

# NATIONAL SAVINGS TIME DEPOSIT SCHEME

(Notified vide G.S.R. 922(E) dated 12/12/2019 and further amended vide  
G.S.R. 289(E) dated 05/05/2020)

**G.S.R.922(E).**- In exercise of the powers conferred by section 3A of the Government Savings Promotion Act, 1873 (5 of 1873), the Central Government hereby makes the following Scheme, namely:-

**1. Short title and commencement.**-(1) This Scheme may be called the National Savings Time Deposit Scheme, 2019.

(2) It shall come into force on the date of its publication in the Official Gazette.

**2. Definitions.**-(1) In this Scheme, unless the context otherwise requires,-

(a) “account” means an account opened under this Scheme;

(b) “account holder” means an individual in whose name the account is held;

(c) “Act” means The Government Savings Promotion Act, 1873 (5 of 1873);

(d) “Form” means forms appended to this Scheme;

(e) “General Rules” means the Government Savings Promotion General Rules, 2018;

(f) “year” means a period of twelve months commencing on the date of deposit in an account.

(2) Words and expressions used herein but not defined shall have the meaning respectively assigned to them in the Act and in the General Rules.

**3. Categories of accounts.**- There shall be four categories of time deposit accounts, namely, One-year account, Two-year account, Three-year account and Five-year account in which a deposit may be made for a period of one year, two years, three years and five years respectively.

**4. Type of Accounts.**-(1) On an application to the accounts office in Form-1, an account can be opened by the following-

(i) a single adult;

(ii) upto a maximum of three adults in joint names;

(iii) a minor who has attained the age of ten years;

(iv) a guardian on behalf of a minor or a person of unsound mind.

(2) An individual may have more than one account in his name or jointly with another.

**5. Deposit and repayment.**- (1) There shall be only one deposit of not less than one thousand rupees and any sum in multiples of one hundred rupees in an account.

(2) The deposit shall be repayable after the expiry of a period of one year, two years, three years or five years, as the case may be. Deposit in the account may be repaid to the account holder on an application in Form-2 submitted to the accounts office.

**6. Extension of Account.**-(1) Where a deposit in an account has become due for repayment, the account holder may at his option by making an application to the accounts office in Form-3, may further extend the account for another tenure for which the account was initially opened.

(2) Where an extension is made under sub-paragraph (1), the option for extension shall be exercised as specified in the table below:

**TABLE**

S. No.	Category of the account	Period from date of repayment by which option for extension may be exercised.
(1)	(2)	3
1.	One-year	Six months
2.	Two-year	Twelve months
3.	Three-year	Eighteen months
4.	Five-year	Eighteen months

(3) Where option of extension of deposit is exercised within the period specified in sub- paragraph (2), interest applicable to the category of account under the Scheme on the date of repayment shall be payable.

(4) The account holder shall be allowed to extend the account as per sub-paragraph (2) only twice after the initial repayment date.

(5) Option to extend the account as per sub-paragraph (1), may be exercised by the account holder at the time of opening of the account also. However, the account holder may revoke the option to extend the account any time before the date of repayment.

**7. Rate of Interest.**- (1) The rate of interest as specified in the table below shall be applicable to the deposits made between 12<sup>th</sup> December, 2019 to 31<sup>st</sup> March 2020 (both days inclusive) under the Scheme.

S.No.	Category of account	Rate of interest (per cent. per annum)
(1)	(2)	(3)
1.	One-year	6.9
2.	Two-year	6.9
3.	Three-year	6.9
4.	Five-year	7.7

(1A) The rate of interest as specified in the table below shall be applicable to the deposits made on or after the 1<sup>st</sup> day of April, 2020 under the Scheme.

S.No.	Category of account	Rate of interest (per cent. per annum)
	(1)	(2)
1.	One-year	5.5
2.	Two-year	5.5
3.	Three-year	5.5
4.	Five-year	6.7

**Sub paragraph (1A) inserted vide G.S.R. 289(E) dated 05/05/2020**

(2) Interest shall be compounded on quarterly basis and payable to the account holder at the end of each year during the period of deposit.

(3) Where the interest contains part of a rupee and if such part is fifty paise or more, it shall be rounded off to one complete rupee and if such part is less than fifty paise, it shall be ignored.

(4) The rate applicable on the date of opening of the account shall apply till maturity.

(5) The interest shall be payable annually and the year shall be reckoned from the date on which the account is opened.

(6) If the date of payment of interest falls on a non-working day, the payment shall be deemed to be due on the working day immediately preceding.

(7) No additional interest shall be payable on the amount of interest that has become due for payment but not withdrawn by the account holder.

(8) The annual interest may be credited to the savings account of the account holder at his option.

**8. Premature closure of account.-** Premature closure of an account shall be allowed on an application by the account holder in Form-4, subject to the following conditions, namely:-

(a) no deposit shall be withdrawn before the expiry of six months from the date of deposit;

(b) where a deposit in a one-year, two-year, three-year or five-year account is withdrawn prematurely after six months, but before the expiry of one year from the date of deposit, interest shall be payable to the account holder at the rate applicable to Post Office Savings Account for the completed months;

(c) where a deposit in a two-year, three-year or five-year account is withdrawn prematurely after the expiry of one year from the date of deposit, interest on such deposit shall be payable to the account holder for the completed years and months, commencing on the date of deposit and ending with the date of withdrawal, and such interest shall be calculated at the rate which shall be less by two per cent. points than the rate specified for a deposit of one-year, two-year or three-year, as the case may be and interest for the completed year shall be calculated on quarterly compounding basis in accordance with the provisions of paragraph 7, and for any part of a year, interest shall be payable as per provision of sub-paragraph (b):

Provided that if a five year Time Deposit account is closed after four years from the date of deposit, rate admissible for three-year Time Deposit account shall be applicable for calculation of interest under this paragraph;

(d) any interest already paid on the deposit under paragraph 7 shall be recovered from the amount of repayment of deposit and the interest payable under this paragraph.

**9. Pledging of an account.-**(1) An Account may be pledged or transferred as security, on an application made by the depositor in Form-5 supported with acceptance letter from the pledgee.

(2) Transfer of an account under this paragraph may be made to-

1. the President of India or the Governor of a State in his official capacity;

2. the Reserve Bank of India or a Scheduled Bank or a Cooperative Society, including a Co-operative Bank;
3. a public or private corporation or a Government company;
4. a local authority; or
5. a housing finance company approved by the National Housing Bank and notified by the Central Government:

Provided that the transfer of an account opened on behalf of a minor or a person of unsound mind shall not be permitted under this paragraph unless the guardian of the minor or the person of unsound mind, as the case may be, certifies in writing that the minor or the person of unsound mind, as the case may be, is alive and that the transfer is for the benefit of the minor or the person of unsound mind.

(3) When any account is transferred as security under sub-paragraph (1), the authorised officer shall make the following endorsement in the record of the Account, including the Savings Certificate, namely:-

“Transferred as security to .....” .

(4) Except as otherwise provided in this scheme, the transferee of an account under this paragraph shall, until it is re-transferred back under sub-paragraph (5), be deemed to be the depositor.

(5) An account transferred under this paragraph may, on written authority of the transferee, be transferred back with the previous sanction in writing of the authorised officer and when any such retransfer is made, the authorised officer of the accounts office shall make the following endorsement in the record of the account, including Certificate, namely:-

“transferred back to.....”.

(6) A blind or a person with physical infirmity making him incapable of operating the account may pledge his deposit through any literate individual whom he authorises for this purpose.

**10. Payment on the death of the account holder.**-(1) In the event of death of the depositor of a single account or of all the depositors in a joint account, the deposit in the account shall be payable to the nominee or legal heir(s) as the case may be.

(2) If there are two or more surviving nominees, the deposit in the account shall be paid in the proportion as specified by the depositor while making the nomination, and if no such proportion or share is specified, then in equal proportion to all the surviving nominees.

(3) If any nominee dies, his specified share in the amount of deposit shall be distributed among the surviving nominees in the same proportion as their specified shares.

(4) Where the surviving nominee is a minor, the payment shall be made to a person appointed by the depositor to receive such payment and, if no such person has been appointed, to the guardian of the minor.

(5) Where there are not more than three surviving nominees or legal heirs, they may, at their option, continue the account and receive the amount of deposit along with interest in the manner provided for in this Scheme, as if they had opened the account themselves if they are otherwise eligible to make deposit under this Scheme.

(6) Where the account is not continued under sub-paragraph (5), it shall be closed and the amount of deposit outstanding in the account shall be repaid with interest and such interest shall be allowed for

the period for which the deposit has remained in the accounts office and the rate of such interest shall be paid as under.

(i) as specified under paragraph 7, for completed years not exceeding the period for which the deposit was made; and

(ii) for any period thereafter in completed months at the rate applicable to the Post Office Savings Account from time to time.

(7) On the death of one or two of the account holders in a joint account, the surviving account holder or holders, if any, shall be treated as the owner or owners of the account and such account holder or holders may continue the account or close the account in the manner specified under sub-paragraph (5) and (6).

**11. Application of General Rules.-** The provisions of the General Rules shall, so far as may be, apply in relation to the matters for which no provision has been made in this Scheme.

**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 an account holder, 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.