and without prejudice to the provisions contained in the General Clauses Act, 1897, with respect to repeals—
 - i) anything done or any action taken or purported to have been done or taken, including any rule, notification, order or notice made or issued or any direction given under the repealed enactments shall be deemed to have been done or taken under the corresponding provisions of this Act;
 - ii) subject to the provisions of clause (a), any instrument executed or certificate issued, or anything done under or in pursuance of any repealed enactment shall, if is in force at the commencement of Part I of Chapter VIII of the Finance Act, 2018, continue to be in force in so far as it could have been executed, or issued or done under or in pursuance of such Part, shall have effect as if the same has been executed, issued or done under or in pursuance of the provisions contained in the aforesaid Part;
 - iii) all deposits made or accounts or certificates held under the repealed enactments shall be deemed to be deposits or holdings in the Savings Scheme made under the corresponding provisions of this Act; and
 - iv) any proceeding under the repealed enactments pending immediately before the commencement of Part I of Chapter VIII of the Finance Act,

2018 before any court shall, subject to the provisions of this Act, continue to be heard and disposed of by the said court.

- c) The repeal shall not prejudicially affect the interest of depositors who, before the commencement of Part I of Chapter VIII of the Finance Act, 2018, made deposits or were issued certificates or made contribution to any scheme under the repealed enactments.

THE SCHEDULE

[See section 3A]

This Act applies to the following Government Savings Schemes:

PART A

EXISTING SAVINGS SCHEMES

1. Post Office Savings Account
2. National Savings Monthly Income (Account)
3. National Savings Recurring Deposit
4. Sukanya Samridhhi Account
5. National Savings Time Deposit (1 year, 2 years, 3 years and 5 years)
6. Senior Citizens' Savings Scheme
7. Public Provident Fund Scheme (Ammended vide chapter V of Finance Act, 2023)
8. National Savings Certificates (VIII Issue) Scheme, 2019 (Ammended vide chapter V of Finance Act, 2023)
9. Kisan Vikas Patra Scheme, 2019 (Ammended vide chapter V of Finance Act, 2023)
10. PM CARES for Children Scheme, 2021 (Inserted vide chapter V of Finance Act, 2023)

PART B

DISCONTINUED SAVINGS SCHEMES

1. National Savings Scheme, 1987
2. National Savings Scheme, 1992
3. Block Deposit Account
4. Defence Savings Account
5. Gift Coupons
6. Cumulative Time Deposit Accounts:—
 1. 5-year account
 2. 10-year account
 3. 15-year account
7. 5-year Prize Bonds
8. 5-year Premium Prize Bonds
9. 5-year Compulsory Deposit Account Scheme, 1963
10. 5-year Fixed Deposit Account
11. 5-Year Cash Certificates
12. 10-Year Defence Savings Certificates
13. 12-Year National Savings Certificates
14. 7-Year National Savings Certificates
15. 5-Year National Savings Certificates

16. 10-Year Treasury Savings Deposits Certificates
17. 15-Year Annuity Certificates (I series)
18. 10-Year National Plan Savings Certificates
19. 10-Year Treasury Savings Deposits Certificates
20. 12-Year National Plan Savings Certificates
21. 15-Year Annuity Certificates (II series)
22. 10-Year Defence Deposit Certificates
23. 12-Year National Defence Certificates
24. 10-Year National Savings Certificates (I-Issue)
25. 7-Year National Savings Certificates (II Issue)
26. 7-Year National Savings Certificates (III-Issue)
27. 7-Year National Savings Certificates (IV-Issue)
28. 7-Year National Savings Certificates (V-Issue)
29. 12-Year National Savings Annuity Certificates
30. 5-Year National Development Bonds
31. 6-Year National Savings Certificates (VI-Issue)
32. 6-Year National Savings Certificates (VII-Issue)
33. 10-Year Social Security Certificates
34. Indira Vikas Patras
35. 10 Year National Savings Certificate (IX Issue)