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Commercial Laws of India (Vol. III.)

LAW & PRACTICE

RELATING TO

GOVERNMENT SECURITIES IN INDIA

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PREFACE

The object of the present work is to provide a complete book of reference on all matters relating to Government Securities in India. Crores of rupees have been invested in these securities by the public and by business concerns and investment in this form is ever very popular and attractive. The law and practice relating to it is, however, not known to many people; even among investors it is not known very well. A book consolidating in a convenient form the law on the subject as well as the relevant rules, regulations, notifications, official orders and executive instructions, hitherto lying completely scattered, will, it is hoped, meet a long standing requirement.

Part I of the book deals with the Indian Securities Act, 1920. This Act regulates all Loans issued by the Provincial Governments and all securities issued by the Central Government but not falling within the scope of the Public Debt (Central Government) Act, 1944. It is amplified by statutory rules, Central as well as Provincial, and by executive instructions, contained in 'Government Securities Manual' (out of print since long) compiled under authority of the Central Government. The book contains all these rules brought up to date as well as all relevant extracts from the Manual. Similarly, all notifications under the Act, both by the Central Government and the Provincial Governments, amended up to date, have been reproduced here in *extenso*. Case-law quoted is complete up to April 1946. A number of appendices, especially those relating to 'Payment of Interest', and 'Securities held by Government officers in their official capacities,' will be found of particular interest.

Government Securities dealt with by the Post Offices also are fully treated in this book. Appendix B contains the text of the Post Office National Savings Certificates Ordinance, 1944. Appendix C reproduces the Post Office National Savings Certificates Rules 1944, as brought up to date. Appendix D contains the Post Office 10-Year Defence Savings Certificates Rules and Appendix E the Post Office 5-Year Cash Certificates Rules. All these forms of securities are very popular throughout this country and a collection of the kind embodied in this book will surely be of great benefit to investors as well as to those who have to administer these forms of securities in any capacity.

Part II of the book deals with the Public Debt (Central Government) Act, 1944. Though enacted in 1944, it has been brought into force with effect from 1st May 1946 only. From this date the Indian Securities Act, 1920, has ceased to apply to Government Securities to which this Act applies, and to all matters for which provision is made by this Act. This statute, therefore, is of great importance for all those who have to deal with securities created and issued by the Central Government and falling within its scope. The book contains the full text of this Act as well as copious notes to explain its provisions. This Act also has been amplified by statutory rules framed by the Central Government under section 28 of the same. These rules have been reproduced here in full.

Part III of the book contains the text of the Post Office Cash Certificates Act, 1917.

Collection of Provincial Rules and Notifications under the Indian Securities Rules, 1920, was a stupendous task. I approached the Provincial Governments and the Manager of the Delhi Office of the Reserve Bank of India for assistance in this matter, and they all ungrudgingly placed at my disposal whatever material I wanted for the compilation of this book. To them I owe a deep debt of gratitude. I am also highly indebted to the Director of Civil Supplies, Delhi, for affording me facilities for the publication of this book. But for his special permission to publish it the book might not have yet seen the light of day.

The book has been written for the use of Courts, Lawyers, Banks, Treasury Officers, Accounts Offices, Insurance Companies, Brokers, Investors, Business Concerns and others who are interested in Government securities. It is hoped they will find this publication useful. It has been compiled for the first time and may not be free from deficiencies or defects. For this I crave indulgence of my generous readers. I shall be grateful if I am favoured with suggestions for its improvement.

In order to keep up the utility of this book it has been arranged with the publishers to issue at a nominal cost correction slips from time to time.

It is my pleasant duty to thank the management of the Roxy Press, New Delhi, and the Publishers for fine printing and nice get up of the book. I am glad to find that in spite of superior paper used the price of the book is very moderate.

 OM PRAKASH

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INTRODUCTORY

Management of public debt.

The management of the public debt and the maintenance of the accounts relating thereto are vested in the Central Public Debt Office, Calcutta, which is managed on behalf of Government by the Reserve Bank of India. At Bombay, Madras, and Delhi also there are Public Debt Offices which are managed by the local offices of the Reserve Bank of India and are entrusted with certain functions of the Central Public Debt Office. A substantial and important part of the work falls, however, on the district treasuries.[1]

Jurisdiction of public debt offices.

The work of dealing with securities on which interest is payable at treasuries and sub-treasuries is distributed between the four Public Debt Offices. The jurisdiction of each of the Public Debt Offices, Bombay, Calcutta, Delhi and Madras in respect of loans which have been decentralised, and in respect of any new loans which may be issued by the Central Government, is as follows :—

Public Debt Office, Bombay.—Treasuries and Sub-Treasuries under the jurisdiction of the Accountants General, Bombay and Central Provinces and Berar, and the Comptroller, Sind, and the Central Government Treasuries at Baroda, Hyderabad (Deccan), Indore, Muskat, Rajkot and Sabar Kantha.

Public Debt Office, Calcutta.—Treasuries and Sub-Treasuries under the jurisdiction of the Accountants General, Bengal, Bihar and Burma, and the Comptrollers, Assam and Orissa, the Central Government Treasuries at Manipur, Nepal, Nowgong (Bundelkhand) and Port Blair, and the Bikaner and Cooch Behar State Treasuries.

Public Debt Office, Delhi.—Treasuries and Sub-Treasuries under the jurisdiction of the Accountants General, Punjab and United Provinces, and the Comptroller, North West Frontier Province, and the Central Government Treasuries at Ajmer, Kurram, Sambhar and Quetta.

Public Debt Office, Madras.—Treasuries and Sub-Treasuries under the jurisdiction of the Accountant General, Madras, and the Central Government Treasuries at Bangalore, Coorg and Travancore.

Loans which have not been decentralised.

Note 1.—The following are the only Central Government loans which have not been decentralised :—

(i) 5 per cent. Loan, 1939-44.
(ii) 3 per cent. Bonds, 1941.

1. Para. 1, Government Securities Manual.

(iii) 5 per cent. Loan, 1940-43.

(iv) 4 per cent. Bonds, 1943.

(v) 5 per cent. Income-tax free loan 1945-55.

(vi) Loans notified for discharge on or before 1st October 1938.

Reference in respect of these loans should be addressed to the Public Debt Office prescribed in paragraph 124.

NOTE 2. - Securities cannot now be enfaced or registered for payment of interest at any place in Burma but interest will continue to be paid in Burma on securities already enfaced or registered there. The principal of such securities will similarly be paid on maturity. The existing facilities for renewal, sub-division, consolidation, conversion including conversion between two existing loans) or transfer from one treasury to another in Burma will continue. Securities enfaced on Burma may be transferred to any place in India but no subsequent re-transfer to Burma will be allowed.[1]

Jurisdiction in respect of loans which hnve not been decentralised.

The Public Debt Office, Delhi, has no jurisdiction in respect of Loans which have not been decentralised. The jurisdiction of the other three Public Debt Offices is as follows :—

Public Debt Office, Calcutta.—Treasuries and Sub-Treasuries under the jurisdiction of the Accountants General, Burma, Bengal, Bihar, United Provinces and Punjab, the Comptrollers, Orissa, Assam and North-West Frontier Province, the Central Government Treasuries at Kurram, Manipur, Nepal, Port Blair, Ajmer, Sambhar, Delhi and the Bikaner and Cooch Behar State Treasuries.

Public Debt Office, Bombay.—Treasuries and Sub-Treasuries under the jurisdiction of the Accountants General, Bombay and Central Provinces and Berar, and the Comptroller, Sind, and the Central Government Treasuries at Baroda, Hyderabad (Deccan), Indore, Muskat, Nowgong (Bundelkhand), Quetta, Rajkot and Sabar Kantha.

Public Debt Office, Madras.—Treasuries and Sub-Treasuries under the jurisdiction of the Accountant General, Madras, and the Central Government Treasuries at Bangalore, Coorg and Travancore.

References in respect of the abovementioned loans should be addressed by the Treasury Officers to the Public Debt Office in whose jurisdiction the Treasury is situated unless there is any express direction to the contrary.[2]

1. Para. 2, Government Securities Manual
2. Para 124, *ibid.*

Parent public debt office.

The following is the statement of the Parent Public Debt Offices relating to each province :—

Province	Name of the Parent Public Debt Office
Bombay	Bombay
C. P. and Berar	
Sind	
Central Government ..	Calcutta
Bengal	
Bihar	
Orissa	
Assam	
United Provinces	Delhi
Punjab	
North West Frontier Province	
Madras	Madras

Government Securities Manual.

Para. 1 of the Government Securities Manual lays down

"Unless there be anything repugnant in the subject or context and without prejudice to the provisions of the law and of the statutory rules mentioned above, the rules contained in Chapters IV, VII and VIII of the Manual, in so far as they deal with the procedure relating to disbursement of moneys from, and receipt of moneys into, the Public Account of the Central Government at the Treasury or the Bank, should be regarded as rules made under section 151 (1) of the Government of India Act, 1935. Likewise, the rules in this Manual which prescribe the initial accounts to be kept at the treasury in respect of payment of interest on Government securities, repayment of principal of loans, receipt of subscription to new loans and other allied transactions, should be regarded as rules

issued bv the Auditor General of India with the approval of the Governor General in Council under section 168 of the Government of India Act, 1935, and subject to any directions contained in this behalf in Part II of the Account Code."

Also.

" Although the Manual is not confidential and copies are available to the public, it is intended only for the guidance of Government's own officers in administering the Indian Securities Act, and the statutory rules framed thereunder and nothing contained in it is to be taken as representation on the part of Government of any fact or law."

THE INDIAN SECURITIES ACT, 1920[1]

(Act No. X of 1920).

11th March, 1920.

An Act to consolidate and amend the law relating to Government Securities;

WHEREAS it is expedient to consolidate and amend the law relating to Government securities; It is hereby enacted as follows :

Previous legislation

The great bulk of Government obligations in India have till very recently been expressed in the form of promissory notes which pass from hand to hand by endorsement and delivery. Stock certificates, i.e., certificates which are not negotiable themselves but merely record title, the actual transfers requiring registration in the books of the Public Debt Office are of comparatively recent introduction. Not unnaturally, therefore, the law of Government securities in India started as an appendage to the law of Negotiable Instruments, modifying it where necessary to meet the peculiar circumstances of Government promissory notes such as (1) their validity for a period much longer than that of the ordinary negotiable instrument of commerce and the concomitant necessity of issuing separate instruments to replace the originals for the record of interest payments, and (2) their being held more widely than ordinary negotiable commercial instruments by various classes of investors in addition to the financial and business community. The result was the Indian Securities Act, 1886 (Act XIII of 1886) which repealed the earlier Acts of 1881 (The Indian Securities Act, III of 1881) and of 1885 (The Indian Securities Act, XIX of 1885).

The Indian Securities Act, 1886.

The Act of 1886 (see Appendix) was a small Act consisting of only 15 sections and related to promissory notes, debentures, stock-certificates and all other securities issued by the Government of India or by any Local Government in respect of any loan contracted either before or after the passing of that Act, but did not relate to a stock-note or a currency note. It served its purpose well enough when the only contributors to Government loans were banks or large financial houses. The policy of Government ultimately became to endeavour to extend the sphere of subscribers to Government loans as far as possible; to bring small subscribers on to lists of Government loans wherever it could. In the loan of 1917

1. For Statement of Objects and Reasons, *see* Gazette of India Extraordinary, dated the 29th October, 1919, p. 529; for Report of Select Committee, *see* Gazette of India, 1920, Pt. V, p. 39; and for Proceedings in Council see *Ibid* 1920, Part VI, p. 734.

there were 157,000 subscribers and in the list of 1918, 230,000. It was considered necessary to provide greater facilities for these small subscribers than were necessary when the loans were confined to the banks or large financial houses. A Bill to consolidate and amend the law relating to Government securities accordingly was moved in the Indian Legislative Council on 4th February, 1920, with the following statement of *Objects* and *Reasons*:

Indian Securities Act (Act X of 1920.)

"The existence of various defects and doubtful points in the present law regarding Government securities (Act XIII of 1886) has for some time pointed to the necessity of overhauling and re-casting that Act, in order that the law governing such securities, and the procedure and regulations based thereon, may be better adapted to the requirements of modern conditions. The principal changes introduced by this Bill are summarised below :—

(a) To legalise certain matters in the existing practice and procedure which it is desirable to maintain, but of which the legal basis is at present doubtful;

(b) To obviate difficulties and delays which are at present liable to occur, in cases of disputed or doubtful claims on promissory notes in discovering who is the Government's legal creditor in respect of such notes;

(c) To relax the present procedure in certain matters, such as receiving notice of a trust and securities held by office holders; and

(d) To provide special facilities in cases of small holdings of which the holder has died or is a minor.

2. The clauses of the Bill which introduce these changes are as follows:

Clause 2. This corresponds to section 4 of the existing Act, the rigidity of which has caused much trouble in practice. The proviso of this clause legalises the existing practice regarding executors and administrators, while sub-clauses (*l*) and (*m*) of clause 21(2) of the Bill will, in the case of Government debt held in the form of stock, enable various facilities to be given to the public, in the matter of securities held in trust or in the name of office holders (other than the holders of a public office), which are not possible under the existing law.

Clauses 4, 5 and 6 reproduce sections 5, 6 and 7 of the present Act.

Clause 7 is new and designed to legalise the present practice of issuing special notes to the Rulers of Indian States.

Clauses 8, 9, 10 reproduce sections 9, 10, 12 of the existing Act.

Clause 11 corresponds to section 11 of the present Act, but

contains a proviso legalising the practice which is at present followed regarding securities belonging to a joint Hindu family, while sub-clause (2) provides for the renewal of bearer bonds.

Clause 12 introduces a definite procedure in cases in which adverse claims arise and provides a means for their more expeditious disposal than is possible under the existing law.

Clause 13 provides for the conversion, consolidation or sub-division of Government securities, for which at present no specific provision exists.

Clause 14 provides for Government's liability being discharged in the case of bearer bonds and, in certain cases, of other securities, on payment, renewal, conversion, consolidation or sub-division, while the proviso safeguards the interests of third parties who may in certain cases be adversely affected as the result of proceedings under clause 12.

Clause 15 corresponds to section 13 of the existing Act, but includes provision for converted, consolidated or sub-divided securities.

Clause 16 introduces a procedure on the lines of sections 4 to 7 of the Government Savings Banks Act, 1873 (V of 1873), which will enable claims in respect of small holdings standing in the names of deceased persons to be expeditiously met.

Under *Clause 17* Government takes power to prescribe the procedure to be followed in the case of securities held by minors or lunatics, and thereby to dispense with formalities which under the existing law must attend transactions connected with securities so held.

Clause 18 provides for the taking of indemnities, and will cover cases in which there is reason to doubt a claimant's title though no adverse claimant has actually appeared.

Clause 19 places on a legal basis the confidential character of the books, registers, etc., maintained in the Public Debt offices. The practice in England is to allow no inspection by the public, though a search is made at the request of *bona fide* applicants and the results reported to them. This is generally the practice followed in India, although at present it does not rest on any specific legal provision.

Clause 20 introduces a specific provision to penalise false statements made in proceedings in respect of securities for the purpose of obtaining payment or renewal and the like.

Of the rule-making powers enumerated in *clause 21* (2) (a), (b), (d), (e), (f), (g), (h), the second half of (j) and (o) correspond to and generally reproduce the rule-making powers conferred by section 14 of the existing Act. Of the remainder

(c), (i) and (p) are consequential to clauses 7, 17 and 19, respectively, of the Bill, the first half of (j) being consequential to clause 18. (l) and (m) have been mentioned above under clause 3. (k) and (n) are new, and are designed to facilitate the procedure regarding the matters mentioned therein.

Sub-clause (3) of *clause 21* has been adapted from the English law, and lays down the limits within which the recognition of trusts can operate, at the same time safeguarding the interests of beneficiaries"[1].

This finally resulted in the Indian Securities Act, 1920 (Act X of 1920).

Subsequent legislation.

The Public Debt (Central Government) Act, XVIII of 1944.

The fact that Government loans were almost entirely in the form of promissory notes meant that the special modifications of the law, effected from time to time to meet practical difficulties, only related to Government obligations held in this form, with the result that when the previous legislation was revised in the Act of 1920, a clear distinction was not always drawn between those parts of the law which ought to relate to Government securities as a whole and those which merely related to promissory notes. A striking instance of this is provided by section 13 of the Act of 1920 providing for the summary provisional settlement of disputes, which is confined only to promissory notes. Although logically imperfect, this position did not in the past lead to any practical difficulties as the holders of Government loans in the form of stock certificates were comparatively few. As a result of war conditions, however, and the efforts of the Reserve Bank as against of Government in the management of public debt to popularise stock certificates in the interest of safety and administrative convenience the proportion of Government loans in the form of stock certificates or in special subsidiary ledger accounts, which the Bank has undertaken to maintain for large institutional holders, has substantially increased. It has therefore been considered expedient to provide more satisfactorily for the management of public debt.[2]

The previous legislation covered central as well as provincial loans. The Government of India Act, 1935, has, however, brought out a constitutional change inasmuch as any legislation passed by the Central Legislature can relate only to central public debt, while that relating to provincial debts must be passed by the Provincial Legislature[3]. The Bill of

1. See Gazette of India Extraordinary, dated 29th October, 1919, p. 529.

2. See Statement of Objects and Reasons, Gazette of India, dated 31st July, 1943, Pt. V, pp. 162, 163.

3. Vide item 6 of List I and item 5 of List II, Seventh Schedule to the Government of India Act, 1935.

1944 which resulted in the Public Debt (Central Government) Act of 1944 (Act XVIII of 1944) relates to public debt of the Central Government only. This Act has not yet been brought into force, with the result that the Indian Securities Act of 1920 still continues to regulate provincial as well as central securities but will cease, on the Act of 1944 coming into force, to apply to Central Government securities to which the new Act will apply. If any Provincial Government should find it necessary to amend the provisions in so far as they affect its own securities, it will of course promote its own legislation.

Interpretation of the Act

The following are some leading rules for the construction of statutes :

Literal construction.

A statute is the will of the Legislature and the fundamental rule of interpretation, to which all others are subordinate, is that a statute is to be expounded "according to the intent of them that made it[1]." If the words of the statute are in themselves precise and unambiguous no more is necessary than to expound those words in their natural and ordinary sense, the words themselves in such case best declaring the intention of the Legislature. The object of all interpretation of a statute is to determine what intention is conveyed, either expressly or impliedly, by the language used, so far as is necessary for determining whether the particular case or state of facts presented to the interpreter falls within it. When the intention is expressed, the task is one of verbal construction only; but when the statute expresses no intention on a question to which it gives rise, and yet some intention must necessarily be imputed to the Legislature regarding it, the interpreter has to determine it by inference grounded on certain legal principles.[2]

The first and most elementary rule of construction is that it is to be assumed that the words and phrases of technical legislation are used in their technical meaning if they have acquired one, and, otherwise, in their ordinary meaning; and, secondly, that the phrases and sentences are to be construed according to the rules of grammar. The ordinary rule of construction thus is to interpret Acts as one finds them, *viz.*, to read them literally, "unless there is something in the context or in the subject to prevent that reading[3]." Words have, ordinarily, to be taken in their literal sense and accordingly to their grammatical construction, if not inconsistent with the rest of the statute, unless there is any clear intention

1. 4 Inst. 330: Maxwell on the Interpretation of Statutes, 7th Ed., p. 1.

2. Maxwell, p. 1.

3. Per Jessel M. R. in *Taylor* v. *Corporation of Oldham*, (1877) 4 Ch. D. 395 at p. 405, cited in *Ram Sahai Singh* v. *Devi Din*, 1926 All. 617 (F.B.) *Sardar Singh* v. *Relu*, A.I.R. 1944 Lah. 286 (F.B.); Maxwell, p. 2.

to the contrary[1]. In fact, where the language admits of only one meaning, no question of interpretation at all arises[2]. *Absoluta sententia expositore non indiget*[3].

The business of the interpreter is not to improve the statute; it is to expound it. The question for him is not what the Legislature meant, but what its language means *i.e.*, what the Act has said that it meant. To give a construction contrary to, or different from, that which the words import or can possibly import, is not to interpret law, but to make it, and Judges are to remember that their office is *jus dicere*, not *jus dare*[4]. When the words of a statute are clear, it is not within the province of a court, simply with a view to avoid apparent anomalies, to put such an interpretation on the words as they are incapable of bearing. It is for the Legislature to step in and remove this anomaly, if and when it considers it fit to do so.

Words should not be added to the language of a statute[6]. Nothing should be added or subtracted[7]. Even in a case where the effect would be to divest a vested right effect has to be given to the clear language of the statute[8]. The doctrine of interpretation according to the plain meaning has been carried to its logical conclusion in *Mohammad Hayat Haji Mohammad Sardar* v. *Commissioner of Income-tax*[9] where it was held that the plain meaning should be followed even though the same may lead to manifest absurdity. The reason is stated to be that when once the meaning is plain, it is not the province of a court to scan its wisdom or policy but to expound it according to the real sense of the words[10].

It is not open to the court to strain the language of a statute so as to fit in with any supposed intention

1. Maxwell, pp. 2-3, 19-20; cf. *Mercantile Bank* v. *Official Assignee* 1933 Mad. 207 (210); *Ramesh Dayal* v. *Om Prakash* 133 I.C. 301; *In the matter of Munshi Ram*, 1931 Lah. 399.

2. Maxwell, p. 3. Also *Barru* v. *Lachman*, 22 I. C. 503.

3. 2. Inst. 533.

4. Lord Bacon, Essay on Judicature, Maxwell, p.6, *Secretary of State* 1. *Arunachala Mudaliar*, 1939 Mad. 711.

5. *Ganga Sagar* v. *Rioti Prashad*, 1940 All. 507 (F.B.).

6. *Ram Sarup* v. *Joti*, A.I.R. 1933 All. 321 (F.B.).

7. *Vithova* v. *Govindrao*, A.I.R. 1933 Nag. 193 (F.B.); *Everest* v *Wells* (1841) 2 M. & G. 269. 269; *Pandurang Vithoba* v. *Shamrao Bhan*, A.I.R. 1944 Bom. 272.

8. *Mirza Sahib* v *Champa Lal*, 23 I.C. 888.

9. *A.I.R. 1931 Lah. 87 (F.B.) See also observations in Corporation of the City of Victoria* v. *Bishop of Vancour Island, 1921 P.C. 240*

10. *Queen* v. *The Judge of the city of London Court, (1892)* 1 *Q. B 273; See also Mahadeo Prasad Jagan Kuar, A. I. R. 1940 (Oudh) 67 (F. B.)*

of the Legislature. No doubt doctrine of the strictest literal interpretation, i.e., the maxim "*ita scriptum est*" if followed in its unqualified and rigid meaning may often lead to absurdities and thus defeat the true purpose of the Legislature. But at the same time the court must also avoid the opposite extreme of disregarding the latter of the law in order to seek elsewhere a rule that may appear to it more consonant with the supposed justice or the supposed intention of the Legislature. It is not the business of the Courts to be wiser than the laws and to mould them into conformity with their views of what is just and unjust or to substitute "*arbitrium judicis*", for "*lex scripta*" under the guise of interpretation.

Intention of legislature

While interpreting a statute it is the duty of a Judge to infer the intention of the Legislature from the actual words used in the statute. It is improper, apart from the wording of the statute, to attempt to enquire what the intention of the Legislature was. Where the words of the statute are clear it is improper to suppose that the Legislature really meant something else[2]. The primary test for the interpretation of a statute is the language used therein. When the words used are plain and unambiguous and admit of but one meaning, a court is not at liberty to speculate on the intention of the Legislature and to construe them according to its own notions of what ought to have been enacted. To depart from the plain language used on account of such notions is in reality not to interpret the law but to alter it[3].

In determining the intention of the Legislature, the primary question is not what may be supposed to have been intended, but what has been said[4]. It is not within the province of the court to criticise the policy of the Legislature; its duty is to construe and apply the enactments made by the Legislature. It is not open to the Court to go behind what has been enacted by the Legislature, and to enquire how the enactment came to be made, whether it arose out of incorrect information, or, indeed, on actual deception by some one on whom reliance was placed by it. The court must accept the enactment as the law unless and until the Legislature itself alters such enactment on being persuaded of its error[5].

1. *Satish Chandra etc.* v. *Sudhir Krishna Ghosh, etc. A. I. R. 1942 Cal. 429.*

2. *Kanwalnain* v. *Sheikh Ahmed Hussain, 1940 A. M. L. J. 81. See also Sheik Muhammad Abdul Razzak* v. *Mst. Srimati Parvati Devi*, A. I. R. *1942 All. 394.*

3. *Gurmukh Singh* v. *Intazamia Committee*, A. I. R. 1942 Lah. 19 (F.B.).

4. *Brophy* v. *Attorney-General*, 1895 A. C. 202.

5. *Hoani Te Heuhen Tukino* v. *Aotea District Maori Land Board* A. I. R. 1941 P. C. 109. 196 I. C. 567. See also *Lal Girjesh Bahadur Pal* v. *Chaudhri Bhagwati Prasad*, A. I. R. 1942 All. 153 (F. B.).

Internal evidence as an aid to interpretation.

The elementary rule of literal construction referred to above has, however, its own limitations. It is confined to cases where the language is precise and capable of but one construction. In actual fact, however, cases of such unmistakable precision and accuracy in the use of language are rare; nor is it always the case that the most adept draftsman can always find at hand language which exactly expresses the intention he has in view so as to absolutely eliminate equivocation or alternative construction and in all cases allow no room for ambiguity or secondary significance. *Another elementary rule therefore is that a thing which is within the letter of a statute will, generally, be construed as not within the statute unless it be also within the real intention of the Legislature, and the words, if sufficiently flexible, must be construed in the sense which, if less correct grammatically, is more in harmony with that intention* [1].

It often becomes necessary therefore to have recourse to other evidence both external and internal to ascertain the true intention of the Legislature. The limits within which the external circumstances relating to a statute can be looked at in interpreting the same are determined by the extent to which such external evidence affords a key to the ascertainment of the true intention of the Legislature[2].

Preamble.

Preamble is the introduction to the Act, "a key to open the meaning of the makers of the Act and the mischiefs it was intended to remedy," and its purpose is to indicate what in general terms was the object of the legislature in passing the Act. "It may therefore legitimately be consulted for the purpose of solving any ambiguity or fixing the meaning of words which may have more than one, or of keeping the effect of the Act within its real scope, whenever the enacting part is in any of these respects open to doubt."[3] The preamble thus fixes normally the scope of the legislation and the effect it desires to produce.

It cannot, however, either restrict or extend the true scope of an enactment or its real object, when they are plain and not open to doubt. It is not unusual to find that the enacting part is not exactly co-extensive with the preamble. In such cases the preamble cannot cut down what the Legislature deliberately chose to enact in the body of the statute. It is not open to courts to question the right of the Legislature to go beyond what is stated in the preamble[4]. A pre-

1. Maxwell, p. 37.

2. See *Parmanand* v. *Emperor* A. I. R. 1939 Lah. 81 (F.B.) : 180 I.C. 835: 41 P.L.R. 137.

3. Maxwell, p. 37; see also *Bhola Prasad* v. *Emperor*, A.I.R. 1942 F.C. 17; *Saistri Devi* v. *Dwarka Prasad Bhatuja*, A.I.R. 1939 All. 305.

4. *Thayarammal* v. *Junus Chettiar*, A.I.R. 1936 Mad. 844 at p. 848: 44 L.W. 554.

amble cannot control or restrict the substantive provisions of a Regulation. It cannot also be made use of to control the enactments themselves when they are expressed in clear and unambiguous terms[1].

Headings.

It has been held by a Full Bench of the Allahabad High Court that the headings in the body of our Act are of some help in clearing obscurities when there is an ambiguity but they cannot control the provisions of the sections when the latter are unequivocal and clear. They are like the preamble and supply a key to the mind of the Legislature without controlling the substantive sections of the enactment[2]. The headings prefixed to sections or sets of sections thus may be regarded as preambles to those sections, but not so as either to restrict or extend the enacting part, when the language and the object and scope of the Act are not open to doubt[3].

Proviso to a section.

The proviso attached to a section is a part of the section, though it is subordinate to the main clause,[2] and unlike an exception, a proviso to a clause should be taken in connection with the general language of the previous portion of the clause. Abdur Rahim, O.C.J., observed in the Madras case[4]: "In ordinary legal parlance a proviso is to be distinguished from the enactment to which it is generally appended either for the purpose of explaining what particular matters are not within the meaning of the enactment, or for providing exceptions and qualifications to the enactment or for other similar purposes," and "the general rule," was stated to be, "that what is contained in the proviso is not to be imported by implication into the clause."

A proviso cannot extend the substantive provision[5]. A proviso should not by mere implication withdraw any part of what the main provision has given[6]. The operative effect of any enactment cannot be altered because of provisions to be found in any proviso[7]. A proviso may be used as a guide in the choice of an alternative interpretation of the section, or to its true scope, but not so as to add something which is not to be found in the enactment itself[8]. "It is a rule of law that a proviso should receive a strict construction. It is not open to the court to add words to a proviso with a

1. *Maung Pyu, in the matter of,* A.I.R. 1940 Rang. 84; *Dalsingar Singh* v. *Jainath Kaur,* A.I.R. 1940 Oudh 138 (F.B.).
2. *Durga Thathera* v. *Narain Thathera,* A.I.R. 1931 All. 597 (F.B.) : 54 All. 220.
3. Per Beaumont C. J. in *Official Assignee* v. *Chimniram,* A.I.R. 1933 Bom. 51 at pp. 57, 58.
4. *Maha Prasad* v. *Ramani Mohan,* 1914 P.C. 140: 25 I.C. 451.
5. *Ram Chander* v. *Gourie Nath,* 53 Cal. 492: 97 I.C. 376 (379).
6. *Commissioner of Income-tax* v. *Suppan Chattiar,* 123 I.C. 801 (804).
7. *Narayan Chandra* v. *Panihati Municipality,* 124 I.C. 483 (484, 485).
8. Per Lord Herschell, in *West Derby Union* v. *Metropolitan Life Assurance Society* (1897), A.C. 647 (657).

view to enlarge the scope of the proviso.... reasonably conveyed by the words used therein."[1]

A proviso to a section should be interpreted with reference to the preceding parts of the clause to which it is appended and as subordinate to the main clause. Where a proviso is directly repugnant to the purview of it the proviso shall stand and shall be deemed to be a repeal of the purview as it speaks the last intention of the makers. If a substantive enactment is repealed that which comes by way of a proviso is impliedly repealed[2].

A proviso is generally used to indicate that the general provision to which it is added is not applicable to instances pointed in the proviso which are in effect cut out of the general provision by that proviso. Provisos are sometimes added to remove a misapprehension that might be caused as to the affecting of rights referred to in the proviso by the general provisions enacted. If a provision is ambiguous the proviso may sometimes be used to solve the doubt so created. It is illegitimate, however, to interpret a proviso so as to extend its application to the provision to which it relates.[3]

xplanation.

Explanation in an Act can explain but cannot expand the provisions of the Act[4]. An explanation does not enlarge the scope of the original section that it is supposed to explain[5].

xternal :vidence as in aid to nterpreta- ion-History of legisla- ion.

Lord Coke has stated in *Heydon's case*,[6] that to arrive at the real meaning, it is always necessary to get an exact conception of the aim, scope and object of the whole Act; to consider (1) what was the law before the Act was passed; (2) what was the mischief or defect for which the law had not provided; (3) what remedy Parliament has appointed; and (4) the reason of the remedy. At the same time the language of a statute must not be strained to make it apply to a case to which it does not legitimately, on its terms, apply by invoking consideration of the supposed intention of the Legislature[7].

In *Debendra Narain Roy* v. *Jogendra Narain Deb*,[8] the Calcutta High Court has pointed out the logical method of the interpretation of statutes as consisting in the first instance of the impartial and uninfluenced examination of the language without starting an enquiry as to the prior state of the law or its history and without any presumption as to any supposed

1. Per Anantkrishna Aiyer J. in *Perichiappa Chattiar* v. *Nachiappan*, A.I.E. 1932 Mad. 46 (52): 139 I.C. 54 (59).
2. Beal, Cardinal Rules of Legal Interpretation, 1924, 3rd Edn., pp. 302 to 305.
3. 16 Mys. L. I. 287; see Narasimha's Interpretation of Indian Statutes, p. 80.
4. Radhakishan Jaikishan *v.* Municipal Committee, Khandwa, 1940, N. L. J. 638.
5. Kishen Singh *v.* Prem Singh A.I.R. 1939 Lah. 587.
6. (1584) 3 Cokes Rep 7 b: 76 E.R. 637.
7. Per Lord Herschell in *Kent C.C.* v. *Gerard*, (1897) A.C. 639.
8. A.I.R. 1936 Cal. 593: 64 Cal. L.J. 272.

defects in the former legislation and then to find out if the language yields a clear and unambiguous sense or meaning; and then and not till then to embark upon an examination of the history of the prior legislation. Where in spite of such effort at a plain construction the words appear to be capable of two meanings and are really and fairly doubtful then according to well-known legal principles and principles of common sense "historical investigation may be used for the purpose of clearing away the doubt which the phraseology of the Act creates."[1]

Statement of Objects and Reasons.

The Statement of Objects and Reasons to a statute cannot be referred to in construing a statute.[2] They form no part of the statute[3] and must be excluded from consideration.[4]

Proceedings of the Legislative Council or the Reports of Select Committees.

The proceedings of Legislative Council or the reports of Select Committees are likewise not to be referred to in the interpretation of statutes. No statement ade on the introduction of a measure or its discussion can be looked at as any guidance to the meaning of words.[5] It is a most salutary principle of construction of statutes that in arriving at the meaning of an Act not to try to see from the proceedings of the Legislature or from any facts prior to the passing of the Act what was intended. Its grammatical meaning alone must be considered and if it leads to an impossible, that is unworkable construction, to see, what variation will do the best violence to the grammatical meaning and still make the provision work. The mere fact that a grammatical construction will lead to a very unjust conclusion is irrelevant if there is no doubt about the grammatical meaning and no doubt that the grammar of the words gives a unique meaning.[6]

Object of the Act[6]—'to consolidate and amend the law relating to Government securities'.

The preamble shows that the object of the present Act is to consolidate and amend the law relating to Government securities. As already noted, if the meaning is plain no regard should be paid to the previous law, and the language

1. *The Queen* v. *Most*, (1881) 7 Q. B. D. 244 (251); see also *Barru* v. *Lachman*, 111 P. R. 1913 (F.B.) : 22 I.C. 503.

2. *Zamindar of Ettiyapuram* v. *Chidambaram Chetti*, I.L.R. 43 Mad. 675.

3. *Ratansi Hirji* v. *Emperor*, A.I.R. 1929 Bom. 274.

4. *Debendro Narain Roy* v. *Jogendra Narayan Deb*, A.I.R. 1936 Cal. 523.

5. *Krishna Iyenger* v. *Nallaperumal Pillai* I.L.R. 43 Mad. 550 *In re "New Sind" M.U. Abhan Printer and Publisher* A.I.R. 1942 Sind 65, see also *Ram Ranbijay Prasad Singh* v. *Ram Girhi Rai*, A.I.R. 1935 Pat. 346; *In re C.P. Motor Spirit Act*, A.I.R. 1939 Fed. C.I.

6. *Hiralal Adku* v. *Parasram Sao*, A.I.R. 1942 Nag. 5, I.L.R. (1941) Nag. 541.

of the Act must be interpreted uninfluenced by any considerations derived from the *previous state of the law.* But if the meaning be doubtful, resort may be had to the previous state of the law for the purpose of aiding in the construction of the provisions of the Act.[1]

Short title, extent and commencement.

1. (1) This Act may be called the Indian Securities Act, 1920.

(2) It extends[2] to the whole of British India, including British Baluchistan; and

(3) It shall come into force on the first day of April, 1920.

Extent of the Act.

British India.

The Act extends to the whole of British India, including British Baluchistan.

The expression "British India" is not defined in the Act and therefore the definition thereof in the General Clauses Act, 1897 (Act No. X of 1897) will apply. It is defined in that Act as follows :—

[3]["British India" shall mean, as respects the period before the commencement of Part III of the Government of India Act, 1935,[4] all territories and places within His Majesty's dominions which were for the time being governed by His Majesty through the Governor-General of India or through any Governor or Officer subordinate to the Governor-General of India, and as respects any period after that date means all territories for the time being comprised within the Governors' Provinces and the Chief Commissioners' Provinces, except that a reference to British India in an Indian law passed or made before the commencement of Part III of the Government of India Act, 1935, shall not include a reference to Berar.]

The reference to Berar was necessitated by the fact that under section 47 of the Government of India Act, Berar and the Central Provinces notwithstanding the sovereignty of His Exalted Highness the Nizam be deemed to be one Governor's province by the name of the Central Provinces and Berar.

1. See *Bank of England* v. *Vagliano* (1891) A.C.107, 144-145; *Krishna Ayyangar* v. *Nallaperurnall Pillai*, 43 Mad. 550; *Administrator General* v. *Prem Lal*, (1895) 22 Cal. 788; *Narendra* v. *Kamal Basini*, (1896) 23 Cal. 563.

2. This Act has been declared to be in force in the Khondmals District by the Khondmals Laws Regulation, 1936 (4 of 1936), s.3 and Sch; and in the Angul district by the Angul Laws Regulation, 1936 (5 of 1936), s.3. and Sch.

3. Substituted for the original clause (7) by the Government of India (Adaptation of Indian Laws) Order, 1937.

4. *i.e.* the lst April, 1937.

Aden and British Burma were governed by His Majesty through Governors or other officers subordinate to the Governor-General of India and were thus within British India.[1] As regards Aden, it has now been provided by section 288 of the Government of India Act, 1935 (25 & 26 Geo. V.C. 42), that on such date as His Majesty may, by Order in Council appoint Aden shall cease to be a part of British India. By virtue of an Order in Council issued under that section, Aden has ceased to be part of British India from 1st April 1937. Burma has also ceased to be part of India with effect from that date—*vide* section 46 (2) of the Government of India Act, 1935.

Governors' Provinces.

Section 46 of the Government of India Act, 1935, defines Governors' provinces as follows:—

46. (1) Subject to the provisions of the next succeeding section with respect to Berar, the following shall be Governors' provinces, that is to say, Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar, the Central Provinces and Berar, Assam, the North-West Frontier Province, Sind, and such other Governors' Provinces, as may be created under this Act.

(2) Burma shall cease to be part of India.

(3) In this Act the expression "province" means, unless the context otherwise requires a Governor's Province and "Provincial" shall be construed accordingly."

As to Berar, section 47 of the Government of India Act, 1935, provides as follows:—

Provisions as to Berar.

Whereas certain territory (in this Act referred to as Berar) is under the sovereignty of his Exalted Highness the Nizam of Hyderabad, but is at the date of the passing of this Act, by virtue of certain agreements subsisting between His Majesty and His Exalted Highness, administered with the Central Provinces;

And whereas it is in contemplation that an agreement shall be concluded between His Majesty and His Exalted Highness whereby, notwithstanding the continuance of the sovereignty of His Exalted Highness over Berar the Central Provinces and Berar may be governed together as one Governor's Province under this Act by the name of the Central Provinces and Berar.

Now therefore—

(1) While any such agreement is in force—

(a) Berar and the Central Provinces shall, notwithstand-

1. For Aden, see *Abdulla Mohammad* v. A.M. *Zulaikhi*, A.I.R., 1924 Bom. 290 (293) : 84 I.C. 796. See also Aden Laws Regulation of 1891, section 2. For Burma, see *Aga Mohammed Hamadani* v. *Cohen*, (1886) 13 Cal. 221 (223).

ing the continuance of the sovereignty of His Exalted Highness be deemed to be one Governor's Province by the name of the Central Provinces and Berar.

(b) And reference in this Act or in any other Act to British India shall be construed as reference to British India and Berar and any reference in this Act to subjects of His Majesty shall, except for the purposes of any oath of allegiance, be deemed to include a reference to Berari subjects of His Exalted Highness;

(c) Any provision made under this Act with respect to the qualifications of the voters for the Provincial Legislature of the Central Provinces and Berar or the voters for the Council of State shall be such as to give effect to any provisions with respect to these matters contained in the agreement;

(2) If no such agreement is concluded or if such an agreement is concluded but subsequently ceases to have effect, references in this Act to the Central Provinces and Berar shall be construed as references to the Central Provinces and His Majesty in Council may make such consequential modifications in the Provinces of this Act relating to the Central Provinces as he thinks proper.

Chief Commissioners' provinces.

Section 94 of the Government of India Act, 1935, runs as follows:—

"94. (1) The following shall be the Chief Commissioners' Provinces, that is to say, the heretofore existing Chief Commissioners' Provinces of British Baluchistan, Delhi, Ajmer-Merwara, Coorg and the Andaman and Nicobar islands, the area known as Panth Piploda, and such other Chief Commissioners' Provinces as may be created under this Act.

(2) Aden shall cease to be part of India.

(3) A Chief Commissioner's Province shall be administered by the Governor-General acting, to such extent as he thinks fit, through a Chief Commissioner to be appointed by him in his discretion."

The Scheduled Districts

The phrase "the whole of British India" included the Scheduled Districts. A list of Scheduled Districts is given in Schedule I to Scheduled Districts Act XIV of 1874.

In respect of the Scheduled Districts, the Government of India (Adaptation of Indian Laws) Order, 1937 provides as follows :—

"This Act [The Schedule Districts Act, 1874 (XIV of 1874)] shall cease to have effect, without prejudice to the

continuing validity of any notification, appointment, regulation, direction or determination made thereunder and in force immediately before the commencement of Part III of the Government of India Act, 1935 :

Provided that where immediately before the first day of April, 1937, any enactment is, by virtue of any notification made under this Act, in force in any area in British India, either with or without restrictions or modifications, the Central Government, in relation to matters enumerated in List I of the seventh Schedule to the Government of India Act, 1935, and Provincial Government, in relation to other matters, may, within six months from the said date, by notification in the Official Gazette, declare that the enactment in question shall have effect in that area subject to such modifications and adaptations specified in the notification as the Government in question may deem necessary or expedient to bring it into accord with the Government of India Act, 1935."

Territories which do not fall in the definition of British India.

The following territories do not fall within the scope of the definition of British India.—

1. Native States of India.[1]

2. Lands ceded by Native Princes to the British Government not for limited sovereignty but for *limited* purposes[2] such as the establishment of a civil station[3] or for railway administration.[4]

Where full *sovereignty* has been ceded or a new territory has been acquired, the territory will of course thereby become part of British India.[5]

3. Territories specially excluded from the term "British India" by legitimate enactment. Thus Singapore is not part of British India.[6]

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

(a) " Government security " means promissory notes (including treasury bills), stock certificates, bearer

1. *Rajah of Faridkot* v. *Bir Singh* 191 P. R. 1888 (Reversed by Privy Council on another point); *Ratan Mahanti* v. Khato Sahoo=29 Cal 400; *Hem Chand* v *Azam Sakar Lal*=33 I. A. I. (P.C.)=33 Cal. 219; *Empress* v. *Keshub*=9 Cal. 985.

2. *Emperor* v. *Chiman Lal*=37 Bom. 152=17 I. C. 534; *Babu* v. *Parbati*=6 I. C. 429 (Berars); *Zubeda Begum* v. *Kommanna Kanniah*=A.I.R. 1925 Mad. 1100=88 I.C. 430 (*Agency Tracts of Vizagapatam*).

3. *Emperor* v. *Chunni Lal*=17 I. C. 534=37 Bom. 152. (Cantonment of Wadhwan); *Queen Empress* v. *Abdul*=10 Bom. 186 (Rajkot); *Husain Ali* v. *Abid Ali* (1893) 21 Ca. 177 (Secunderabad).

4. *Yusaf Uddin* v. Queen Empress=(1897) 2 C.W.N. 1.

5. *Jalbhai Ardeshir Shet* v. *Louis Manuel*=(1895) 19 Bom. 680 (686).

6. See Straits Settlements Act, 1866, section 1.

bonds and all other securities issued by the [1][Central Government] or by any [2][Provincial Government] in respect of any loan contracted either before or after the passing of this Act, but does not include a currency note ; and

(b) " prescribed " means prescribed by rules made under this Act;

[3][(c) " the Government " or Government " in relation to any loan or security, means the Government raising the loan or issuing the security].

Interpretation clause. An interpretation clause enacts that certain words found in the Act are to be understood in a specified sense and to include things which but for such a clause they would not normally include. It should be used only for the purpose of interpreting words which are ambiguous or equivocal but not to disturb the meaning of plain words. It only applies to the Act where it finds a place but cannot apply to statutes prior or subsequent.[4] According to Craies, another important rule with regard to the effect of an interpretation clause is, that an interpretation clause is not to be taken as substituting on set of words for another or as strictly defining what the meaning of a term must be under all circumstances, but rather as declaring what may be comprehended within the term where the circumstances require that it should be so comprehended.[5]

Where a word or phrase is defined in an Act to have a particular meaning that meaning alone should be given to it notwithstanding it may bear a different meaning in ordinary legal parlance.[6]

Distinction between 'include' and 'mean.'

In *R.* v. *Kershaw* [7] Erle J. points out the distinction between the words ' include ' and ' mean ' in the same interpretation section, the former having an extending and the latter an excluding significance. When in an interpretation clause it is stated that certain term *includes* so and so, the meaning is that the term retains its ordinary meaning and the clause

1. Substituted for " Governor-General in Council " by the Government of India (Adaptation of Indian Laws) Order, 1937.

2. Ibid, for " Local Government ".

3. Inserted by the Government of India (Adaptation of Indian Laws) Order, 1937.

4. Beal's Cardinal Rules of Interpretation, 3rd Edn., 1924 ; *R. v. Pearse* 5 Q.B.D. at p. 389.

5. Craies on Statute Law, 4th Edn. (1936) at p. 195 ; See also *Pratap Singh* v. *Gulzari Lal*, A.I. R. 1932 All 50 (F. B.)

6. *Dial Singh* v. *Gurdwara Sri Akal Takht*, A.I.R. 1928 Lah. 325 : 9 Lah. 649

7. 6. E. & B. 1007 : 26 L.J M.C. 23: 20 J.P. 741.

enlarges the meaning of the term and makes it include matters which the ordinary meaning will not include.[1] When the definition is intended to be exhaustive the Legislature as a whole uses the word ' means ' and not the word ' includes.' [2] ' Means ' is used in the sense of definition or exhaustive definition while ' includes ' is used by way of extension [3]. An interpretation clause which extends the meaning of word, does not take away its ordinary meaning, nor does it follow that the word is in every section of the statute to have such extended meaning irrespective of the context [4].'

Government Security. According to clause (a) of section 2 of the Act, ' Government security ' *means* promissory notes (including treasury bills), stock-certificates, bearer bonds and all other securities issued by the Central Government or by any loan contracted either before or after the passing of this Act, but does not include a Currency-note. The three main forms in which the rupee debt is held are : (i) *Stock*, or, as it is sometimes called, *Book Debt* ; (ii) *Bearer Bonds ;* (iii) *Promissory Notes.*

Stock Certificates.

When debt is held in the form of stock the owner is given a certificate to the effect that he has been registered in the books of the Public Debt Office as the proprietor of certain amount of Government Stock of a specified loan. This certificate is known as a *Stock Certificate*, and it is by that name that this form of debt is generally known.

The ownership of Government Stock depends, not on the possession of a stock certificate, but on the fact that the owner's name is registered in the books of the Public Debt Office as being the proprietor of so much stock. The sale, delivery, or endorsement of the certificate does not effect a change of ownership, which can only be carried out by means of a transfer deed, upon execution of which the transferee's name is substituted for that of the transferor in the books of the Public Debt Office. The owner of Government stock thus possesses a practically complete security against loss by theft, fire, etc. A stock certificate is of no value in the hands of a wrongful holder, and the risk arising from the possession of other forms of negotiable securities is thereby avoided ; while an owner of stock who loses his certificate can always obtain a fresh one by satisfying the Public Debt Office that the certificate has been lost. The transfer deed, execution of which is necessary to effect a change of ownership, is merely a printed form, copies of which are obtainable at any Public Debt Office (or the

1. *Official Assignee Bombay* v. *Firm of Chandu Lal, Chiman Lal*, 76 I. C. 657.

2. *Emperor* v. *Ram Sarup*, A.I.R. 1938 Oudh 80: 172 I. C. 530.

3. See *R.* v. *Kershaw*, (1856), 6 El& Bl 999 ; *R* v. *Hermann*, (1879) 4 Q.B.D. 284.

4. See *Robinson* v. *Barton Eccle. Local Board*, (1883), 8 App. Cas., 798.

blank form printed on the back of the certificate itself can be used for this purposes); it does not require to be stamped, and its execution involves no expense and no formality, beyond the filling up of the form and its signature, before a witness, by the two parties.[1]

Stock is a particularly convenient form in which Government securities may be held. It has the advantage that it enables the holders to be described in the certificates and in the registers of the Public Debt Office as trustees in relation to those securities, either as trustees of any particular trust or as trustees without any qualification. [1] The description of the stock-holders in the certificate and in the books of the Public Debt Office as trustees affords a ready means of distinguishing the securities belonging to them personally from those held by them in a fiduciary capacity. Further, this is the only form of Government security which can be held by holders of offices (other than public offices) in the names or their offices, such, for example, as Secretary of schools of dispensary, *Shebait* of a deity, or manager of a temple. Stock certificates so held can be negotiated without any difficulty or objection by the holder of the office for the time being, difficulties arising from changes in the incumbency of the offices being thus avoided.[2]

Bearer bonds.

A *Bearer Bond* certifies that the bearer is entitled to a certain sum of rupees in respect of the loan to which the bond relates. As their title indicates, these bonds are payable to bearer, and, so far as Government is concerned, possession is sufficient to constitute ownership, transference of which can be effected without any formalities and by the mere delivery of the bond by the transferor to the transferee. When the loan in respect of which the bond has been issued, falls due for redemption, payment of the amount due on the bond will be made to the actual presenter, as in the case of a currency note or bank note without any enquiry as to the states or title of the presenter, and with no regard to any endorsement that may appear on the bond. The essential characteristic, therefore, of a bearer bond is the absolute freedom with which it can be negotiated.[3]

romissory Notes

A Promissory Note contains a promise by the Governor-General in Council, to pay a certain person or his order a specified sum, either on a specified date or after certain notice (according to the terms of the particular loan to which the promissory note relates), and to pay interest thereon at a certain rate half-yearly on certain specified dates.[4]

1. Government Securities Manual, 3rd (1939) Edition, paras. 5 and 6, pages 5, 6 ; Indian Securities Rules, 1935—Appendix A.
2. Rule 6 of the Indian Securities Rules (Appendix A).
3. Government Securities Manual, para. 6, page 8.
1. Ibid, p. 8 ; Rules 24 to 34 of the Indian Securities Rules (Appendix A).
4. Government Securities Manual, para. 5, p. 5.

A promissory note is negotiable by endorsement, cages for which are printed on the back of each note. Interest is payable at the Public Debt Office or at the treasury on which the note is enfaced for payment of interest, or at any sub-treasury subordinate to such treasury, on presentation of the note itself.[1]

It is thus clear that as regards security against loss, a promissory note is less secure than a stock certificate but more secure than a bearer bond. A stock certificate, as stated above, is of no value in the hands of a wrongful holder. A person who has obtained possession of a promissory note belonging to another person can use it to his advantage only if he forges an endorsement or impersonates the rightful owner. It is, however, easy for the wrongful holder of a bearer bond to dispose of it readily and the only complete safeguard against the loss of a bond by theft or misappropriation, is safe custody.

On the other hand, as regards negotiability, a promissory note is negotiable somewhat more readily than a stock certificate (though only to the extent by which an endorsement by the vendor of a promissory note is simpler than the signature by both parties of the form of transfer of a stock certificate and the subsequent registration of such transfer in the books of the Public Debt Office) and less readily than a bearer bond, ownership of which passes simply by delivery of the bond itself.

A promissory note is thus a compromise between the two extremes of complete security and immediate negotiability, and it is probably due to this fact that this form of Government security has hitherto proved the most popular of the three, more especially among those classes of investors who are not yet conversant with modern business methods and who at the same time possess few facilities for the safe custody of valuable documents.[2]

Treasury Bills.

Treasury Bills are a method by which Governments borrow money for short periods. The period of repayment may vary between three and twelve months, but three months has become the normal period for Central Government Bills. The bills are sold at a discount and on maturity the full face value is paid to the holder, the difference representing the yield on the investment. They are issued and repaid at the offices of Reserve Bank of India at Calcutta, Bombay and Madras and at the branches of the Reserve Bank of India at Cawnpore, Lahore and Karachi.

The usual procedure for the sale of Treasury Bills is as follows: When it is decided that tenders should be called for, a press communique stating the date on which the tenders

1. Government Securities Manual, para. 6, p. 9.
2. Ibid, para. 7, pp. 9, 10.

will be received, the amount and the currency of the bills offered for tender, and the date on which payment for accepted tenders should be made, is issued to the press for publication and is also communicated to important banks, brokers and firms. The applications for tender should state clearly the terms of the bills applied for, the amount of the bills required and the rate which the tenderer is prepared to pay. The rate should be expressed in rupees, annas and quarter annas for each Rs. 100 nominal of the bills applied for. If tenders received are in excess of the amount offered, a proportionate allotment is made when necessary, the minimum allotment being Rs. 25,000. Treasury bills are available in the following denominations only, namely, Rs. 25,000, Rs. 50,000, Rs. 1 lahh, Rs. 5 lakhs, Rs. 10 lakhs and Rs. 50 lakhs. When it is decided to sell intermediate treasury bills on tap, an announcement to that effect is ordinarily included in the usual communique giving the results of the tenders, the rate for such bills also being announced at the same time. On maturity, the treasury bills are paid at the office or branch of the Reserve Bank from which they were issued.

Cash certificates.

The sale of *Cash Certificates* is managed by the Post Office. Post Office 5-year Cash Certificates for Rs. 10, 20, 50, 100, 500, 1,000, 2,000, 3,000, 4,000 and 5,000 are obtainable at any post office doing savings bank work. Their purchase must be made by presenting a form of application which is prescribed for the purpose and which may be obtained at any post office doing savings bank business. The application may be made by a single person or in the joint names of two persons only, and may be tendered either personally or by a messenger. Cash certificates purchased by joint holders are issued on a special form and are of two classes; (A) payable to both the holders jointly or to any one of them with the consent of the other, and (B) payable to either of the joint holders.

The rules relating to *cash certificates* are given in an appendix.

Other forms of Government securities.

Other forms of Government securities are Post Office National Savings Certificates, Goverment of India Interest-Free Defence Bonds, Government of India Defence Bonds, Post Office Ten-Year Defence Savings Certificates, various forms of loans, and the like, which are dealt with in detail in the appendices hereafter.

Current rupee loans of the Central Government.— Terminable Loans and Non-Terminable Loans.

The existing rupee loans are of two kinds :—

(1) Those which Government have undertaken not to repay before a certain fixed date, but which are repayable at the option of Government at any time after that date, after givin

notice. As there is no fixed term at the expiry of which the repayment of such loans by Government is obligatory, they are usually known as *Non-Terminable Loans*. In the case of all these loans the date, before which the loan is not to be repaid, has already passed.

(2) Those which Government have undertaken to repay either (a) on a certain fixed date, or (b) not earlier than a certain fixed date and not later than another fixed date. Such loans are called *Terminable Loans*[1].

The following are the main Central Government loans now in existence[2] :—

(a) Non-Terminable Loans.

Name of loan.	Half-yearly date of payment of interest.	Conditions of repayment.
3½ per cent. loan of 1842-43.	1st February and 1st August.	Repayable at par at the option of Government after three months' notice.
3½ per cent. loan of 1854-55.	30th June and 31st December.	
3½ per cent. loan of 1865.	1st May and 1st November.	
3½ per cent. loan of 1879.	16th January and 16th July.	
3½ per cent. loan of 1900-01.	30th June and 31st December.	
3 per cent. loan of 1896-97.	30th June and 31st December.	

(b) Terminable Loans.

Name of loan.	Half-yearly date of payment of interest.	Date on which loans are repayable at par.
3 per cent. bonds, 1941.	15th March and 15th September.	On 15th September 1941.
5 per cent. loan, 1939-44.	15th January and 15th July.	On or before 15th July 1944, but not before 15th July 1939, with three months' previous notice.
5 per cent. loan, 1940-43.	1st April and 1st October.	On or before 1st October 1943, but not before 1st October 1940, with three months' prerious notice.

1. See Government Securities Manual, para. 9, p. 11.

2. Ibid, para. 10, p. 12.

(b) Terminable Loans—Contd.

Name of loan.	Half-yearly date of payment of interest.	Dates on which loans are repayable at par.
4 per cent. bonds, 1943.	1st February and 1st August.	On 1st August 1943.
5 per cent. income-tax free loan, 1945-55.	15th April and 15th October.	On or before 15th October 1955, but not before 15th October 1945, with three months' previous notice.
3½ per cent loan, 1947-50.	15th May and 15th November.	On or before 15th November 1950, but not before 15th November 1947, with three months' previous notice.
2¾ per cent. loan, 1948-52.	1st June and 1st December.	On or before 1st June 1952, but not before 1st June, 1948, with three months' previous notice.
3 per cent. loan, 1951-54.	15th March and 15th September.	On or before 15th September 1954, but not before 15th September 1951, with three months' previous notice.
(2nd issue)	Do.	Do.
4½ per cent. loan, 1955-60.	15th March and 15th September.	On or before 15th September 1960, but not before 15th September 1955, with three months' previous notice.
4 per cent. loan, 1960-70.	15th March and 15th September.	On or before 15th September 1970, but not before 15th September 1960, with three months' previous notice.
3 per cent. loan, 1963-65.	1st June and 1st December.	On or before 1st June 1965, but not before 1st June 1963, with three months' previous notice.
2nd issue 3rd issue 4th issue	Do.	Do.

(b) **Terminable Loans**—*Concld.*

Name of loan.	Half-yearly date of payment of interest.	Dates on which loans are repayable at par.
3 per cent. defence bonds, 1940.	1st February and 1st August.	Repayable at Rs. 101 for every Rs. 100 on 1st August or 1st February following the expiry of six years from the date of issue.
Interest-free defence bonds, 1945.	No interest payable.	On the expiry of three years from the date of issue or not less than twelve months after issue on three months' notice to the Reserve Bank of India.
3 per cent. defence bonds, 1946.	1st February and 1st August.	Repayable at Rs. 101 for every Rs. 100 nominal on the 1st August 1946.
3 per cent. loan, 1949-1952.	1st February and 1st August.	On or before 1st August 1952 but not before 1st August 1949, with three months' previous notice.
3 per cent. loan, 1953-55.	15th January and 15th July.	On or before 15th July 1955, but not before 15th July, 1953, with three months' previous notice.
3 per cent. Funding Loan, 1966-68.	1st April and 1st October.	On or before 1st October, 1968 but not before 1st October 1966, with three months' previous notice.
3 per cent. Victory Loan, 1957.	1st September and 1st March.	1st September 1957.
3 per cent Second Victory Loan, 1959-1961.	15th August and 15th February.	On or before 15th August 1961, but not before 15th August 1959, with three months' previous notice.
3 per cent First Development Loan, 1970-75.	15th October and 15th April.	On or before 15th October 1975, but not before 15th October 1970, with three months' previous notice.
2½ per cent. Bonds, 1950.	16th January and 16th July.	16th July 1950.
2¾ per cent. Loan, 1960.	15th January and 15th July.	15th July 1960.

Government securities held by the Aligarh Muslim University and by the Benares Hindu University.

Government securities held by the Aligarh Muslim University and by the Benares Hindu University shall be reckoned at their face value ; see S. 7 of the Aligarh Muslim University Act (XL of 1920) and S. 14 of the Benares Hindu University Act (VI of 1915).

Special forms of promissory notes.

There are two special forms of promissory notes with which Government officers may occasionally have to deal.

(1) Counterpart Notes

These notes which, for the convenience of the public, were issued in certain cases, for the protection of the interest of owners who were not in a position to deal with their property themselves. Thus, when a note was the property of a minor or a lunatic unrepresented by any person having power to negotiate it, *i. e.*, the powers of whose guardian were limited to the drawal of interest, or belonged to an estate in which administration was limited to interest, the Public Debt Office, upon such note being deposited with it, issued to the holder a counterpart note having the words " counterpart not negotiable " stamped across the face, payments of interest on the note are recorded upon such counterpart. Whenever such a note ceases to be the property of the minor or the lunatic, or ceases to belong to an estate in which administration is limited to interest, the further payment of interest in respect of the note should be refused, until the first or any subsequent counterpart (as the case may be) issued in respect of it has been exchanged for an ordinary note. On the issue of a new note in favour of the new owner, the counterpart together with the original note and any preceding counterpart issued in respect thereof, will be cancelled. The issue of counterpart notes has been discontinued. Cases of the nature specified above are now dealt with in accordance with the instructions given below[1] .

Non-transferable deposit receipts.

When a promissory note is the property of a minor or a lunatic the powers of whose guardian are limited to the drawal of interest, or belongs to an estate in which administration is limited to interest, the Public Debt Office, upon such note being deposited with it, will arrange for the payment of interest at any treasury or sub-treasury by warrants issued as interest falls due payable to the guardian or administrator. The Public Debt Office will give a deposit receipt for the promissory note. A deposit receipt is not transferable by endorsement and delivery. On the minor attaining majority, the lunatic being declared sane or the guardian or the administrator being given full powers to deal with the note, the Public Debt Office will, on the surrender of the receipt, issue an ordinary promissory note which will be negotiable in the usual way.

Note.—Cases in which the powers of the holder of a promissory note, or of the heir of a deceased holder of such a note, are limited to the drawal of interest, either in pursuance of an order of a Court of law or otherwise, will also be governed by the above rule[2] .

1. Government Securities Manual, para. 60, page 72.

2. Government Securities Manual, para. 121, page 122.

(2) Special Notes for Indian States—vide Rule 40 of the Indian Securities Rules—Appendix A

These are issued to Rulers of States in India, in order to make available to them certain privileges, *viz.*:—

(*a*) The notes, being issued in the name of the Ruler and his successors, devolve by mere succession to the Raj, without legal representation or other formality ;

(*b*) The interest on these notes is exempt from income-tax and supertax and for securing this exemption no certificate from an Income-tax Officer is required to be produced.

The issue of these special notes is subject to the following conditions :—

(i) They are issued only in favour of the Rulers of Indian States, whose admission to the privilege has been sanctioned by the Central Government.

(ii) Application for such notes should be made to the Public Debt Office in whose jurisdiction the State is situated by the Political Officer accredited to the State, and should be accompanied by a copy of the order of the Central Government sanctioning the admission of the State to the privilege. The securities required to be converted should be attached to such application and should be sent uncut and insured for Rs. 100.

(iii) Special notes will not be issued in favour of the Ruler of a State if his total in this form, including the amount applied for, falls short of Rs. 50,000.

(iv) Such notes are negotiable by endorsement, as in the case of ordinary notes, but the transferee must convert them into notes in the ordinary form of like denominations and amounts before he can be allowed to deal with them.

Where such notes are required by conversion of promissory notes in the ordinary form the latter should be endorsed for this purpose as follows :—

" Received in lieu of this note and notes Nos. (mentioning the numbers and amounts of the other notes and the loans to which these belong) a note in the special form of the loan of in favour of and his successors with interest payable at the treasury."

Signature of the holder or his duly authorised representative.

No fee will be chargeable by the Public Debt Office for the issue of special notes by conversion of securities in the ordinary form[1] .

1. Government Securities Manual, para, 60, pages 73, 74.

Notice o trust not receivable save as provided.

3. (1) Save as otherwise provided in or under this Act, no notice of any trust in respect of any Government security shall be receivable by the Government.

(2) The Government shall not be deemed to have received notice of any trust by reason only of the fact that it has recognized an endorsement on a Government security by an executor or administrator as such, nor shall it inquire into the terms of any will by which such executor or administrator may be bound, but, on being satisfied of the due appointment of such executor or administrator, it shall be entitled to treat him as the full owner of any Government security belonging to the estate of the person whom he represents.

Trust.

Sub-section (1) of section 3 of the Act prescribes that save as otherwise provided in or under this Act, no notice of any trust in respect of any Government security shall be receivable by the Government. Sub-section (2) of the same further provides that the Government shall not be deemed to have received notice of any trust by reason only of the fact that it has recognized an endorsement on a Government security by an executor or administrator as such, nor shall it inquire into the terms of any will by which such executor or administrator may be bound, but, on being satisfied of the due appointment of such executor or administrator, it shall be entitled to treat him as the full owner of any Government security belonging to the estate of the person whom he represents. Persons who endorse notes in such a way do so, therefore, at their own risk. A common form of such irregular endorsements is that in which mention is made of a trust, *e.g.*, "Pay to A, Trustee for B", or "Pay to A, Guardian of B," or "Pay to Judge of A, on account of B's security." Government does not undertake any responsibility as regards such endorsements; if they did so, they would not be discharged of their liability, in respect of their original undertaking, by simply making the payment to A, for he may have ceased to be B's trustee, and Government would be accepting an obligation which would lead to much trouble.[1]

The official instructions for dealing with such cases are: "the words in such endorsements indicating the trust should be regarded by Treasury Officers as so much surplusage, and whenever such a note is endorsed to or by A as trustee, or in

1. See Government Securities Manual, para. 53, pp. 62, 63.

any similar capacity, he should be treated in all respects as the owner of the note in his personal capacity. Although, however, this is sufficient to discharge Government's responsibility, it is desirable that Treasury Officers should advise A to get the note renewed in the name of the beneficiary, as a measure of self-protection against any liability which he might otherwise incur, in respect of his trusteeship, owing to his having dealt with the note in his personal capacity. This is particularly desirable in the case of a guardian, who should always be advised to get a note, which has been made payable to him in his capacity of guardian, renewed in favour of the minor.[1]

"Save as otherwise provided in or under this Act."

Rule 6 of the Indian Securities Rules, 1935, reads as follows :

"6 (1). On a proper demand made by a person in whose name any stock is registered, or by a person into whose name any stock is to be transferred, or by a person who desires to be entered as the proprietor of stock in exchange for promissory notes or bearer bonds held by him, that he may be described in the books of the Public Debt Office with respect to that stock as a trustee, whether as a trustee of the trust specified in the demand or as a trustee without any such qualification, the Public Debt Office may make such entries in its books and in any stock certificate issued in connection with these as it considers reasonably necessary for the purpose of complying with the demand.

(2) If the demand is made by a person in whose name stock is registered or by a person into whose name stock is to be transferred, the stock certificate must be transmitted to the Public Debt Office with the demand.

(3) Where any transfer-deed, power of attorney or other document purporting to be executed by a stock-holder prescribed in the books of the Public Debt Office as a trustee is produced to the Public Debt Office, the Public Debt Office shall not be concerned to inquire whether the stock-holder is entitled under the terms of the trust to give any such power or to execute such deed or other document, and may act on the transfer-deed, power-of-attorney or document in the same manner as though the stock-holder had not been so described, and whether the stock-holder is or is not described in the transfer-deed, power-of-attorney or document as a trustee, and whether he does or does not purport to execute the transfer-deed, power-of-attorney or document in his capacity as a trustee."

The Treasury Officer may well draw the holder's attention to this rule. If an administrator or executor desires to continue

1. See Government Securities Manual, p. 63.

to be shown as the holder of the securities in his official or fiduciary capacity, he should be asked to apply to the Public Debt Office to have the notes converted into a stock certificate. On receipt of such application the Public Debt Office will convert the notes into a stock certificate and describe him thereon as well as in the books of the Public Debt Office as an executor or administrator [1] .

Right of survivors of joint or several payees of Government Securities.

4. (1) Notwithstanding anything in section 45 of the Indian Contract Act, 1872,—

(a) when a Government security is payable to two or more persons jointly, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons, and

(b) when a Government security is payable to two or more persons severally, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons, or to the representative of the deceased, or to any of them.

(2) This section shall apply whether such death occurred or occurs before or after this Act comes into force.

(3) Nothing herein contained shall affect any claim which any representative of a deceased person may have against the survivor or survivors under or in respect of any security to which sub-section (1) applies.

[2][(4) For the purposes of this section, a body incorporated under the Indian Companies Act, 1913, or the Co-operative Societies Act, 1912, or any other enactment for the time being in force whether within or without British India, relating to the incorporation of associations of individuals, shall be deemed to die when it is dissolved].

Under section 45 of the Indian Contract Act, 1872, when a person has made a promise to two or more persons jointly, then, unless a contrary intention appears from the contract, the right to claim performance rests as between him and them, with them during their joint lives, and, after the death of any of them, with the representative of such deceased person

1. See Government Securities Manual, p. 59.
2. Inserted by the Indian Securities (Amendment) Act, 1928. (Act II of 1928) S. 2.

jointly with the survivor or survivors, and, after the death of the last survivor, with the representatives of all jointly.' Sub-section (1) of section 4 of the Securities Act provides that notwithstanding the above provision in the Indian Contract Act, (a) when a Government security is payable to two or more persons jointly, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons and (b) when a Government security is payable to two or more persons severally, and either or any of them dies, the security shall be payable to the survivor or survivors of those persons, or to the representative of the deceased or to any of them.

Sub-section (3)

The above logically applies only to the relationship between Government and the security holder or holders. As between the rights of the various claimants in respect of the particular security, sub-section (3) of the section states that 'nothing herein contained shall affect any claim which any representatives of a deceased person may have against the survivor or survivors under or in respect of any security to which sub-section (1) applies.' Such a claim will be governed by the ordinary law relating to the parties concerned.

Sub-section (2)

Section 4 of the Act is retrospective in its effect inasmuch as under sub-section (2) of the same, this section shall apply whether such death occurred or occurs before or after this Act came into force.

Sub-section (4)

For the purposes of this section, a body incorporated under the Indian Companies Act, 1913, or the Co-operative Societies Act, 1912, or any other enactment for the time being in force whether within or without British India, relating to the incorporation of association of individuals, shall be deemed to die when it is dissolved. In such a case the security shall devolve on the representatives or assigns as provided for in the constitution.

Endorsement to be made on security itself.

5. Notwithstanding anything in section 15 of the Negotiable Instruments Act, 1881, no endorsement of a Government promissory note shall be valid unless made by the signature of the holder inscribed on the back of the security itself.

Valid endorsement of a Government promissory note.

It has already been mentioned that promissory notes are transferable by endorsement. Section 5 of the Act prescribes that notwithstanding anything in section 15 of the Negotiable Instruments Act, 1881, no endorsement of a Government Promissory note shall be valid unless made by the signature of the holder inscribed on the back of the security itself. Under section 15 of the Negotiable Instruments Act, 1881, endorsement is valid when the maker or

holder of a negotiable instrument signs the same, otherwise than as such maker, for the purpose of negotiation, on the back or face thereof or on a slip of paper annexed thereto, or so signs for the same purpose a stamped paper intended to be completed as a negotiable instrument. Of course, the present section applies only to Government Promissory notes and not to other forms of securities.[1]

It is thus clear that a transfer of a Government promissory note, in order to be effectual to vest the property in the transferee, can only be done by endorsement on the note itself.[2]

The provisions of this section are for the protection of the Government who can get a due discharge from the holder of the security. The question as to beneficial ownership of the assignor in war bonds and Government promissory notes deposited by an assignee with the Government is not affected by this section. [3]

Valid forms of endorsement.

An endorsement consists of two parts, *viz.*, (1) the pay order, containing the name of the endorsee, and (2) the signature of the endorser.

The pay order should be worded in one of the following forms:—

(1) "Pay to A" (2). "Pay to A or order". (3) "Pay to A and B, jointly". (4) "Pay to A and B or their joint order". (5) "Pay to A or B". (6) "Pay to A or B, or order." (7) "Pay to A and B or either of them." (8) "Pay to A and B or either of them or order". (9) "Pay to A,B,C,D and E or to any one (or more) of them". (10) "Pay to A,B,C,D, and E or to any one (or more) of them or order". (11)) "Pay to A or B and C jointly or order". (12) "Pay to A and B jointly or C and D jointly or order".

Of the above forms, (1) and (2) are called *simple endorsements*, (3) and (4) are called *joint endorsements*, and any one of the persons named therein is called a "joint-holder". Endorsements in any of the forms (5) to (10), inclusive, are called *alternative endorsements*, while those in forms (11) and (12) are a combination of two or more of the forms described above.

1. Cf. S. 3. of the Public Debt (Central Government) Act, 1944, Appendix.

2. *Reemah Ezekiel* v. *Province of Bengal*, A. I. R. 1939 Cal. 746: I.L.R. (1939) 2 Cal. 52.

3. *Sampathirayudu* v. *Venkataratnam*, (1940) 11 M.L.J. 278.

The signature of the endorser should in each case be that of the person or persons legally qualified to dispose of the note. Official instructions[1] on the subject are as follows:—

By whom an endorsement must be signed—official instructions.

"(1) *Where A,B,C,D, etc., are personal names, without the addition of any description indicating official capacity, legal status, etc.*

(1) Simple endorsements.

(a) If the endorsement on the note is signed by A himself, and if the signature is in English, it will be sufficient to see that there is no reason to question it. If A's name already appears on the note in English, it is ordinarily necessary that his signature should tally with it letter for letter. If the signature be in any Indian vernacular, it must be transliterated into English and must agree with the name in the previous endorsement or on the face of the note, as the case may be. In carrying out this instruction, however, Treasury Officers should not reject endorsements or signatures merely because of some variation in spelling in the transliteration of Indian names provided there is no *prima facie* reason to suspect that such variation is not in respect of the same individual, for example, "Dinshah" is frequently written "Dinshaw" "Prasad" as "Pershad" Ramanujam as "Ramanoojam" "Baksh" for "Bux" and so on, and objections should not be raised merely on that account. If the signature is that of a woman, attention should be paid to the instructions laid down in paragraph 58.

(b) If the endorsememt on the note is not singed by A himself (or, in the case of a person unable to write, by a magistrate on his behalf in accordance with paragraph 59) the endorsement is valid only if the signature is that of a person who has the legal right to dispose of the note on behalf of A or A's estate. Thus, the signature may be that of A's guardian, heir, executor or attorney or the administrator of his estate. In all such cases it is necessary to see that such person's claim to act in such capacity is valid."[2]

In *Pursottome Devi Bagla* v. *Dwarka Prasad Bajaj*[3] a promissory note was made in favour of B and his executors or administrators or his or their order. The original promisee B under the promissory note died, and an endorsement on the promissory note in favour of B's daughter was made by the Registrar of the High Court under his signature. It was

1. Government Securities Manual, paras. 49 to 52, pp. 53 to 62
2. Government Securities Manual, para. 49, p. 53
3. A.I.R. 1941 Cal. 458; I.L.R. (1941) 1 Cal. 328: 45 C.W.N. 449: 196 I. C. 48.

held that his signature is invalid under S. 5 of the Act, as the signature of the Registrar cannot be said to be that of the holder or even made on behalf of the holder or any one mentioned in the promissory note or entitled thereto.

(2) Joint endorsements.

Regarding joint endorsement, the official instructions are:[1]

"Except as stated below, for the purpose of transferring a note by endorsement, the signature of each of the joint-holders is necessary, and in respect of each such signature the same precaution should be taken as laid down above for simple endorsements. If, however, one of the joint-holders dies, then under section 4 of the Indian Securities Act, the right to dispose of the note lapses to the survivor or survivors, and in that case an endorsement by such survivor or survivors, as the case may be, will be recognised, provided that satisfactory proof of death has been produced. Treasury Officers are responsible for satisfying themselves that the fact of death is properly established, either in the shape of a solemn affidavit or affirmation of the knowledge of such deceased made by respectable and uninterested parties before a Justice of the Peace or other judicial officer, or in the shape of a burial certificate copied from the usual register and attested by the proper authority, or a certificate of death. When produced, such proof should be registered (vide paragraph 56) and entry made on the note in the following form, below the endorsement in favour of the deceased and joint-holders, or in the event of the promissory note having been specially endorsed by the survivor as such survivor, immediately below such endorsement.

"Proof of death of.....Register No.....of.....

Signed.....

Treasury Officer

NOTE.—In the first blank should be placed the full name of the person deceased; in the next the number of the entry in the register mentioned in paragraph 57 and in the third the initial letter under which the entry has been made and the year."[2]

(3) Alternative endorsements.

When a promissory note stands endorsed in any of the alternative forms it may be validly disposed of by either A, or B or C, etc., acting singly, unless the endorsement has made the note payable to more than one of the holders, *e.g.*, "Pay to A, B, C, and D, or to any two of them," in which case signatures of the specified number of the holders must appear, before the note can be regarded as having been validly transferred. When the note is endorsed to two or more persons severally and either or any of them dies, it may be validly dis-

1. Government Securities Manual, para. 49 (2), p. 54.
2. Government Securities Manual, para. 49, page 54.

posed of by the survivor or survivors of those persons, or by the legal representative of the deceased, or by any of them."[1]

(4) Other endorsements.

" There may also be endorsements which are the result of a combination of two or more of the classes of endorsements described above, *e. g.*, if a promissory note stands endorsed as in (11) above, it can be negotiated by A singly or by B and C jointly, but not by B or C acting singly. If A dies, the note becomes a note in the joint names of B and C and will thereafter be governed by clause (2) above. If B or C dies, it becomes property of A or B, or A or C, as the case may be, and its subsequent negotiation will be regulated in accordance with the principle explained in clause (3). Similarly, a note which stands endorsed as in (12) above, can be negotiated by A and B jointly or by C and D jointly, but not by any of them singly nor by A and C, A and D, B and C, etc., jointly. If any one of them dies, the endorsement becomes as in form (11) above and will be dealt with exactly like a note standing endorsed in that form. If two or more of them die, it will fall to be regulated by clause (2) or (3), as the case may be. The procedure prescribed in clauses (1) and (2) regarding the scrutiny of signatures and the registration of death certificates will, of course, apply to these classes of cases also.

" Endorsements are sometimes made in the form " pay to A or B and C." Treasury Officers should be careful in dealing with a note bearing an endorsement of this type. This endorsement, as it stands, can mean either (1) ' pay to A, or B and C jointly ' or (2) ' Pay to A and C jointly or B and C jointly but not to A singly or B and C jointly.' In view of the ambiguous character of an endorsement of this nature, a Treasury Officer should not ordinarily accept such an endorsement but refer the case to the Public Debt Office for instructions."[2]

(II) *Where A, B, C, etc. are personal names, but with the addition of some description indicating official capacity or legal status, etc.*

" For example, the last endorsement may have been like this :—

(1) Pay to A, President of the Sanatan Dharam Sabha,

(2) Pay to A, Secretary .....Club Calcutta,

(3) Pay to A, Managing Director of.....Company, Limited.

(4) Pay to A, Superintendent, Central Jail, Dacca, and so forth.

1. Government Securities Manual, para 49, p. 55.

2. *Ibid*, p. 56.

The general rule in such cases is to disregard entirely the designation added after the name, and to treat the note in all respects as if it were the personal property of A. Government does not undertake the responsibility of making an enquiry as to who is the person actually holding the office or position so described, and if any person, other than A, claims to be qualified to dispose of the note, not as A's heir, executor, or personal representative, but as being A's successor in such office or position, his claim should not be entertained. In such cases the proper thing for A to do, on vacating his office, is to transfer the note, by an endorsement in the personal name of his successor.

"Whenever a note bearing an endorsement of this nature comes before a Treasury Officer, he should advise the holder either to have the designation added after his name struck out or to follow the procedure prescribed in Note (ii) below this rule.

To this rule, however, there are two exceptions :—

If the designation, added after the personal name, is that of an Officer in British India or in Burma or of any other officer of an Indian State or Colonial Government mentioned under section 6 of the Act, the personal name should be disregarded, and the note dealt with as if it fell under paragraph 52(4). Thus if the note stands endorsed as—

(1) Pay to A, Accountant-General, Bengal ;

(2) Pay to A, Chief Engineer, Central Public Works Department;

(3) Pay to A, Accountant-General, Burma, the endorsement should be recognised because all these offices are included in the lists in the notifications under section 6 of the Act. In such a case, an endorsement signed by the successor of A in the office for the time being should be accepted as valid. If, however, the office in question is not one of those mentioned in the said lists an endorsement by the successor of A in office should not be recognised and the holder of the note should be directed to obtain an endorsement by A himself. If the holder of the note is unable to obtain an endorsement by A himself, he should be advised to apply to the Public Debt Office for instructions. Trouble will be saved if the Government and other officers, whose names appear in the lists under section 6 of the Act, before getting promissory notes endorsed to them in their official capacity, take care that their personal names are not entered in the endorsements.

" The second exception relates to the administration of an estate. Administrators and executors of the estate of a deceased person to which a Government Promissory Note belongs have

an exceptional status which is defined in section 3 (2) of the Indian Securities Act. They are considered as representing the deceased only to the extent that they can give a title to the note but they do not possess this title themselves. If, then, a note stands in the name of a deceased person or has been endorsed " Pay to A, executor of B, " or " Pay to A, administrator of B's estate," no payment of interest should be made nor any other transaction recognised until the title has been completed by an endorsement by the executor, or the administrator. Such executor or administrator should be told to endorse the note either in favour of himself in his personal name without the addition of any qualifying description, or of some other party, signing himself as executor or administrator, and to produce the necessary documents establishing his claim to dispose of B's property, as laid down in paragraphs 54 to 57.

Note (*i*).—There are certain notes outstanding which either stand registered or have been endorsed by the Public Debt Office or the Controller of the Currency in favour of parties described as administrators or executors. The issue of such notes has been discontinued; but where they have issued, interest may be paid to the party so described. Negotiations, however, will only be recognised in the manner described in this paragraph; and when the interest cages are exhausted, the renewed note will only be issued after the omission of any word indicating administration or executorship.

Note (*ii*).—If the Treasury Officer finds that this rule is giving trouble to a holder of promissory notes, he should draw the holder's attention to rules 6 and 7 of the Indian Securities Rules (Appendix A), which permit Government stock to be held by a person in the capacity of a trustee or in an official capacity. If an administrator or executor desires to continue to be shown as the holder of the securities in his official or fiduciary capacity, he should be asked to apply to the Public Debt Office to have the notes converted into a stock certificate. On receipt of such application the Public Debt Office will convert the notes into a stock certificate and describe him thereon as well as in the books of the Public Debt Officer as an executor or administrator."[1]

(III) *Where A,B,C, etc., are personal names but represent the name of a mercantile firm.*

"For example :—

"Pay to Thomas Cook and Sons."

"Pay to Messrs. Sant Ram Anant Ram."

When a note, so endorsed, is transferred, the following endorsement should bear the usual signature of the firm which should agree with the specimen registered at the office where the note is presented. If, however, a copy of the usual signature of the firm is not registered at the office dealing with the note, verification may be dispensed with in the following cases :—

(1) Where the face value of a security or securities endorsed by any such firm does not in the aggregate exceed Rs. 5,000 ;

(2) Where the actual applicant for conversion, renewal, etc., is a firm and the converted renewed, etc., notes are to be

1. Government Securities Manual, para. 50, pp. 57 to 59.

issued in the name of the same firm, irrespective of the face value of the notes."[1]

(IV) *Where A,B,C, etc., are not personal names.*

"A note may have been endorsed in favour of a firm with an impersonal name, Bank, or of some other body corporate, such as a Port Trust, Municipality, etc., or of some office-holder. These are dealt with separately below.

(1) Firms with impersonal names.

Government promissory notes may be held and negotiated by a firm with an impersonal name in the firm's name. The particular person or persons who will be entitled to deal with Government promissory notes for and on behalf of such a firm will have to be determined with reference to the terms of agreement, the rules of constitution, etc., of the firm. This is generally a matter of some complication and difficulty and Treasury Officers should ordinarily have these points examined and decided by the Public Debt Office. When the person or persons entitled have been determined, the specimens of his or their signature should be registered at the treasury and whenever such a note is presented, the signature on behalf of the firm should be verified with that already registered at the treasury before any action is taken on the note.

(2) Banks.

Properly incorporated banks can hold Government securities in their registered name, and the title to promissory notes so held by a bank can be transferred by the endorsement of the Manager or other duly constituted attorney. Most banks have given such authority to their branch Agents. These powers of attorney should invariably be registered at the treasury and the fact certified on the back of the note in the manner explained in paragraph 57 (7). In the case of any well-known bank the Treasury and other officers should have no difficulty in ascertaining that the endorsement is signed by the person properly qualified to do so, but in all cases of new banks, or wherever there is any doubt, a reference should be made to the Public Debt Office. The promissory note or notes in question should be sent along with such reference uncut and insured for Rs. 100.

(3) Other Bodies corporate.

A promissory note may be held and negotiated by any body corporate with perpetual succession and a common seal. In such cases, it is necessary to refer to the articles of association, or the law, governing the constitution of the body, in order to see who is the person legally qualified to transfer notes which are the property of the body in question. The relevant provision in the Act or Articles of Association constituting the body should in every case be registered at the treasury, a suitable note being also made on the reverse of the note. In practice, such an enquiry raises so many difficult questions, such as the wording of the Act, byelaws, etc., by which the

1. Government Securities Manual, para. 51, p. 59.

public body or corporation is governed, that great caution should be exercised regarding securities so held. When the corporation is an old established body, such as a Port Trust, a Municipality, etc., the question as to the office-bearer qualified to sign endorsements on its behalf will have long been settled, and will be generally known. No difficulty should also be felt in connection with the notes held by such authorities as Administrator General or an Official Trustee, who though Government officers, are bodies corporate. But in all other cases, and particularly when the body is new or is little known (*e.g.*, if a note stands in the name of such a body as "The Society for the promotion of widow re-marriage") a reference should be made to the Public Debt Office. The promissory note or notes should be sent along with such reference uncut and insured for Rs. 100.

(4) Office-holders.

Subject to the important exception mentioned below an endorsement in favour of an office-holder (*e.g.*, "Pay to the Superintendent, Central Jail, Alipore, or the Income-tax Officer, Patna, or the Deputy Accountant General, Bombay," or "Pay to the Secretary of the Budgepur Dispensary") should not be recognised. Government does not accept the responsibility of being put on enquiry as to who is the actual holder of the office at the time. If a note bearing such an endorsement is presented at the treasury, the Treasury Officer should refuse to pay interest on it and should send it to the Public Debt Office for instructions uncut and insured for Rs. 100.

The exception to this rule is the case of the holders of certain Offices the names of which are given in the lists under section 6 of the Act. In such cases a note may be endorsed in the name of the office without mention of the personal name of the holder of the office and may also be validly transferred by the holder of the office for the time being."

Production and registration of documents to establish a claim to deal with notes by a person other than the last endorsee.

It has already been pointed out[1] that, if a note is endorsed by some person other than the last endorsee, the endorsement is valid only if the signature is that of a person who has a legal right to dispose of the note on behalf of the last endorsee or of the latter's estate, and that documents must be produced to prove that such person has that right. The following documents are necessary when the claim is to deal with a note in the capacity of—

(1) *Heir*—A Succession certificate granted under one of the Succession Certificate Acts, *viz.*, Act XXVII of 1860 (since

1. Government Securities Manual, para. 52, pp. 60 to 62.

1. See notes on p. 31.

repealed) or Act VII of 1889 (since repealed) or the Indian Succession Act (XXXIX of 1925).

(2) *Executor or Administrator.*— Probate or Letters of Administration, granted by a competent Court in British India under the provisions of the Indian Succession Act (Act X of 1865) (since repealed) or the Probate and Administration Act (Act V of 1881) (since repealed), or the Indian Succession Act (XXXIX of 1925).

NOTE.—In the following cases the person having the right to deal in promissory notes standing in the name of a deceased person may in certain circumstances obtain renewal of the notes in accordance with the instructions laid down in paragraph 60 of the Government Securities Manual, without going to the expense and trouble of obtaining any of the documents mentioned above:—

(a) If the deceased holder was a member of a Hindu undivided family governed by the *Mitakshara* law.[1]

(b) If the face value of the securities held by the deceased person does not in the aggregate exceed Rs. 5,000.[2]

It should be specially noted, however, that a transfer endorsement signed by such a person on a promissory note standing in the name of the deceased should on no account be recognised. The person claiming as heir should first be required to have the note renewed in his own name before transferring it to another person by endorsement.[3]

(3) *Guardian.*—A guardianship certificate granted by a competent court under the provisions of the Guardians and Wards Act (Act VIII of 1890).

NOTE (1).—The father of a Mahommedan minor and the father, or if the father be dead, the mother of a Hindu minor, can deal in securities standing in the name of the minor without obtaining a certificate of guardianship under the Act cited above.

NOTE (2).—Evidence showing that the ward is alive at the time and is still a minor must be produced in all cases of negotiation. A formal declaration by the guardian supported by the signature of two respectable witnesses and authenticated by the Accountant, Public Debt Office, a Treasury Officer, a Justice of the Peace, or a Magistrate will ordinarily suffice.

In the case of intermediate endorsements by guardians, if the note bears a certificate recorded by the Public Debt Office or a Treasury Officer empowering the guardian to negotiate, production of evidence showing that the ward was alive and continued to be a minor at the time of the endorsement may be waived if it appears that the endorsement was made within a reasonable period after the grant of this certificate. If no such certificate appears on the note the production of evidence on the points mentioned above should be insisted upon. The same procedure should be applied *mutatis mutandis* in the case of endorsement by the guardians of lunatics.[4]

(4) *Attorney.*—A properly executed power-of-attorney (including a sale-power). In this case, however, the examination of the document is usually a matter of some difficulty

1. See section 12 of the Act, *supra*.
2. See section 19 of the Act, *supra*.
3. Government Securities Manual, para. 54, p. 64.
4. Government Securities Manual, para. 54, p. 65.

involving the interpretation of legal terms, and a power-of-attorney, purporting to convey full powers to sell or otherwise transfer securities, should not ordinarily be recognised by a Treasury Officer without reference to the Public Debt Office. Where, however, a power-of-attorney contains a specific prescription empowering the attorney to negotiate or transfer *Government* securities, or *Government* promissory notes, in particular (*i.e.*, to say, not merely promissory notes or other negotiable instruments generally), on behalf of the principal, the Treasury Officer may act on it without reference to the Public Debt Office, if he is satisfied that the document is otherwise in order.

Note.—An attorney or an agent cannot endorse a note in his own favour. Treasury Officers should not ordinarily recognise such an endorsement unless the relative document expressly authorises the attorney or agent to effect such a transfer.[1]

There are two cases, however, in which Government promissory notes may be disposed of otherwise than by the last endorsee or by his personal representative, such as his heir, executor, attorney, etc., *viz.* :—

(a) Promissory notes sometimes form the subject of a civil suit, and a decree is passed by a court in British India transferring their ownership from one person to another. In such a case an endorsement signed by the presiding officer of the court on behalf of the judgment debtor in the suit to the following effect:—

"Pay to.....
(Signed).....
Judge of the Court of.....
for.....(*judgment debtor*) *in suit No*.....
by.....(*plaintiff*) *against*.....(*defendant.*)"

and duly stamped with the seal of his court, should be recognised. It is necessary, however, that the judgment-debtor should be either the last endorsee of the Government promissory notes if he is living, or his legal representative, if he is dead. As cases of this nature usually present complicated features a Treasury Officer should not accept a note bearing such an endorsement without a reference to the Public Debt Office.

(b) Provincial Governments occasionally issue orders vesting securities in a Treasurer of Charitable Endowments in terms of section 4 (1) of the Charitable Endowments Act (VI of 1890). When such vesting orders have been duly noted on the back of a Government promissory note, a transfer endorsement by the Treasurer should be accepted whether or not there is any formal endorsement on the note by the previous holder in his favour[2].

1. Government Securities Manual, para. 54, p. 65.
2. *Ibid*, para. 54, pp. 65 to 67.

Additional Instructions For Treasury Officers

Distinction to be drawn between documents conveying full powers and those conveying limited powers.

These documents must be registered at the treasury at which the notes are enfaced for payment of interest in the manner explained in paragraph 57. The certificates and other documents mentioned above frequently limit the power of the person in question to the drawal of interest or otherwise, and it is important that Treasury Officers should carefully distinguish between those documents which confer an unlimited power to deal with the securities, and those in which the power is limited in any way.[1]

Other documents.

Besides the above-mentioned documents, other documents are frequently produced before Treasury Officers in connection with promissory notes. These are :—

(1) Documents relating to the proof of death of a joint holder (*vide* paragraph 49 (2)).

(2) Certificate of incorporation of a body corporate, or Articles of Association, or similar documents (*vide* paragraph 52).

(3) Certificate of marriage. If a note which was endorsed in the name of a woman before her marriage is subsequently re-endorsed by her in her married name, which differs from her previous name, a certificate from a magistrate or other respectable person of position, corroborating the change in the name in consequence of her marriage requires to be produced before the Treasury Officer.

All these documents as well as those mentioned in paragraph 54 should be registered at the treasury in the manner explained in the following paragraph[2].

The Treasury Officer will maintain a register in form No. 16, and in registering a document he should observe the following instructions: –

Treasury procedure in registering documents.

(1) Two names have to be entered, *viz.*, (a) in the column "Name of Principal" the name of the person whose property is concerned, and (b) in the column "To whom granted" the name of the person to whom or in whose favour the document has been issued.

(2) Separate pages should be reserved for separate initials, the initial being in each case that of the surname of the "principal". The entries under each initial should have a separate series of numbers.

1. Government Securities Manual, para. 55, p. 67.
2. *Ibid.*

(3) Care must be taken to record the limitations of power conveyed, so that transfers may not be admitted under powers to realise interest only.

(4) Succession Certificates are required to specify the securities to which they relate. The list of securities covered by the certificate should be entered in the column "Description."

(5) In the case of probates, etc., and other orders of a court, the name of the court, and any number it may have assigned to its order should be entered in the column "Date of document".

(6) All documents so registered should be endorsed as follows:—

"Registered No.....
(Signed).....
Treasury Officer.
District.....
Date....."

(7) In the case of every endorsement or signature supported by such a document the number which the document bears in the register, the date of registry and the nature or extent of power conveyed should be noted on the back of each note, closely below such signature, and attested by the Treasury Officer's initials. The nature or extent of the power should be noted as briefly as possible, *e.g.*, "Probate", "Full letters of administration", "Certificate to negotiate and to draw interest."

(8) Subject to the exception mentioned below, no document liable to stamp duty should be registered unless it is properly stamped. Letters of Administration or Succession Certificates issued by a competent court in British India, should, however, even when insufficiently stamped, be registered and acted upon, the fact that the document was insufficiently stamped being brought to the notice of the court concerned. In considering whether any document is sufficiently stamped, the Treasury Officers should remember—

(i) That the stamp duty on a document entitling the holder merely to draw interest is calculated on the value of the securities in question, and not on the amount of the interest annually drawable.

(ii) That powers-of-attorney, granted by a number of persons, having separate and distinct interests in the acts to be performed under such powers,

aggregate amount of duty which would have to be paid if each person had executed a separate power. Similarly a power-of-attorney executed by a person acting in two or more different capacities, *e.g.*, when he appoints an attorney to act on his behalf in regard to his own property and also in regard to any property which he has to administer, as the guardian of a minor ward, should be stamped to a value equal to the aggregate amount of duty which would have to be paid if he had executed a separate power in respect of each of his different capacities.

(iii) That, notwithstanding anything said above, a power-of-attorney, or any other written authority, authorising one or more of the joint-holders of a note to give a valid discharge for interest, is exempt from stamp duty.[1]

Endorsements by women[2].—If an endorsement is signed by a woman, and the signature is in English, it will ordinarily be sufficient to adopt the same precautions as in the case of an endorsement by a man; though, if a note, which has been endorsed to a woman before her marriage, is subsequently re-endorsed by her in her married name, it may sometimes be necessary, unless the Treasury Officer is satisfied that she is the actual person named in the previous endorsement, to require a certificate or other proof of marriage [*vide* paragraph 56 (3)]. If the endorsement is in a vernacular, it should be transliterated into English; and if the woman goes out in public, she should be asked to come to the treasury or to appear before a Magistrate or a Justice of the Peace to have her signature verified, whereupon the officer concerned should write "verified, or signed before me" under the signature and affix his initial and designation.

But if the woman is *pardanashin*, or if she does not go out in public to an extent which would enable her to attend personally at the treasury, it is necessary, for the protection of the interests both of Government and of the holder herself, that her signature should be attested by two respectable witnesses, who must appear before the Accountant of the Public Debt Office, or a Treasury Officer, or Justice of the Peace, or any Magistrate, to testify to the genuineness of the endorsement. Such officer should then authenticate the examination as follows:—

1. Government Securities Manual, para. 57, p. 68.

2. *Ibid*, para. 58, p. 70.

"Examined before me."

(Signed) _____

(Designation) _____

at _____ in the district of _____

Date _____

Endorsements by persons unable to write.[1]—If the holder of a promissory note satisfies a Magistrate that he is for any reason unable to write and that he is the person whom he represents himself to be, the Magistrate may, at the request of the holder, sign the endorsement on his behalf if he is satisfied that the holder understands the effect of the endorsement. The Magistrate must sign the endorsement in the presence of the holder and enter below his signature a certificate to the effect that the endorsement was signed at the request of the holder after being read over to him and that he is satisfied that the effect of the endorsement is fully understood by the holder.

The rule in the above sub-paragraph provides a simple and definite method, by which a person who is for any reason unable to write, can validly have the signature to an endorsement on a Government promissory note made but this does not mean that a signature of such a person effected in some other manner, permissible under the general law, would not be valid. Thus, a signature made by means of a mark or a thumb impression, which is valid under the General Clauses Act (X of 1897) is acceptable.[2] In such a case, it is necessary, however, that the signature should be attested in the manner prescribed in paragraph 58, the officer authenticating it being required to satisfy himself that the person affixing the mark or the thumb impression is the person competent to sign the endorsement and affect a valid transfer of the Government promissory note, that he is actually unable to write at the time of the endorsement and that he fully realises the object and the effect of affixing the mark or the thumb impression to the endorsement. A signature by a mark, thumb impression, etc., attested and authenticated as above, is acceptable in the same way as any ordinary signature.

1. Government Securities Manual, para, 59, P. 71; Rule 39 of the Indian Securities Rules (Appendix A)

2. Clause (52) of section 3 of the General Clauses Act, 1897 (X of 1897) reads as follows :

"Sign" with its grammatical variations and cognate expressions, shall with reference to a person who is unable to write his name, include "mark" with its grammatical variations and cognate expressions.

Holding of Government securities by holders of public offices.

6. (1) In the case of any public office to which the [1][Government] may, by notification in the [2][Official Gazette] declare this sub-section to apply, a Government security may be made or endorsed payable to or to the order of the holder of the office by the name of the office.

(2) When a Government security is made or endorsed as aforesaid, it shall be deemed to be transferred without any or further indorsement from each holder of the office to the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(3) When the holder of the office endorses to a third party a Government security made or indorsed as aforesaid, he shall subscribe the indorsement with his name and the name of the office.

(4) A writing on a Government security now or heretofore standing in the name of the holder of a public office, whereby the security has been or was made or indorsed payable to or to the order of the holder of the office by the name of the office, shall not be deemed to be or to have been invalid by reason only of the security having been so made or indorsed.

(5) This section applies as well to an office of which there are two or more joint holders as to an office of which there is a single holder.

Securities held by holders of public offices.

A reference has already been made to indorsements on promissory notes in favour of office-holders.[3] Such indorsements are not recognised as Government cannot accept the responsibility of being put on enquiry as to who is the actual holder of the office at the time.

1. Substituted by the Government of India (Adaptation of Indian Laws) Order, 1937, for "Governor-General in Council."

2. *Ibid* for "Gazette of India."

3. See notes on page 37

The exception to this rule is the case of the holders of certain Government offices in Burma and of officers of Indian States and Colonial Governments, the names of which are given below. To them rules contained in this section shall apply.

1. Government of India, Finance Department, Notification No. D-7552-F., dated the 13th December 1939. (As amended up-to-date).

In pursuance of sub-section (I) of Section 6 of the Indian Securities Act, 1920 (X of 1920), and in supersession of the Notification of the Government of India in the Finance Department, No. D-3598-F, dated the 4th April 1935, the Central Government is pleased to declare that the said sub-section shall apply to the following offices, namely :—

A—Officers in British India

Accountants General.
Accountant General, High Court, Bombay.
Accounts Officers of Railways under construction.
Administrative Officer, Cochin Harbour.
Archdeacons and Bishops.
Assistant Collector of Salt Revenue, Kharaghoda.
Assistant Directors of Dairy Farms.
Assistant Directors of Grass Farms.
Assistant Directors of Ordnance Services.
Assistant Directors of Supplies and Transport.
Assistant Inspectors General of Police.
Auditor General.
Chemical Inspector, Indian Ordnance Department.
Chief Accountant, Vizagapatam Port, Vizagapatam.
Chief Accounts Officer of Customs, Bombay.
Chief Accounts Officer of Excise, Bombay.
Chief Accounts Officer, Central Excise Collectorate, Bombay.
Chief Conservator of Forests, United Provinces.
Chief Engineer, Central Public Works Department.
Chief Engineer, Public Health Department, Bengal.
Chief Engineer for Electricity, Madras.
Chief Engineer, Public Works Department, United Provinces.
Chief Engineer in Sind.
Chief Engineers, Public Works Department, Madras.
Chief Medical Officer, North-West Frontier Province.
Chief Ordnance Officers.
Clerk of the Crown, High Court, Bombay.
Collector of Central Excise, Madras.
Collectors of Customs, Calcutta, Bombay, Madras, Chittagong and Karachi.

Collectors of Central Excises and Salt, North Eastern and North Western, India.
Commandant, an Army Veterinary School.
Commandant, Indian Army Ordnance Corps Training Centre.
Commandants, Hill Depots.
Commandants of Military Prisons and Detention Barracks.
Commander of a District.
Commander of a Brigade or Brigade Area.
Commissioner of a Division.
Commissioner of Excise, Bengal.
Commissioner of Excise, Bombay.
Commissioner of Excise, Central Provinces.
Commissioner of High Court, Bombay.
Commissioner for Workmen's Compensation.
Comptrollers, Assam, North West Frontier Province, Sind and Orissa.
Conservators of Forests.
Consulting Public Health Engineer to the Government of Bombay.
Controller, Chemical Defence Research, Establishment.
Controller, Coal Account
Controller, Telegraph Stores.
Controller of Broadcasting.
Controller of Food Accounts.
Controller of Naval Accounts.
Controllers of Military Accounts.
Controller of Military Accounts and Pensions, Lahore.
Controller of Accounts, Air Forces in India.
Controller, Army Factory Accounts.
Controller of Provincial Stationery Office, Punjab.
Controller of Railway Accounts.
Controller of Supply Accounts.
Court Receiver, High Court, Bombay.
Court of Wards in Sind.
Court of Wards in the United Provinces.
Deputy Assistant Directors General (Medical Stores).
Deputy Assistant Directors of Supplies and Transport, Independent Brigade Areas.
Deputy Chief Accounts Officers, American Purchases, Department of Supply.
Deputy Commissioners.
Deputy Controller and Deputy Assistant Controller of Military Accounts (Contracts), Simla.
Deputy Directors of Supplies and Transport Commands.
Deputy Inspectors General of Police.
Director General, Indian Medical Service.
Director of Contracts.
Director, Imperial Institute of Agricultural Research.

Director General of Posts and Telegraphs.
Director of Industries and Commerce, United Provinces.
Director of the Medical College, Nova Goa.
Director of Posts and Telegraphs, Sind and Baluchistan Circle.
Directors of Public Instruction.
Director, Railway Clearing Accounts Office, Delhi.
Director, Imperial Institute of Veterinary Research.
Director General of Archaeology in India.
Director, Zoological Survey of India.
Director, Central Research Institute, Kasauli.
Director, All-India Institute of Hygiene and Public Health, Calcutta.
District or Divisional Forest Officers.
District Judges.
District Magistrates and Collectors.
District Officers of the Frontier Constabulary, North West Frontier Province.
District Remount Officer, an Area.
Divisional Accounts Officer, Chittagong, Bengal and Assam Railway.
Divisional Engineers, Telegraphs.
Electrical Adviser to the Government of Sind.
Electrical Engineer to the Government of Bombay.
Electrical Engineer to the Government of Madras.
Examiner of local Fund Accounts, Madras.
Executive Engineers.
Export Trade Controller, Bombay.
Export Trade Controller, Calcutta.
Financial Advisers and Chief Accounts Officers, State Railways.
Forest Utilization Officer, Madras.
Garrison Engineers, Military Engineer Services.
General Superintendent, Public Works Workshops and Stores, Madras.
Hydro-Electric Engineer, United Provinces.
Imperial Serologist, Calcutta.
Inspectors General of Police.
Inspectors General of Registration.
Inspectors of Armaments and Mechanical Transport.
Inspectors of Schools.
Inspectresses of Schools.
Judicial Officer-in-Charge Excise, Mhow.
Judicial Officer-in-Charge Excise, Neemuch.
Keeper of the Records of the Government of India.
Librarian, Imperial Library.
Local Excise Authority, Nowgong.
Master General of the Ordnance in India.
Masters of the Mint.
Master, Security Printing, India.

Military Accountant General.
Municipal Commissioner for the City of Bombay.
Officer Commanding a Remount Depot.
Officer Commanding a Station.
Officer Commanding a unit specified in Annexure A.
Officer-in-Charge of a unit specified in Annexure B.
Official Assignees.
Official Receiver of the Court of the Judicial Commissioner in Sind.
Official Receiver, Calcutta High Court.
Ordnance Officers-in-Charge Depots.
Political Agents.
Political Officer, Balipara Frontier Tract.
Political Officer, Khasi States.
Political Officer, Sadiya Frontier Tract.
Political Residents.
Postmasters General.
President, Forest Research Institute and College, Dehra Dun.
Presiding Officer of a Court of Civil or Criminal Jurisdiction.
Principal, Police Training School, Nasik.
Proof and Experimental Officer.
Prothonotary and Senior Master, High Court, Bombay.
Registrar of the Chief Court of Oudh.
Registrar, Co-operative Societies, Central Provinces and Berar.
Registrar of Co-operative Societies, Madras.
Registrar of the Court of Judicial Commissioner in the Central Provinces.
Registrar of the Court of Judicial Commissioner in Sind.
Registrars of High Courts.
Registrars of all Presidency Courts of Small Causes.
Registrars of Public and Parsi Public Trusts in the Bombay Presidency.
Registrar, Testamentary and Admiralty Jurisdiction, High Court, Bombay.
Sanitary Engineer to the Government of Madras.
Secretaries to the Boards of Revenue.
Secretaries to the Government of India.
Secretary to a Local Administration.
Secretary to a Provincial Government.
Secretary to the Commissioner of Excise, Madras.
Secretary to the Resident at Hyderabad.
Secretary, Imperial Council of Agricultural Research.
Secretary, Indian Central Cotton Committee.
Secretary, Railway Board.
Sheriff of Calcutta.
Sheriff of Bombay.
Special Officer and Protector of Emigrants, Madras.

Stores Accounts Officer, North Western Railway.
Sub-Divisional Officers, Punjab Public Works Department, Electricity Branch.
Superintendents of Education, Delhi, Ajmer-Merwara and Central India and Baluchistan.
Superintendent of Telegraph Workshops.
Superintendents of Ordnance Factories.
Superintendents of Manufacture, Clothing Factory, Shahjahanpur.
Superintendents of Police.
Superintendent of Salt Revenue for Sind.
Superintending Engineers.
Surgeon General with the Government of Bengal.
Surveyor General of India.
Treasury Officers.
Utilisation Officer, Forest Research Institute and College, Dehra Dun.
Wasiqa Officer, Lucknow.

B.—OFFICES IN BURMA.

Accountant-General.
Assistant Superintendents of the Burma Frontier Service in charge of sub-divisions.
Assistant Inspector-General of Police.
Auditor-General.
Battalion Commandants, Burma Frontier Force.
Chairman, Rangoon Development Trust.
Chief Auditor, Burma Railways.
Chief Education Officer, Federated Shan States.
Chief Public Works Officer, Federated Shan States.
Collectors of Customs.
Commander, Rangoon Brigade Area.
Commander, Royal Engineers.
Commissioner, Federated Shan States.
Commissioner of Division.
Commissioner for Workmen's Compensation.
Conservators of Forests.
Controller of Finance, Finance Department (Defence).
Controller of Military Accounts.
Controller of Railway Accounts.
Deputy Commissioners.
Deputy Director-General of Posts and Telegraphs.
Deputy Inspector-General of Police.
Director, Burma Defence Bureau.
Director, Harcourt Butler Institute of Public Health.
Director-General of Posts and Telegraphs.
Director of Army Veterinary Services.
Director of Civil Aviation.
Director of Medical Services.
Director of Meteorology.

Director of Public Instruction.
Director of Supplies and Transport.
District and Sessions Judges.
District Health Officer, Insein District, in charge of Rural Health Unit, Hlegu.
District Magistrates and Collectors.
Divisional Electrical Engineers.
Divisional Engineers, Telegraphs.
Divisional Forest Officers.
Electrical Inspector to the Government of Burma.
Executive Engineers.
General Officer Commanding, Army in Burma.
Headmaster, School for sons of Shan Chiefs, Taunggyi.
Inspecting Officer, Military Lands and Cantonments.
Inspector-General, Frontier Force, Burma.
Inspector-General of Civil Hospitals.
Inspector-General of Police.
Inspector-General of Prisons.
Inspector-General of Registration.
Inspectors of Schools.
Medical Superintendent, Rangoon General Hospital.
Members of the Burma Ecclesiastical Establishment.
Nautical Adviser and Principal Officer, Mercantile Marine Department.
Officer Commanding a Unit specified in Annexure C.
Officers Commanding Stations.
Officers in charge of Public Works Department Divisions and Independent Sub-divisions.
Official Assignees.
Port Officers.
Presiding Officer of a court of Civil or Criminal Jurisdiction.
Registrar of the High Court.
Registrar of the Court of Small Causes, Rangoon.
River Transport Officer and Superintending Engineer, Mandalay.
Sanitary Engineers.
Secretaries to Government.
Secretary, Railway Board.
Superintendent of Cottage Industries.
Superintendents of Police.
Superintendent of Stores.
Superintending Engineers.
Superintendent, Government Printing and Stationery.
Superintendent of Stamps.
Superintendent, Northern Shan States.
Superintendent, Arakan Hill Tracts.
Treasury Officers.

ANNEXURE A.

Royal Artillery.—A Regiment, Battery, Ammunition Unit, Depot or Training Centre.

Cavalry.—A Regiment, Training Regiment or Centre.

Sappers and Miners.—A Field Troop, Field Company, Divisional Headquarters Company, Army Troops or Depot Company, a Detached Section, a Training Battalion or any officer holding the appointment of Officer-in-charge, Workshops, Superintendent of Instruction, and Corps Quarter Master.

Indian Signal Corps.—A Corps Signals, Divisional Signals, District Signals, a Cavalry Brigade Signal Troop, a Training Centre.

Infantry.—A battalion and in addition a depot in the case of Gurkhas.

Royal Indian Army Service Corps.—A supply unit, supply personnel Depot, an animal transport Company, an animal transport Depot, an animal transport training Company, a mechanical transport Company, section or depot, a motor ambulance unit.

Medical Units.—A Royal Army Medical Corps Company, a Royal Army Medical Corps Depot, an Indian Hospital Corps Company, an Indian Hospital Corps Training Company, an Indian Hospital Corps Depot, a British, Indian or Combined Military Hospital, a field ambulance, a casualty clearing station, a staging section, a general hospital, a hospital ship, an ambulance train, a field hygiene section, an X-ray unit, a reserve base depot of medical stores, a depot of medical stores, a convalescent depot, a Cavalry field ambulance, a mobile, X-ray unit, a field laboratory.

Veterinary Units.—A Military Veterinary Hospital, an Indian Army Veterinary Corps Depot, a mobile Veterinary Section, a Veterinary Convalescent Depot, a Veterinary Evacuating Station, a Base Depot of Veterinary Stores.

British and Indian Cavalry Light Tank Regiments and Indian Cavalry Armoured and Motor Regiments.—A Squadron or troop.

Educational and Training Establishments.—A school of training or instruction.

Ordnance Establishments.—An arsenal, a depot, an ordnance Workshop Company or an independent ordnance Workshop Section.

Auxiliary Force (India) and Indian Territorial Force units.

ANNEXURE B.

A Command, District or Brigade Laboratory, an Enteric Laboratory, a Military Food Laboratory, a Dental Centre, a medical mobilisation store, Indian Hospital Corps Record Office, Indian Army Veterinary Corps Records, Military Veterinary Laboratory, Military Farm, Okara.

ANNEXURE C.

An officer commanding a unit shall be held to include an officer commanding any of the undermentioned units :—

Royal Artillery.—A battery.

Royal Engineers.—A company.

Sappers and Miners.—A company.

Signal Corps.—A line or wireless company, divisional signals, a brigade signal troops or section, a depot company, signal park, a Line of Communication signal unit.

Infantry.—A battalion.

Royal Indian Army Service Corps.—An animal transport company or supply depot.

Burma Army Service Corps.—An animal transport company or a supply depot.

Medical Units.—A Royal Army Medical Corps Company, a Burma hospital company, a military hospital, a medical stores depot or a field ambulance.

Veterinary Units.—A hospital.

Educational and Training Establishments.—A school or training or instruction.

Ordnance Establishments.—An arsenal.

*2. In the case of the officers of Indian States and of the Colonial Governments named below, Government securities may be made, or endorsed payable to, or to the order of, the holder for the time being of the office by name of the office.

Officers of Indian States.

Accountant General, Alwar State.
Accountant General, Baroda State.
Accountant General, Bikaner State.
Accountant General, Cutch Durbar.
Accountant General, His Exalted Highness the Nizam's Government.
Accountant General, His Highness' Government, Jammu and Kashmir.

* Government Securities Manual, Appendix III, pp. 170 to 172.

Accountant General, Jind State.
Accountant General, Mewar State.
Accountant General, Patiala State.
Accountant General, Travancore State.
Administrator, Bastar State.
Assistant Administrator, Puddukkottai Durbar.
Auditor and Accountant, Morvi Railway.
Auditor, Jodhpur Railway.
Chief Accounts Officer, Junagadh State.
Chief Medical Officer, Dhrangadhra State.
Chief Minister, Jaora State.
Chief Minister, Kapurthala State.
Chief Minister, Malerkotla State.
Chief Minister, Nabha State.
Chief Minister, Patna Darbar.
Chief Minister, Serohi State.
Chief Secretary, Benares State.
Comptroller, Mysore State.
Controller of State Accounts, Bhavnagar State.
Dewan, Baroda State.
Dewan, Bharatpur State.
Dewan, Bhavnagar State.
Dewan, Cambay State.
Dewan, Cutch State.
Dewan, Dhar State.
Dewan, Gondal State.
Dewan, Kurundwad (Junior) State.
Dewan, Mayurbhanj State.
Dewan, Morvi State.
Dewan, Mysore State.
Dewan, Nawanagar State.
Dewan, Palitana State.
Dewan, Pal Lahara State.
Dewan, Rajpipla State.
Dewan, Sangli State.
Dewan, Savantvadi State.
Dewan, Tranvancore State.
Dewan, Wankanar State.
Educational Inspector, Cutch Durbar.
Excise Commissioner, Hyderabad State.
Finance Member, Executive Council, Hyderabad State.
Finance Member, Government of Bhopal.
Finance Minister, Gwalior State.
Finance Minister, Government of Jodhpur.
Finance Secretary, Dholpur State.
General Manager, His Exalted Highness the Nizam's State Railway.
Huzur Secretary, Sandur State.
Karbhari of the Kurundvad (Senior) State.
Khangi Karbhari of Baroda State.

Kishengarh Durbar.
Khajanchi, Gondal State.
Manager, Bhavnagar Durbar Bank.
Manager and Engineer-in-Chief, Bhavnagar State Railway.
Manager, Junagadh State Bank.
Manager, Palitana Darbar Bank.
Minister Incharge, Finance, Holkar State.
Minister, Khairpur State.
Postmaster General, His Exalted Highness the Nizam's Government.
President, Manipur State Darbar.
Revenue Member, Executive Council, Hyderabad State.
Revenue Secretary, Hyderabad State.
Secretary to the Government, Cochin.
Secretary to the Sandur State in the Finance Department.
Superintendent, Jashpur State.
Treasury Officer, Jaipur State.
Treasury Officer, Mewar State.
Wazir, Palanpur State.

Officers of Colonial Governments.

(a) Ceylon.

Commissioners of Currency.
Commissioners of Loan Board.
Deputy Chief Secretary.
Deputy Financial Secretary.
Inspector General of Police.
Postmaster General.
Public Trustee.
Registrar General.
Treasurer, Ceylon Savings Bank.

(b) Straits Settlements.

Accountant General, Supreme Court, Penang.
Accountant General, Supreme Court, Singapore.

Issue of securities to rulers of States in India.

7. Notwithstanding anything in the Negotiable Instruments Act, 1881, the [1][Government] may, in respect of any loan, issue to the ruler of any State in India Government securities in such form and subject to such conditions as to negotiability, succession and other matters as may be prescribed.

Government securities issued by Government to the ruler of any State in India.

Under section 7 of the Act, notwithstanding anything in the Negotiable Instruments Act, 1881, the Government may,

1. Substituted for "Governor General in Council" by the Government of India (Adaptation of Indian Laws) Order, 1937.

in respect of any loan, issue to the ruler of any State in India Government securities in such form and subject to such conditions as to negotiability, succession and other matters as may be prescribed. *Special Notes* issued to Rulers of States in India are already mentioned under section 2 *supra* and may be referred to.

Rule 40 of the Indian Securities Rules, 1935, provides : Rule 40 of the Indian Securities Rules, 1935.

"40 (1). Government securities may be issued to the ruler of a State in India, at his request in Form XI, provided that—

(a) the ruler has been admitted to this privilege by order of the Central Government, and

(b) the total amount for which the ruler applies is not less than Rs. 50,000.

(2) Notes issued in accordance with sub-rule (1) shall be in the name of the ruler and his successors and property in them, save as otherwise provided, shall devolve by succession.

(3) Any such note may be negotiated by endorsement by the ruler of the State for the time being.

(4) The transferee of any such note shall not be capable of negotiating or drawing interest on the same when so transferred but shall be entitled on surrender to the Public Debt Office of the note or notes so transferred to obtain therefrom Government securities of a like denomination and amount."

FORM XI

Form of Special Notes issued to rulers of States in India.

Government per cent loan of

Rs. At *per cent.*

Of (*name of loan*) Public Debt Office,

The Governor General of India in Council hereby promises to pay to His Highness the Raja of , or his successor the Raja of , for the time being, at the General Treasury at Fort William on (*here state the date or discharge of the loan*) Rupees and to pay to the said Raja and His Successors Rajas of for the time being, at the General Treasury abovementioned interest on such sum from the to the date on which the same shall become payable as aforesaid at the rate of per cent. per annum such interest to be paid by equal half-yearly payments on the and on the in every year. Provided always that the said principal sum of Rupees or any part thereof and

the right to receive the same and the interest thereon as aforesaid may at any time be transferred absolutely by the Raja for the time being entitled to receive the interest thereon and the Governor General of India in Council hereby agrees on surrender of this special note to issue to the said Raja or any of His Successors Raja of , for the time being and holder of this note, promissory notes of the per cent. Loan of in the usual form for the whole or part of the said principal sum according to the request of the Raja making the surrender and to any transferee or transferees under the power aforesaid, promissory notes of the same Loan in the usual form for the amount transferred and to the said Raja a special note in this form for any balance thereof not represented by the notes so issued.

Rs. dated the day of No.

19 .

Superintendent,
(Public Debt Office),
Secretary to the Government of India.

Indorser of Government security not liable for amount thereof.

8. Notwithstanding anything in the Negotiable Instruments Act, 1881, a person shall not, by reason only of his having indorsed a Government security, be liable to pay any money due, either as principal or as interest, thereunder.

Indorser of Government security not liable for amount thereof.

Under Section 35 of the Negotiable Instruments Act, 1881, in the absence of a contract to the contrary, whoever endorses and delivers a negotiable instrument before maturity, without, in such indorsement, expressly excluding or making conditional his own liability, is bound thereby to every subsequent holder, in case of dishonour by the drawee, acceptor or maker to compensate such holder for any loss or damage caused to him by such dishonour, provided due notice of its dishonour has been given to, or received by, such indorser as provided in the Act, and every indorser after dishonour is liable as upon an instrument payable on demand. The indorsement is thus equivalent to the drawing of a new bill of exchange by the indorser in favour of the indorsee. The drawer undertakes that the bill will be accepted by the drawee when duly required so to do, and paid at its maturity, and that in case of dishonour by non-acceptance or non-payment, he will compensate the holder for any loss or damage suffered by him. The indorser too enters into a similar contract with the indorsee and through him with the subsequent parties

that the bill, if unaccepted at the time of endorsing, will be accepted by the drawee when duly presented and that the acceptor or the drawee as the case may be, will pay the bill at maturity when presented. In fact, the endorsement of a negotiable promissory note operates in contemplation of law, between the parties thereto, as the drawing of a bill of exchange in favour of the endorsee, such endorsement being only a request of the endorser that the maker of the note will pay the amount to the endorsee, or to any holder in due course [1]. Thus, there is the undertaking by the endorser, as surety, for the due performance by the acceptor of a bill or the maker of a notice of the obligations created by the instrument. So, the endorser in default of acceptance by the drawee or of payment by the drawer or acceptor, is liable to be sued immediately by the holder.[1]

Section 8 of the Indian Securities Act, 1920, prescribes that 'notwithstanding anything in the Negotiable Instruments Act, 1881, a person shall not, by reason only of his having endorsed a Government security, be liable to pay any money due, either as principal or as interest thereunder.' The effect of endorsing a Government security is thus only to substitute the endorsee for the endorser without making the endorser financially liable in any way on this account.[2]

Impression of signature on Government securities.

9. (1) The signature of the person authorised to sign Government securities on behalf of the Government may be printed, engraved or lithographed, or impressed by such other mechanical process as the [3][Government] may direct, on the securities.

(2) A signature so printed, engraved, lithographed or otherwise impressed shall be as valid as if it had been inscribed in the proper handwriting of the person so authorised.

Issue of duplicate, renewed, converted, consolidated or subdivided securities.

Issue of duplicate securities.

10. (1) When a Government security is alleged to have been lost, [4][stolen] or destroyed either wholly or in part, and a person claims to be the person to whom but for the loss, [4][theft] or destruction it would be payable, he may, on application to the prescribed

1. *Jamna Das* v. *Mehur Singh*, 1 Agra 182.

2. *Muhammad* v. *Ranga Rao*, 24 Mad. 654, 656; *Balakrishnan* v. *Chathu*, (1939) I M.L.J. 897.

3. Substituted by the Government of India (Adaptation of Indian Laws) Order, 1937, for "Governor General in Council."

4. Inserted by the Indian Securities (Amendment) Act, 1927 (21 of 1927), S. 2.

[1][authority] and on producing proof to [2][its] satisfaction of the loss, [4][theft] or destruction and of the justice of the claim and on payment of the prescribed fee, if any, obtain from [3][it] an order for—

(a) the payment of interest in respect of the security said to be lost, [4][stolen] or destroyed pending the issue of a duplicate security, and

(b) the issue of a duplicate security payable to the applicant.

(2) An order shall not be passed under sub-section (1) until after the issue of the prescribed notification of the loss, [4][theft] or destruction.

(3) A list of the securities in respect of which an order is passed under sub-section (1) shall be published in the prescribed manner.

[4][(4) If at any time before the Government becomes discharged under the provisions of this Act from liability in respect of any security the whole of which is alleged to have been lost, stolen or destroyed, such security is found, any order passed in respect thereof under this section shall be cancelled.]

Issue of duplicates of securities that have been lost, stolen or destroyed.

Section 10 of the Act relates to issue of duplicate securities that have been lost, stolen or destroyed. In the case of stock certificates, a fresh certificate is issued by the Public Debt Office on being satisfied that the old certificate has actually been lost, stolen or destroyed. In the case of bearer bonds, (with or without coupons) or of promissory notes, if the report of the loss, theft or destruction of a security is received at the treasury where it is enforced for payment of interest, the Treasury Officer should act on the lines indicated below and should direct the alleged proprietor to address the Public Debt Office on the subject giving the details set forth in Rule 25 or Rule 11 of the Indian Securities Rules (Appendix A). The Public Debt Office will then advise

1. Substituted by the Indian Securities (Amendment) Act, 1937 (28 of 1937), S. 2. for "officer".
2. Substituted by S. 2. *Ibid*, for "his".
3. Substituted by S. 2., *Ibid*, for "him"
4. Inserted by the Indian Securities (Amendment) Act, 1927 (21 of 1927), S. 2.

him as to the procedure that he will have to observe before a duplicate security can be issued.[1]

Rules 11 to 14 and 19 of the Indian Securities Rules (Appendix A) relate to the statutory procedure to be followed in case of loss, theft or destruction of a promissory note, Rules 16 to 18 and 19 of Treasury Bills, Rule 4 of a stock certificate, and Rules 25 to 34 of Bearer Bonds.

Action to be taken by the Treasury Officers.

Para 44 of the Government Securities Manual lays down the following procedure to be followed by the Treasury Officers in such cases :

"If a party makes a claim at a treasury in respect of a Government promissory note which is not in his possession but which is enfaced for payment of interest at the treasury or a sub-treasury subordinate thereto, the Treasury Officer should ask him to state the particulars of his claim in Form 31. If he furnishes correct particulars of the note, the Treasury Officer should immediately record an interim stop against it by an entry in column 9 of the Register in Form 9 and report the matter simultaneously to all the Public Debt Offices, the report to the Public Debt Office in whose jurisdiction his treasury is situated being accompanied by the Statement in Form 31. Similarly, if a claim is received direct at a Public Debt Office, the Public Debt Office will report it to all other Public Debt Offices and to the Treasury Officer concerned. No delay must be allowed to occur in the disposal of such cases as it is possible that the note may, in the meantime, be presented at some Public Debt Office. No claim or notice of stop received at a sub-treasury direct from a party should be entertained by the Sub-treasury Officer. He should direct the party to take the matter up with the Treasury Officer.

On receipt of a notice of claim as above, the Public Debt Office may either decide that the claim has no foundation or order the Treasury Officer to record a stop notice against the note. In the former case the Treasury Officer will remove the interim stop, while in the latter case he will record a stop in the manner indicated in the following sub-paragraph. When a notice against which a stop, either interim or final, has been recorded in the treasury registers is presented at the treasury, the Treasury Officer should forward it to the Public Debt Officer for disposal, *uncut* and insured for Rs. 100 together with any statement which the presenter wishes to make.

All stop notices received in a treasury from a Public Debt Office should be recorded by making a cross in red ink in the first vacant interest cage shown against the note in the register in Form 9 with the date and the number of the notice.

1. See Government Securities Manual, para. 122, p. 122.

If a note, against which a stop has been recorded by a Treasury Officer on receipt of either a notice from a Public Debt Officer or a claim from a party, happens to be enfaced at a Sub-treasury the Treasuy Officer should communicate the fact immediately to the Sub-treasury Officer. The latter should record a stop against the number of the note in Form 15 and on presentation of the note should forward it, *uncut* and insured for Rs. 100 to the Treasury Officer who will then follow the procedure indicated above".

Procedure to be followed by the Public Debt Office.

On receipt of a report as to loss, theft or destruction of any security, the Public Debt Office will advise the alleged proprietor as to the procedure that he will have to observe before a duplicate security can be issued. The circumstances in which the Public Debt Office will issue a duplicate security are set forth in the statutory rules referred to above—the Indian Securities Rules—(Appendix A) to which the claimant's attention should be drawn.

Fees for the issue of duplicates.

The following fees will be chargeable for the issue of duplicates of bearer bonds and promissory notes:[2]

For each bond or note four annas per cent. if it does not exceed Rs. 400, and one rupee per bond or note if it exceeds that sum.

Prescribed authority.

A duplicate stock certificate may be issued by the Public Debt Office on its being satisfied that the original certificate has been actually lost, stolen or destroyed.[3]

Every application for the issue of a duplicate note in place of a Government promissory note which is alleged to have been lost, stolen or destroyed either wholly or in part, must be addressed to the Public Debt Office, accompanied by statements of certain particulars. A duplicate of the letter to the Public Debt Office but not of enclosures, must also be sent to the treasury where interest is payable.[4]

Every application regarding a treasury bill alleged to have been lost, stolen or destroyed, either wholly or in part, must be addressed to the office or agency of the Reserve Bank of India which issued it, accompanied by certain statements[5].

Every application for the issue of a duplicate bond in place of a bearer bond which is or the coupons of which are, alleged to have been lost, stolen or destroyed, or which is alleged to have been lost, stolen or destroyed together

1. See Government Securities Manual, para 122, p. 122.
2. *Ibid*, paras. 69 and 122 pp. 82, 122; Rule 35 of the Indian Securities Rules, Appendix A.
3. Rule 4 of the Indian Securities Rules—Appendix A.
4. *Ibid*, Rule 11.
5. *Ibid*, Rule 16.

with its coupons, must be addressed to the Public Debt Office accompanied by statements giving certain particulars. A duplicate of the letter to the Public Debt Office, but not of its enclosures, must also be sent to the treasury at which the bond is registered for payment of coupons.[1]

Renewal of bearer bonds.

11. The holder of a bearer bond or other Government Security payable to bearer may, on application to the prescribed [2][authority], on delivery of the bearer bond or other security, and on payment of the prescribed fee, if any, obtain from such [2][authority] a renewed bearer bond or other security, as the case may be.

Renewal of bearer bonds official instructions

In the case of bearer bonds, renewal is necessary, and is ordinarily permitted, only on the exhaustion of the coupons attached to a bond, in which case application should be made to a Public Debt Office or to the treasury at which the bond is registered for payment of coupons, the bond being presented along with the application. When a bearer bond is presented at a treasury for renewal, the Treasury Officer should, after verifying that the coupons have been exhausted, forward the bond, together with the application (which may be in any form) to the Public Debt Office. He should grant the presenter a receipt in Form 17 and forward the bond to the Public Debt Office, *uncut* and insured for Rs. 100. A register should be maintained in Form 2 to watch the disposal of all such bonds.[3]

Note—No fee is payable for the renewal of a bearer bond.

Renewal of promissory notes.

12. Subject to the provisions of section 13, a person claiming to be entitled to a Government promissory note, may, on applying to the prescribed [2][authority], and on satisfying [4][it] of the justice of his claim and delivering the promissory note receipted in the prescribed manner, and paying the prescribed fee, if any, obtain from such [2][authority] a renewed promissory note payable to him :

Provided that, when application is made for the

1. Indian Securities Rules, Rule 25.

2. Substituted by the Indian Securities (Amendment) Act, 1937 (28 of 1937), ss. 3, 4 and 5, for "officer".

3. Government Securities Manual, Para 63, p. 75.

4. Substituted by s. 4, Amendment Act of 1937, for him".

renewal of a Government promissory note which appears to the prescribed [1][authority] to stand in the name of a deceased member of a Hindu undivided family governed by the *Mitakshara* law, a renewed promissory note shall not be issued to the applicant unless he furnishes a certificate signed by such authority and after such enquiry as may be prescribed to the effect that the deceased belonged to a Hindu undivided family governed by the *Mitakshara* law, that the promissory note formed part of the joint property of the family, and that the applicant is the managing or sole surviving male member of the family.

Explanation.—The expression "Hindu undivided family governed by the *Mitakshara* law" shall, for the purposes of this section, be deemed to include a Malabar *taruad.*

Renewal of promissory notes.

In the case of promissory notes renewal may be either optional or compulsory. The holder of a note may receipt or discharge it for renewal and get a new note in his own name in accordance with the provisions of Section 12 of the Act. Treasury Officers are instructed to refuse to pay interest on a promissory note whenever any of the endorsements is not in such a form as may be accepted without question as mentioned under Section 5 of the Act, *supra.* Holders of such notes should be told to receipt them for renewal and send them to the Public Debt Office. Similarly Government Officers receiving promissory notes by endorsements should, unless the chain of endorsement is clear and beyond question, require the holder to apply for renewal.[2]

The cases in which the holder of a note may be required to receipt it for renewal are[3]:

(1) If only sufficient room remains on the back of the note for one further endorsement or if any word or words is or are written upon the note across any existing endorsement or endorsements.

(2) If the note is torn, or in any way damaged or crowded with writing, or unfit, in the opinion of the officer before whom it is produced for payment of interest or for receiving endorsement.

1. Substituted by the Indian Securities (Amendment) Act, 1937 (28 of 1937), ss 2, 4 and 5 for "Officer."

2. See Government Securities Manual, para. 64, p. 75.

3. See Government Securities Manual, para. 65, p. 76 ; Rule 10 of the Indian Securities Rules (Appendix A).

(3) If the note bears an endorsement which is not in one of the forms enumerated in paragraph 47 of the Government Securities Manual, or the signature to which is not that of the person or persons mentioned in paragraphs 49 to 52 and 59 of the same as being qualified legally to transfer the note1.

(4) If the note having been enfaced three times for payment of interest is presented for re-enforcement.

(5) If any endorsement is not clear and distinct or does not indicate the payee or payees, as the case may be, by name or in any endorsement made otherwise than in one of the endorsement cages on the back of the note.

(6) If the interest on the note has remained undrawn for ten years or more.

(7) If the interest cages on the reverse of the note have been completely filled or if the vacant printed cages on the reverse of note do not correspond with the half years for which interest has become due on the date when the note is presented for drawal of interest.

(8) If, in the opinion of the Public Debt Office, the title of the person presenting the note is irregular or not fully proved.

To whom application to be made.

The holder of a Government promissory note may, whether renewal is required under these rules or not, procure a renewed note in lieu of his original security in the following way, namely, he may present it duly receipted either in person or through a representative at (1) any Public Debt Office, or, (2) if enfaced at a Government treasury, at that treasury for transmission to the Public Debt Office.[2]

Procedure at treasuries when notes are tendered for renewal.

The following procedure is to be followed at treasuries when notes are tendered for renewal:[3]

(1) If the notes are presented at a treasury, the Treasury Officer will despatch them to the Public Debt Office by post, *uncut* and insured for Rs. 100. Care should be taken that the registry, in the treasury office, of all documents connected with transactions entered on the back of the notes, is correctly certified against each transaction ;

(a) In the receipt for renewal the name or names of the person or persons in whose favour a new note is required should be correctly and legibly written. Such name or names should agree letter for letter with the name or names in the last endorsement on the notes, and the pay order such as

1. See notes on pages 31 to 43 supra.
2. Government Securities Manual, para. 67, p. 79
3. Government Securities Manual, para. 68, p. 80.

either of them, or any one of them, etc. mentioned therein, added to such name or names in the renewal receipt.

(b) In the case of notes required in favour of a European woman, her condition in life (unmarried, married or widow) should be stated.

(c) In the case of an Indian lady her full personal name should be mentioned both in the last endorsement and in renewal receipt.

Note.—The vernacular signature of a woman in the renewal receipt on a promissory note standing in her own name does not require to be attested in the manner prescribed in paragraph 58. It is sufficient if it is properly transliterated.

(ii) A receipt should be granted by the Treasury Officer in Form 17 in respect of the notes received for renewal. A register should also be maintained in Form 2 to watch the disposal of all such notes presented at the treasury.

(iii) Before despatching a note to the Public Debt Office, the Treasury Officer must be careful to see that the interest due up to the immediately preceding half-yearly date has been drawn, except in cases where payment of interest has been refused because of some doubt or defect in regard to the endorsements or where the note is shown as stopped, or where the title of the person claiming renewal of the note requires to be established by production of a certificate as prescribed in paragraph 66, or where the interest has been left undrawn for ten years or more (*vide* paragraph 41 (6)].

(iv) A note tendered for renewal must be receipted as follows, in the cage provided for this purpose at the foot of the note on the back :—

"Received in lieu hereof a renewed note payable to (*name of holder*), with interest payable at————————Treasury.

Signature of the holder/duly authorised representative of (name of holder).

If, however, the person tendering a note for renewal supplies for more than one note in lieu of the note tendered, the latter must be receipted on the reverse as follows, or in a form as near thereto as circumstances will admit :—

'Received in lieu hereof two (or more) notes for Rs.————respectively, payable to (*name of holder*), with interest payable at———— Treasury.

Signature of the holder/duly authorised representative of (name of holder.)"

If the person tendering more than one note for renewal applies for one consolidated note in lieu of the notes tendered,

the latter must be receipted as follows, or in a form as near thereto as circumstances will admit :—

"Received in lieu hereof a new note payable to (*name of holder*) for Rs.—— by consolidation with promissory note or notes Nos.— — — —, (*mentioning the numbers and amounts of the other notes desired to be consolidated with it and specifying the loan*) with interest payable at — — — — — — — Treasury.

Signature of the holder/duly authorised representative of (name of holder.)"

(v) If a note presented for renewal is not properly discharged, Government's liability in respect of it does not cease by the issue of a new note. It is important, therefore, that the Treasury Officer should see that the form of receipt mentioned in clause (iv) above is clearly and correctly written, and that there is no ambiguity as to the name of the payee of the new note. The name of the holder, as signed by him or as entered by the duly authorised representative below his own signature, should agree with the name in the body of the note, or in the transferring endorsement, as the case may be, the instructions given in clause (1) of paragraph 49 being kept in view in having the agreement made.

Fees payable on renewal

"(a) The following fees are payable in respect of the renewal of a Government promissory note:[1]—

For each note four annas per cent. if the new note exceeds that sum.

(b) The fact of receipt of the fee should be recorded on the back of the note by the Treasury Officer and the amount credited in the cash account as "Renewal fee on G. P. Note No. of the (name of loan) for Rs. as per advice No. . dated , to the Public Debt Office, care being taken that the No. and date of the advice (Form 27) are entered in the cash account before the advice is despatched. The coupon attached to the advice should be filled up and despatched with the advice.

(c) No fee is payable in respect of the renewal of a note which bears no endorsement other than an endorsement by an officer of the Reserve Bank of India, the Imperial Bank of India (or of the Presidency Banks before amalgamation), the Controller of the Currency, his Deputy or Assistant, or an Accountant General, his Deputy or Assistant or an Assistant Accounts Officer, Posts and Telegraphs, and the renewal endorsement signed either by the person in whose name the note stands last endorsed or by his attorney or other legal representative when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest. The

1. Government Securities Manual, para. 69, p. 82 ; Rule 35, Indian Securities Rules, 1935 (Appendix A).

fee prescribed in clause (a) above is not payable also for the renewal of a promissory note (1) standing in the name of any of the officers included in Appendix III, paragraph I,[1] on the application of such officer, (2) in favour of the heir or heirs of a deceased person in pursuance of the rule in clause (b) of paragraph 66 (of the Manual)."

"Subject to the provisions of section 13" -construction of section 12—effect of section 13.

Sections 12 and 13 of the Act must be read together. The mere fact that there has been a dispute to which section 13 applies, does not deprive S. 12 of its operation and does not relieve the applicant from the obligation to deliver the promissory note and pay the prescribed fee.[2]

Scope of the Act—right of renewal—procedure on request for renewal—right of prescribed authority to demand indemnity—sections 12, 16 (1), 21.

The Indian Securities Act forms a complete code as to the circumstances in which Government securities can be renewed. Apart from the Act, there is plainly no right of renewal. When a request for renewal is made under S. 12, the prescribed officer can consider whether the claim of the person making the request to the note is a valid claim. If he comes to the conclusion that it is, he can renew the note. If he comes to the conclusion that it is not, he can either refuse renewal or under S. 21 (1) can renew the note on obtaining an indemnity in the prescribed form from the claimant; and where the claimant is a bank whose insolvency is unimpeachable, he might well be willing to act upon an indemnity. If, again, he comes to the conclusion that he is satisfied of the title of the claimant, but at the same time, is not comfortable about the note in question, he may then, under sub-section (2), S. 21, decline to grant a renewal except on the terms of an indemnity. Instead of requiring an indemnity in all cases, power is given to the prescribed officer to demand an indemnity, leaving it to Government by directions to their officer, to determine in what cases an indemnity shall be required. The Common Law rule as to implied indemnity being a rule which affects obligation of a contractual nature between parties must clearly yield to the expression of any contrary intention, and it must always be open to the court to hold that the dealings between the parties are inconsistent with the implication of the covenant in question.[3]

1. See notes on pages 45 to 49 supra.

2. *Purshottome Devi Bagla* v. *Dwarka Prasad*, A. I. R. 1941 Cal. 458 : 196 I. C. 48.

3. *Secretary of State* v. *The Bank of India Ltd.*, A. I. R. 1937 Bom. 145 : 168 I. C. 652; 38 Bom. L. R. 1205. See also A. I. R. 1938 P. C. 191 relating to the same case. See notes under S. 16 *infra*.

Nature of enquiry and its effect.

Under section 12 of the Act, a person claiming to be entitled to a Government Promissory note is only entitled to renewal, amongst other things, on satisfying the prescribed authority of the justice of his claim, *i.e.*, satisfying the prescribed authority that he is in fact entitled to the Government Promissory note. The prescribed authority therefore is entitled to require evidence which satisfies him, not merely evidence which might prove to a Court of Law that the title to the note was valid, but which satisfies the authority—and it is true to say that the authority cannot be regarded as exercising a merely ministerial act or duty. If he acts honestly and brings his judgment to bear on the case and does not act capriciously, if he says that he is not satisfied of the justice of the claim, no court can compel him to issue a renewed note.[1]

Prescribed authority.

Subject to any general or special instructions of the Reserve Bank of India, the Public Debt Office may, on the application of the holder, renew a Government promissory note or notes (not being a treasury bill or treasury bills), provided that the note or notes has or have been receipted in Forms V, VII or VIII (prescribed under the Indian Securities Rules), as the case may be.[2]

Subject to any general or special instructions of the Reserve Bank of India, the office or agency which issued a treasury bill may, on the application of the holder thereof renew it provided that the treasury bill has been receipted in Form VI.[3]

Renewal by heirs of deceased holders.

As already stated[4], a promissory note will be renewed in favour of the heirs of the deceased on the production of probate of a will or letters of administration or a succession certificate under the Indian Succession Act (XXXIX of 1925). There are, however, two cases in which it can be renewed without the production of such document. These are :

(1) If the deceased was a member of a Hindu undivided family governed by the *Mitakshara* law, the person claiming the promissory notes should obtain a certificate from the District Magistrate, properly sealed with the seal of his court,

1. *Secretary of State for India* v. *The Bank of India*, A. I. R. 1937 Bom. 145. See also A. I. R. 1938 P. C. 191 relating to the same case.

2. Rule 20 of the Indian Securities Rules (Appendix A).

3. *Ibid.*

4. See notes on pages 37 to 39.

in the following form :—

"Certified that.....(the holder's name), the deceased holder of Government promissory notes Nos..... .... ..of the ..... loan for Rs..... ....belonged to a Hindu undivided family governed by the *Mitakshara* law, that the Government promissory notes formed part of the joint property of the family and that.....(the applicant) is the managing (or sole surviving) male member of the family."

Note.—A certificate in the above form may be accepted and acted upon, in the case of the issue of fresh stock certificates and payment of the discharge value of promissory notes and/or stock certificates of terminable loans.[1]

(2) If the nominal or face value of the Government securities in the form of stock certificates and promissory notes left by the deceased person does not in the aggregate exceed Rs. 5,000, and if six months have elapsed since the death of the holder and probate of his will or letters of administration of his estate or a succession certificate under the Indian Succession Act has not been obtained within this period, the person claiming to be his heir should be directed to apply to the District Magistrate for a certificate declaring that he is the heir of the deceased. If after enquiry in the manner provided in sub-sections (2) and (3) of section 13 of the Act, the District Magistrate is satisfied that the applicant is the only legal heir of the deceased, and that the nominal value of the Government securities in the form of stock certificates and/or promissory notes left by the deceased does not in the aggregate exceed Rs. 5,000, he will give him a certificate properly sealed with the seal of his court, in the following form :—

"Certified that.....[the applicant(s)] is (are) the only legal heir(s) of the deceased .....the last holder of Government promissory note(s) No.(s).....of the.....per cent. loan of.....for Rs.....who died on the.....

The total holding of the deceased in Government securities in the form of stock certificates and promissory notes at the time of his death did not exceed Rs. 5,000 face value."[2]

On production of the promissory notes with a certificate in either of the forms mentioned above, the Treasury Officer should require the person named in the certificate to receipt the promissory notes for renewal in the form given in paragraph 68 (*iv*) of the Government Securities Manual.[3] The Treasury Officer should then forward the notes, *uncut* and *insured* for Rs. 100 and the certificate to the Public Debt Office in accordance with paragraph 68 of the Manual[4] and should certify that the signature on the cer-

1. Proviso to section 12 of the Act ; Rule 21 of the Indian Securities Rules—Appendix A ; Government Securities Manual, para. 66, p. 77.

2. Government Securities Manual, para. 66, pp. 77 to 79 ; Section 19 of the Act, *infra*.

3. See pages 63 to 65 *supra*.

4. See notes on pages 63 to 65.

tificate is in order. If the title to the promissory notes is disputed, the case should be referred to the Public Debt Office.[1]

The District Magistrate has the meaning given in the explanation to section 13 of the Indian Securities Act.[2] "District Magistrate".

Defective title.

In a case of defective title, the following procedure is laid down :[3]

"When a promissory note receipted for renewal comes before a Public Debt Office, and the title appears defective, the Public Debt Office will refuse to renew the note until such title is cleared, or the following procedure is adopted :—

(*a*) Where the defect is formal only, so that the risk in overlooking it is small, the note may be renewed at once under orders of the Reserve Bank of India on a bond of indemnity, which should be for twice the amount of the note.

(*b*) If the defect, however, be a serious one which it would be inadvisable to overlook, the Public Debt Office will refer the case to the Reserve Bank of India for the issue of necessary instructions.

(*c*) In cases where the note belongs to an estate in which administration is limited to interest, or to a minor powers of whose guardian are limited to the drawal of interest only, the Public Debt Office arranges for payment of interest in accordance with paragraph 121 (of the Manual).[4]

Dispute as to title.

When there is a dispute as to the title to a promissory note in respect of which an application for renewal has been made, the Public Debt Office refers the case to the Reserve Bank of India for orders under section 13 of the Act, *infra*.[5]

Note—No fee is payable for the renewal of a Government promissory note on the orders of the Reserve Bank of India issued under the above provision.[6]

Renewal of promissory notes in case of dispute as to title.

13. (1) Where there is a dispute as to the title to a Government promissory note in respect of which an application for renewal has been made the prescribed [7][authority] may—

1. Government Securities Manual, para. 66, pp. 77 to 79.
2. *Ibid* ; Rule 21 of the Indian Securities Rules (Appendix A). See also Sections 13 and 19 of the Act, *infra*.
3. Government Securities Manual, para. 70, p. 83.
4. See notes under section 20 of the Act, *infra*.
5. Government Securities Manual, para. 72, p. 84.
6. *Ibid*.
7. Substituted by s. 4, Indian Securities (Amendment) Act, 1937, for "him."

(*a*) where any party to the dispute has obtained a final decision from a Court of competent jurisdiction declaring him to be entitled to such note, issue a renewed note in favour of such party, or

(*b*) refuse to renew the note until such a decision has been obtained, or

(*c*) after such inquiry as hereinafter provided and consideration of the result thereof, declare by order in writing which of the parties is in [1][its] opinion entitled to such note and may, after the expiration of three months from the date of such declaration, issue a renewed note in favour of such party in accordance with the provisions of section 12, unless within that period [2][it] has received notice that proceedings have been instituted by any person in a Court of competent jurisdiction for the purpose of establishing a title to such note.

Explanation.—For the purposes of this sub-section the expression "final decision" means a decision which is not appealable or a decision which is appealable but against which no appeal has been filed within the period of limitation allowed by law.

(2) For the purpose of the inquiry referred to in sub-section (1), the prescribed [3][authority] may [4][direct one of its officers to] record, or may request the District Magistrate to record or to have recorded, the whole or any part of such evidence as the parties may produce. When such request has been made to the District Magistrate, such Magistrate may himself record or may direct any Magistrate of the first-class subordinate to him, or any Magistrate of the second-class subordinate to him and em-

1. Substituted by the Indian Securities (Amendment) Act, 1937 (28 of 1937), s. 5, for "his".

2. Substituted by s. 5, *ibid*, for "he".

3. Substituted by s. 5. *ibid*, for "officer".

4. Substituted by s. 5, *ibid*, for "himself".

powered by general or special order of the [1][Government] in this behalf, to record the evidence, and shall forward a copy thereof to the prescribed [2][authority].

Explanation.—For the purposes of this sub-section, the District Magistrate means the District Magistrate having jurisdiction in the place where interest on the promissory note is payable and, where interest is payable at a presidency-town, the Chief Presidency Magistrate, or at a place in a State in India, the Political Agent.

(3) [3][The officer of the prescribed authority] or any Magistrate acting under this section may, if he thinks fit, record evidence on oath.

Dispute as to title.

Section 12 of the Act relates to the procedure to be followed for renewal of promissory notes when there is no dispute as to title. Section 13 above relates to a case in which there is a dispute as to title. In the latter class of cases three different courses may be adopted, *viz.*—

(1) Where any party to the dispute has obtained a final decision from a court of competent jurisdiction declaring him to be entitled to such note. In such a case the *prescribed authority* (for the purposes of this section the Reserve Bank of India[4]) may issue a renewed note in favour of such party.

(2) The Reserve Bank of India may refuse to renew the note until such a decision has been obtained.

(3) After such inquiry as is prescribed in this section and consideration of the result thereof, declare by order in writing which of the parties is in its opinion entitled to such note and may, after the expiration of three months from the date of such declaration, issue a renewed note in favour of such party in accordance with the provisions of section 12, unless within that period it has received notice that proceedings have been instituted by any person in a court of competent jurisdiction for the purpose of establishing a title to such note.

Any declaration made under (3) above must be published in three successive issues of the *Gazette of India* and the local official Gazette, as soon as possible after the date on which the declaration is made.[5]

1. Substituted by the Government of India (Adaptation of Indian Laws) Order, 1937, for "Local Government".
2. Substituted by S. 5, Act 28 of 1937, for "officer."
3. Substituted by Act 28 of 1937, s. 5, for "The prescribed officer."
4. See Rule 22 of the Indian Securities Rules (Appendix A).
5. *Ibid.*

'Final decision.'

According to the *'Explanation'* added to sub-section (1), for the above purposes the expression "final decision" means a decision which is not appealable or a decision which is appealable but against which no appeal has been filed within the period of limitation allowed by law.

It is immaterial whether an appeal is to be taken or is not to be taken for the construction of "final decision" under this section. The only question which is relevant is whether the time has or has not expired. If it has not expired, there is no final decision within the meaning of the section.[1]

Where a court of first instance has declared that the applicant is entitled to the Government Promissory note for life only and the applicant is appealing against it claiming absolute ownership of the note, there is no "final decision" that the applicant is "entitled to" the note within the meaning of S. 13 of the Act. The prescribed authority is therefore entitled to refuse to renew the note in the applicant's favour.[2]

Person 'entitled to' the note.

A person who is declared entitled to a Government Promissory note for life only is not one "entitled to" the note within the meaning of section 13 of the Act.[3]

Effect of section 13—right of prescribed authority.

The effect of S. 13 of the Act is to relieve the prescribed authority of deciding on the merits of the dispute *inter partes* in a case to which the section applies. But the prescribed authority is still entitled to call upon the applicant to satisfy it of the justice of his claim from other points of view.[4]

Prescribed authority under section 13.

The Reserve Bank of India is the prescribed authority for the purposes of this section and it shall alone exercise the powers and perform the duties referred to in this section.[5]

Declaration under clause (c) of sub-section (1).

Any declaration made under clause (c) of sub-section (1) of this section must be published in three successive issues of the *Gazette of India* and the local official *Gazette*, as soon as possible after the date on which the declaration is made.[6]

Sub-section (2).

Sub-section (2) prescribes that for purpose of the inquiry referred to in sub-section (1), the prescribed authority, *i. e.*,

1. *Pursottome Devi Bagla* v. *Dwarka Prasad Bajaj*, A. I. R. 1941 Cal. 458 : I. L. R. (1941) 1 Cal. 328 : 45 C. W. N. 449: 196 I. C. 48.
2. *Pursottome* v. *Dwarka Prasad*, A. I. R. 1941 Cal. 458.
3. *Ibid.*
4. *Ibid.*
5. Rule 22 of the Indian Securities Rules (Appendix A).
6. *Ibid.*

the Reserve Bank of India) may direct one of its officers to record, or may request the District Magistrate to record or to have recorded, the whole or any part of such evidence as the parties may produce. When such request has been made to the District Magistrate, such Magistrate may himself record or may direct any Magistrate of the first class subordinate to him, or any Magistrate of the second-class subordinate to him *and empowered by general or special order of the Government* in this behalf, to record the evidence, and shall forward a copy thereof to the prescribed authority.

Punjab.

Punjab Government, Revenue Department, Notification No. 2529-E, dated the 2nd July, 1936—

In exercise of the powers conferred by section 13 (2) of the Indian Securities Act (X of 1920) the Governor in Council is pleased to empower all tahsildars in charge of tahsils in the Punjab to hold enquiries and record evidence for the purpose of section 13 (1) of the said Act within the local limits of their respective tahsils.

District Magistrate.

For the purposes of this sub-section, the District Magistrate means the District Magistrate having jurisdiction in the place where interest on the promissory note is payable and, where interest is payable at a presidency town, the Chief Presidency Magistrate, or at a place in a State in India, the Political Agent.[1]

Recording evidence on oath.

The officer of the prescribed authority or any Magistrate acting under this section may, if he *thinks fit*, record evidence on oath.[2]

Renewal of other securities.

14. Government securities other than those mentioned in sections 11 and 12 may be renewed in such circumstances and in such manner as may be prescribed.

Renewal of other securities.

According to section 14 above, Government securities other than those mentioned in sections 11 and 12 (*i. e.* bearer bonds and promissory notes) may be renewed in such circumstances and in such manner as may be prescribed. From the description of stock certificates already given it will be seen that in their case no question of renewal arises, for the document is, as its name implies, merely a certificate and when the ownership of the stock passes to another person a new certificate is issued in the latter's name. In the case of other Government securities the circumstances and the manner, in which renewal can take place are usually stated in the notification relating to the security concerned.

1. *Vide* 'Explanation' below sub-section (2).
2. *Vide* Sub-section (3) of S. 13 of the Act.

Issue of converted, etc., securities.

15. (1) The prescribed [1][authority] may, subject to such conditions as may be prescribed, on the application of a person claiming to be entitled to a Government security or securities, on being satisfied of the justice of the claim and on delivery of the security or securities receipted in the prescribed manner and on payment of the prescribed fee, if any, convert, consolidate or sub-divide the security or securities accordingly.

(2) The conversion, consolidation or sub-division referred to in sub-section (1) may be into a security or securities of the same or different classes or of the same or different loans.

Conversion of Government securities from one form to another.

Where conversion of securities can be effected.

Conversion of securities can be effected by that Public Debt Office only, where or within whose area of jurisdiction, the securities are desired to be enfaced or registered for payment of interest.[2]

Conversion of a security of one loan into another form of security of a different loan.

When a holder desires to convert securities of one loan into another form of security of a different loan, the conversion will be subject to the rules and conditions, regarding transfer between loans, given below and also to the following:—

(i) Promissory notes of any of the non-terminable 3½ per cent. loans may be converted into stock certificates of the same or of any other non-terminable 3½ per cent. loan.

(ii) In order to avoid unnecessary multiplication of forms, no bearer bonds of any non-terminable 3½ per cent. loan, other than the 3½ per cent. loan of 1854-55 are issued. Consequently, holders of stock certificates or promissory notes of any non-terminable 3½ per cent. loan, who desire to convert the same into bearer bonds, will receive bonds of the 1854-55 loan only.

(iii) Bearer bonds are not issued in respect of the 3 per cent. loan of 1896-97. Consequently, holders of stock certificates or promissory notes of the 3 per cent. loan of 1896-97, desiring to convert their securities into bearer bonds, will be given bearer bonds, of the 3½ per cent. loan of 1854-55 only, on the same terms as those set forth below, for transfers from 3 per cent. loan to the 3½ per cent. loan of 1900-01.

1. Substituted by S. 6 of the Indian Securities (Amendment) Act, 1937 (28 of 1937) for "officer".

2. See Government Securities Manual, para. 12, p. 14 ; Rules 2, 4 and 33 of the Indian Securities Rules (Appendix A.)

(*iv*) When stock certificates are converted into promissory notes the notes issued will be of the same loan as that to which the stock certificates relate.

(*v*) Bearer bonds of any loan can only be converted into stock certificates or promissory notes of the same loan.[1]

Transfer between th non-terminable 3½ pe cent. loans.

Promissory notes and stock certificates of any of the non-terminable 3½ per cent. loans (*vide* list at page 21 *ante*, can be transferred to those of any other of such loans.

The conditions on which such transfer is permitted are that—

(1) subject to the exceptions noted below a full half-year's interest is due on the stock certificate or the promissory note at the time it is presented for transfer.

Exceptions.—Transfers are permitted in the following cases independently of the above conditions as shown below :—

FROM THE LOAN OF	TO THE LOAN OF			
	1842-43.	1854-55 and 1900-01.	1865.	1879.
1842-43	..	In the months of July and January.	In the months of January, May June, July, November and December.	.. ..
1854-55	In all months of the year except January and July.	To the loan of 1900-01 at any time.	In the months of May, June, November and December.	At any time except from 31st December to 15th January and from 30th June to 15th July.
1865.	In the months of February, March, April, August, September and October.	In all months of the year except May, June, November and December.	.. ..	In the second fortnights of January and July and in the months of February March April August September and October.
1879	.. ..	.. ..	In the months of May, June, November and December.	.. ..

1. Government Securities Manual, para. 13, p. 14.

1900-01	In all months of the year except January and July.	To the loan of 1854-55 at any time.	In the months of May, June, November and December.	At any time except from 31st December to 15th January and from 30th June to 15th July.

(2) The new stock certificate or promissory note will be issued bearing interest from the commencement of the current half-year of the loan to which it appertains.

(3) Interest up to that date will be paid on the old stock certificate or promissory note.

(4) Fees on the scale prescribed in the case of renewals (*see* page 65) will be charged on each new promissory note issued, but no fee will be levied on any stock certificate issued.[1]

Transfer from the 3 per cent. loan of 1896-97 to 3½ per cent. loan of 1900-01.

Stock certificates and promissory notes of the 3 per cent. loan of 1896-97 can be exchanged for stock certificates and promissory notes of 3½ per cent. loan of 1900-01, on the following terms[2] :—

(1) If the face value of the 3 per cent. securities tendered for conversion is an exact multiple of Rs. 700, the tenderer will receive in exchange, 3½ per cent. notes for six-sevenths of such face value.

(2) If the face value of the 3 per cent. securities tendered for conversion does not form an exact multiple of Rs. 700, the tenderer has the option of receiving—

(a) Three-and-a half per cent. securities equivalent to the nearest lower multiple of Rs. 700 calculated as in clause (1), together with the difference in 3 per cent. securities; or

(b)Three-and-a half per cent. securities of the nearest higher equivalent face value in hundreds calculated as in clause (1), on payment in cash of the difference between (i) the six-sevenths of the face value of the 3 per cent securities tendered, and (ii) the face value of the 3½ per cent. securities received in exchange.

(3) Interest on all 3 per cent. securities tendered for converson which has accrued up to the end of the preceding half-year, and has not been already drawn, will be paid in cash at the time of conversion and the new 3½ per cent. or 3 per cent. securities will bear interest from the beginning of the half-year current at the time of conversion.

1. Government Securities Manual, para. 25, p. 22.

2. Government Securities Manual, para. 26, p. 23.

(4) Securities may be tendered for conversion at any Public Debt Office or at the treasury or sub-treasury at which interest thereon is for the time being payable. Securities so tendered must bear one of the following endorsements duly signed as the case may be :—

(a) "Received in lieu of this stock certificate/promissory note 3½ per cent. stock certificate/promissory note for Rs. ——", or

(b) "Received in lieu of this stock certificate/promissory note and of a cash payment of Rs.——3½ per cent. stock certificate/promisory note for Rs.——".

Conversion of stock certificates into bearer bonds or promissory notes.

A holder of a stock certificate, wishing to convert the whole or a portion of the sum represented by it into either bearer bonds or promissory notes, may do so by tendering it either at the Public Debt Office in whose books the stock stands, or at the treasury or sub-treasury at which the interest thereon is payable, with the following endorsement :—

"Received in lieu of this stock certificate, bearer bonds/promissory notes, of Rs. ——each (together with a new stock certificate for the balance amounting to Rs.——) with interest payable at ———Treasury".

Signature of the registered holder or his duly authorised representative.

NOTE— The conversion of stock certificates or promissory notes into bearer bonds will not be effected when the powers of the holders of such securities or of their executors or administrators happen to be limited in any way or when they pertain to loan other than 3½ per cent. 1854-55 and 5 per cent. 1945-55.[1]

Conversion of bearer bonds into stock certificates or promissory notes.

Bearer bonds of a loan can be converted into stock certificates or promissory notes of the same loan only.[2] A holder of bearer bonds, wishing to convert them into stock certificates or promissory notes, should surrender them to the Public Debt Office of domicile or to the treasury or sub-treasury at which the bonds are registered for payment of interest. No endorsement is required to be made on the bonds. No bearer bond will be accepted for conversion unless all the outstanding coupons are attached thereto.[3]

(a) A holder of promissory notes, desiring to convert his holding into stock certificates, should tender them at any Public Debt Office, or at the treasury or sub-treasury on which the notes are enfaced for payment of interest. Each promissory note so tendered should be endorsed "Pay to the Governor General of India in Council".

The holder will receive in exchange for the consolidated amount of such notes a stock certificate of the loan to which the notes appertain. If the notes belong to one or more

1. Government Securities Manual, para. 14, p. 15 ; see also Rule 5 of the Indian Securities Rules (Appendix A).

2. Government Securities Manual, para. 24, p. 22.

3. *Ibid*, para. 15, p. 15 ; see also Rule 33 of the Indian Securities Rules (Appendix A).

of the non-terminable 3½ per cent. loans, the holder may, subject to the general conditions governing transfer between these loans, obtain a stock certificate of any other non-terminable 3½ per cent. loan into which transfer is admissible and into which he may desire to transfer his holding.

Conversion of promissory notes into stock certificates or bearer bonds.

(b) A holder of promissory notes, wishing to convert them into bearer bonds, may do so by tendering them at any Public Debt Office, or at the treasury or sub-treasury on which the notes are enfaced for payment of interest with the following endorsement :—

"Received, in lieu hereof, and of notes Nos.——of the loan of——— of the value of Rs. ———a bearer bond (or bonds) of Rs. —— (each) amounting to Rs. ——— with interest payable at —— Treasury".

Signature of the holder or his duly authorised representative.

NOTE—See also note under paragraph 14.[1]

Procedure for dealing with applications for conversion.

17. (a) Applications for conversion must in all cases state the particulars (i. e., No., loan and amount) of the stock certificate, bearer bond or promissory note, tendered for conversion. The application should also state similar particulars as to the stock certificate, bearer bond or promissory note required in exchange.

(b) Forms of application for conversion (Form 1) should be kept in stock at all treasuries and should be distributed free of charge to applicants when required. But an application not in the prescribed form should not be rejected, provided the necessary particulars have been correctly entered.

(c) On receipt, the application should be carefully checked in respect of all the details entered therein, with special reference to the particulars referring to the stock certificate, bearer bond or promissory note (as the case may be) tendered for conversion."[2]

18. (*a*) In the case of stock certificates and promissory notes tendered for conversion, the Treasury Officer should satisfy himself that the endorsements required under paragraphs 14 and 16 (of the Manual) have been made and are in order.

(*b*) In the case of promissory notes tendered for conversion, the Treasury Officer should further satisfy himself—

(1) that the chain of endorsements on the notes is in order ;

1. Government Securities Manual, para. 15, p. 16.
2. Government Securities Manual, para. 17, p. 16.

(2) that the due registration of all documents in support of title to the notes is certified on the reverse as prescribed in paragraph 57 (7), Chapter V (See page 41);

(3) that the person presenting the promissory notes for conversion is the person whom he represents himself to be ; and

(4) that the notes have no stoppage recorded against them. Should it be found that there is notice of stop against any note, the Treasury Officer should follow the procedure indicated in paragraph 44 (2) (of the Manual).

(*c*) In all cases a receipt should be granted by the Treasury Officer in Form 1 in acknowledgement of the receipt of the securities tendered for conversion. A register should also be maintained at the treasury in From 2, to watch the disposal of all such securities received for conversion.

(*d*) When stock certificates and promissory notes are tendered for conversion at the sub-treasury at which the interest thereon is payable, the Sub-Treasury Officer should forward them to the Treasury Officer uncut and insured as of the value of Rs. 100 for necessary action."[1]

"19. (*a*) When promissory notes are tendered for conversion into bearer bonds or stock certificates of the same loan, all accrued interest should be drawn before the application for conversion is admitted.

In the case of bearer bonds, tendered for conversion into stock certificates or promissory notes all unpaid coupons which are due must be paid before the application for conversion is admitted.

(*b*) When the conversion, however, is into a different loan ; the adjustments mentioned in paragraph 23 will be necessary and the Public Debt Office effecting the conversion will forward the warrant for the interest thus due along with the new securities in the manner prescribed in paragraph 21 (2)."[2]

20. (*a*) When an application has been checked and is found to be in order, and all accrued interest and unpaid coupons. which are due, have been paid, the Treasury Officer will forward the application, together with the stock certificates, bearer bonds with the unpaid coupons, or promissory notes, to the Public Debt Office concerned.

1. Government Securities Manual, para. 18, p. 17.

2. *Ibid*, para. 19, p. 18.

(*b*) Promissory notes, bearer bonds and coupons should be despatched uncut and insured as of the value of Rs. 100."[1]

"21. If the Public Debt Office find everything in order, it will forward to the Treasury Officer for delivery to the applicant :—

(1) The stock certificates, bearer bonds, or promissory notes applied for ; and

(2) An interest warrant for the amount of interest if due on the conversion, in accordance with column 3 of the tables in paragraph 23.

The Treasury Officer will deliver the former to the applicant on his returning, duly signed, the receipt referred to in paragraph 18 (*c*). An acknowledgment of the receipt of the new securities should be taken. The interest warrant should be disposed of in the manner explained in paragraphs 30 and 31."[2]

Fees for conversion.

The Public Debt Offices charge certain fees for the conversion of a security from one form into another, and/or from one loan into another, except in the case of conversion into stock certificates. These fees are 4 annas per cent. in the case of each converted security not exceeding Rs. 400 and rupee one per security in the case of each converted security exceeding Rs. 400, and are payable at the time of application for conversion. The Treasury Officer will record the fact of receipt of these fees on the back of the stock certificate, bearer bond or promissory note presented for conversion, and the amount should be credited into the cash account in the same way as renewal fees on promissory notes [*vide* paragaph 69 (*b*)][3] , the coupons attached to Form 1 being filled in and despatched to the Public Debt Office.[4]

Adjustment of interest in certain cases.[5]

Adjustments of interest are necessary in the following cases and should be made as shown in column 3 of the following tables :—

1. Government Securities Manual para. 20, p. 18.

2. Government Securities Manual, para. 21, p. 19

3. *See* notes on page 65.

4. Government Securities Manual, para. 22, p. 19 ; Rule 35 of the Indian Securities Rules (Appendix A).

5. *Ibid*, para. 23, p. 20.

(*a*) If the application is for stock certificates/promissory notes of the loan of 1865—

and the securities are of the loan of	and interest has not been paid for the last full half-year ending	interest will be paid for that half-year only up to	and the new security will bear interest from
1842-43 ..	31st January ..	31st October ..	1st November.
	31st July	30th April ..	1st May.
1854-55 ..	29th June	30th April ..	1st May.
	30th December ..	31st October ..	1st November.
1879 ..	15th January ..	31st October ..	1st November.
	15th July	30th April ..	1st May.
1900-01 ..	29th June	30th April ..	1st May.
	30th December ..	31st October ..	1st November.

(*b*) If the application is for stock certificates/promissory notes of the loan of 1842-43—

and the securities are of the loan of	and interest has not been paid for the last full half-year ending	interest will be paid for that half-year only up to	and the new security will bear interest from
1854-55 ..	29th June	31st January ..	1st February.
	30th December ..	31st July ..	1st August.
1865 ..	30th April ..	31st January ..	1st February.
	31st October ..	31st July ...	1st August.
1879 ..	15th January ..	31st July ..	1st August.
	15th July	31st January ..	1st February.
1900-01 ..	29th June	31st January ..	1st February.
	30th December ..	31st July ..	1st August.

(*c*) If the application is for stock certificates/promissory notes of the loans of 1854-55 and 1900-01—

and the securities are of the loan of	and interest has not been paid for the last full half-year ending	interest will be paid for that half-year only up to	and the new security will bear interest from
1842-43 ..	31st January ..	30th December ..	31st December.
	31st July ..	29th June ..	30th June.
1865 ..	30th April ..	30th December ..	31st December.
	31st October ..	29th June ..	30th June.
1879 ..	15th January ..	30th December ..	31st December.
	15th July ..	29th June ..	30th June.

(*d*) If the application is for stock certificates/promissory notes of the loan of 1879—

and the securities are of the loan of	and interest has not been paid for the last full half-year ending	interest will be paid for that half-year only up to	and the new security will bear interest from
1842-43 ..	31st January ..	15th January ..	16th January.
	31st July ..	15th July ..	16th July.
1854-55 ..	29th June ..	15th January ..	16th January.
	30th December ..	15th July ..	16th July.
1865 ..	30th April ..	15th January ..	16th January.
	31st October ..	15th July ..	16th July.
1900-01 ..	29th June ..	15th January ..	16th January.
	30th December ..	15th July ..	16th July.

(*e*) If the application is for bearer bonds of the loan of 1854-55—

and the securities are of the loan of	and interest has not been paid for the last full half-year ending	interest will be paid for that half-year only up to	and the coupons on the bond will bear interest from
1842-43 ..	31st January ..	30th December ..	31st December.
	31st July ..	29th June ..	30th June.
1865 ..	30th April ..	30th December ..	31st December.
	31st October ..	29th June ..	30th June.
1879 ..	15th January ..	30th December ..	31st December.
	15th July ..	29th June ..	30th June.

Application for conversion.

When a security is tendered for conversion into a New Loan it should first be seen that :—

(i) it belongs to the correct loan notified as convertible in the relative Loan Notification ;

(ii) the cash value of the security covers the amount of New Loan applied for calculated at the Issue Price per cent. thereof ;

(iii) the security is free from stoppage.

Consolidation and sub-division of securities.

Securities of the same loan, on which interest has been paid up to the same date, may be consolidated into a smaller number of securities subject to the condition that, in the case of stock certificates and promissory notes, the new securities will be in multiples of hundred rupees only and in the case of bearer bonds will be for the denominations in which these bonds are issued, namely, Rs. 100, Rs. 500, Rs. 1,000, Rs. 5,000 and Rs. 25,000. Subject to the same conditions, a security may also be subdivided into two or more securities of smaller value. In every case the Treasury Officer should grant a receipt in Form 17 for the securities presented for consolidation or subdivision and should watch their disposal by entering them in a register in Form 2. Stock certificates presented for consolidation or subdivision should be endorsed by the holder in Form II or III (in Appendix A), as the case may be. Promissory notes should be endorsed in Form VII or VIII (in Appendix A), as the case may be. No endorsement is required on bearer bonds. The fee charged will be the same as that prescribed for renewals (see notes on page 65).[1]

Liability in respect of promissory note renewed, etc.

16. (1) When a renewed Government promissory note has been issued under section 12, or a new Government promissory note has been issued upon conversion, consolidation or sub-division under section 15, in favour of any person, the note so issued shall be deemed to constitute a new contract between the Government and such person and all persons deriving title thereafter through him.

(2) No such renewal, conversion, consolidation or sub-division shall affect the rights as against the Government of any other person to the security or securities so renewed, converted, consolidated or subdivided.

1. Government Securities Manual, para. 120, page 121.

Liability in respect of Government promissory note renewed, converted, consolidated or sub-divided.

This section relates to liability in respect of promissory note renewed, converted, consolidated or sub-divided and prescribes that when a renewed Government promissory note has been issued under section 12, or a new Government promissory note has been issued upon conversion, consolidation or sub-division under section 15, in favour of any person, the note so issued shall be deemed to constitute a new contract between the Government and such person and all persons deriving title thereafter through him. No such renewal, conversion, consolidation or sub-division shall affect the rights as against the Government of any other person to the security or securities so renewed, converted, consolidated or sub-divided.

Endorsement of renewed debenture-rights of the endorsee.

In *Mercantile Bank v. F. M. Caceiro*[1] fourteen debentures issued by the Bombay Port Trust were entrusted by plaintiff defendant 1. Defendant 1 forged the plaintiff's signature on the debentures and endorsed them in favour of the bank, defendant 2, as security for the loan advanced to him. The bank got the debentures renewed for the original amounts and new debentures were issued in their name. In the new debentures there was a distinct reference to renewal. Defendant 1 took a loan from defendant 5 and paid off defendant 2 who endorsed the new debentures in favour of defendant 5 who retained them as security for the loan. The plaintiff sued to recover the debentures or their value from the defendants. Held, that defendant 5 was entitled to retain these documents. There is a distinction between a promissory note full of endorsements, and a promissory note which is a clean document. A person in the position of defendant 5 is not obliged before he becomes the holder of the new debentures to enquire into the title of the old debentures, nor to call for their production, and search through all the old debentures.

Rights of holder in due course without notice of fraud committed by endorser.

In *Mercantile Bank of India Ltd. V. Capt. Vincent L. D. Silva* plaintiff entrusted a Municipal debenture to defendant 1 for recovering interest. Defendant 1 forged plaintiff's signature and endorsed the same in favour of defendant 2, A Bank, for securing advances made to him. The bank then renewed the same in its own name. Defendant 1 then obtained a loan from defendant 3, M. Bank, to pay off defendant 2, who endorsed the debenture in favour of defendant 3 and handed it over to him as security for the loan advanced. Plaintiff sued to recover the debenture or its value. Held, even if the old Municipal debenture be treated as stolen property the proceeds of such property in the form of new debenture could not be recovered from defendant 3 who were holders in due course without notice of fraud. *Held further*, that even if they had

1. A. I. R. 1928 Bom. 434 : 52 Bom. 807 : 114 I.C. 389 : 30 Bom. L. R. 1222.

2. A. I. R. 1928 Bom. 436: 52 Bom. 810: 112 I.C. 824: 30 Bom. L. R. 1225.

notice of renewal and consequently of forgery, they had no notice of any trust in favour of defendant[1].

Government promissory note with forged endorsement—renewal by Government and issue of new note—effect.

In *Secretary of State* v. *Bank of India, Ltd.*[1] a lady called Gangabai was entitled by endorsement to a Government promissory note which she had acquired through a broker named Acharya. Subsequently Acharya obtained possession of the note from Bai Gangabai and he forged her endorsement on the note to himself. Subsequently he endorsed the note over to the defendants, the Bank of India, Ltd. The Bank sent the note, with other notes, to the Government Securities Department with a request for its renewal, and the note was in due course renewed by the prescribed officer of the Government Securities Department. When it was ultimately established that the signature of Bai Gangabai on the note had been forged by Acharya, Bai Gangabai sued the Secretary of State for the value of the note, and she recovered judgment for the amount due on the note with interest and costs. The Secretary of State then brought action against the Bank of India, Ltd., claiming to be indemnified against the loss thus sustained by him on the principle that the Public Debt Office had issued the renewed note at the request of the respondents and was accordingly entitled to be indemnified against the damage resulting from the fact that what had been done involved an injury to a third party's rights.

Held, by a Division Bench ; when the Government issue a new note in renewal of a prior note, one of the endorsements on which is a forgery, the renewed note constitutes a new and fresh contract not a contract which is void or voidable, but a valid contract—between Government and the person to whom the note is issued, and is free from the infirmities of the old note, under section 16 (1) of the Act. Government is not entitled to the return of the renewed note or the value thereof on the basis that it was issued without consideration or under a mistake of fact, or on the ground that the note has been negotiated by the person to whom it was issued. To say that the person to whom it was issued is bound to return it on the basis that it is not a good contract is inconsistent with the plain terms of the Act. It is clear that there is no failure of consideration in the case. The common law rule of indemnity which the law normally implies, where one person acts upon the request of another, is a rule which affects obligations of a contractual nature between parties and must clearly yield to the expression of any contrary intention. The implication of such a covenant of

1. A. I. R. 1937 Bom. 145 : 38 Bom. L.R. 1205 : 168 I.C. 652.

indemnity is consistent with the provisions of the Act as to the renewal of a promissory note. No implied right of indemnity therefore exists in the case.

The above decision, however, was *reversed* on appeal, by their Lordships of the Privy Council,[1] who held :

It is a general principle of law when an act is done by one person at the request of another which act is not in itself manifestly tortuous to the knowledge of the person doing it, and such act turns out to be injurious to the rights of a third party, the person doing it is entitled to an indemnity from him who requested that it should be done. This principle is of the widest general application. It is often said to be based on a contract implied by law, the request importing a promise to indemnify the other party against the consequences to him of acting upon the request. There is nothing anomalous in the presence of some element of choice or deliberation on the part of the officer who is the person doing the act, so long as he proceeds on the assertion or claim or direction or evidence of the applicant. Similarly, where the duty is statutory and must be performed if the statutory conditions are fulfilled, the fact that the official may have to see that these conditions are fulfilled, does not *per se* debar him from saying that he has acted upon the assertion or claim or request of the applicant.

Such common law right of indemnity may properly *prima facie* be implied from request in S. 12. S. 21 does not negatively cut out this liability but gives an added statutory right, which is different from it. Thus, the common law right is required in a case where the officer though satisfied by the applicant when he issues the renewed note of the justice of his claim, is wrongly satisfied.

Where therefore a person forged the endorsement of the true holder to a promissory note in his favour and in his turn indorses it in favour of the respondent, who gets it renewed in good faith without being required to furnish security under S. 21, and the true owner recovers damages from the Government for conversion, the latter are entitled to be indemnified by the respondent under the common law right of indemnity, as the renewal of promissory note at the request of the respondent involves an injury to a third party's right.

Discharge.

Immediate discharge in certain cases.

17. On payment by or on behalf of the Government to the holder of a bearer bond or other Government security payable to bearer of the amount expressed therein on or after the date when it

1. *Secretary of State* v. *Bank of India Ltd.*, A. I. R. 1938 P. C. 191.

becomes due, or on renewal of a bearer bond or other security payable to bearer under section 11, or on renewal of a Government promissory note under section 13, or on conversion, consolidation or sub-division of a bearer bond or other security payable to bearer under section 15, the Government shall be discharged in the same way and to the same extent as if such bearer bond, promissory note or other security were a promissory note payable to bearer:

Provided that, in the case of a Government promissory note renewed under section 13, nothing in this section shall be deemed to bar a claim against the Government in respect of such note by any person who had no notice of the proceedings under that section, or who derives title through any such person.

Discharge in the case of Government security payable to bearer.

Section 17 above lays down that on payment by or on behalf of the Government to the holder of a bearer of the amount expressed therein *on or after the date when it becomes due*, or on renewal of a bearer bond or other security payable to bearer under section 11, or a renewal of a Government promissory note under section 13, or on conversion, consolidation or sub-division of a bearer bond or other security payable to bearer under section 15, the Government shall be discharged in the same way and to the same extent as if such bearer bond, promissory note or other security were a promissory note payable to bearer.

To the above rule there is an exception, namely, that in the case of a Government promissory note renewed under section 13, nothing in section 17, shall be deemed to bar a claim against the Government in respect of such note by any person who had no notice of the proceedings under that section or who derives title through any such person.

Under section 78 of the Negotiable Instruments Act, 1881, as a general rule, payment of the amount due on a promissory note, bill of exchange or cheque must in order to discharge the maker or acceptor, be made to the holder of the instrument. Under clause (c) of section 82 of the same, however, if the instrument is payable to bearer, or has been indorsed in blank, and such maker, acceptor or indorser makes payment in due course of the amount due thereon, he is discharged from liability thereon. The effect of the clause is that in the case of instruments payable to

bearer, or which have been indorsed in blank, a payment in due course to the person in possession of the instrument, discharges the liability of the party making the payment to all the parties, though the possessor of the bill is not a holder under the Act.[1]

In section 17 of the Indian Securities Act, the word "holder" appears to have been used in the sense of "possessor" and not in the sense of technical meaning assigned to it under the Negotiable Instruments Act, 1882.

Discharge in other cases.

18. Save as otherwise provided in this Act—

(i) on payment of the amount due on a Government security on or after the date on which payment becomes due, or

(ii) when a duplicate security has been issued under section 10, or

(iii) when a renewed security has been issued under section 12 or section 13, or a new security or securities has or have been issued upon conversion, consolidation or sub-division under section 15,

the Government shall be discharged from all liability in respect of the security or securities so paid or in place of which a duplicate, renewed, or new security or securities has or have been issued—

(a) in the case of payment—after the lapse of six years from the date on which payment was due ;

(b) in the case of a duplicate security—after the lapse of six years from the date of publication under sub-section (3) of section 10 of the list in which the security is first mentioned, or from the date of the last payment of interest on the original security, whichever date is later ;

1. According to section 8 of the Negotiable Instruments Act, 1881, the "holder" of a promissory note, bill of exchange or cheque means any person entitled in his own name to the possession thereof and to receive or recover the amount due thereon from the parties thereto. And, where the note, bill or cheque is lost or destroyed, its holder is the person so entitled at the time of such loss or destruction.

(c) in the case of a renewed security or of a new security issued upon conversion, consolidation or sub-division—after the lapse of six years from the date of the issue thereof.

Discharge of Government securities in other cases—meaning and scope of section 18.

Section 18 of the Act lays down the period of limitation after the lapse of which the Government shall be discharged from all liability in respect of the security in respect of which payment of the amount due on it has been made on or after the date on which payment becomes due, or when a duplicate security has been issued under section 10 or when a new security has been issued under section 12 or section 13, or a new security has been issued upon conversion, consolidation or sub-division under section 15. The period laid down is six years from the date specified in each case.

The effect of section 18 of the Act is that even if the true owner of a promissory note has an enforceable claim against the Government according to the general law of limitation, he cannot enforce such payment after the lapse of six years from the date on which the payment is due under the promissory note. At the same time it does not extend the period of limitation up to the period of six years if the person is otherwise disabled from suing because of the ordinary law of limitation. This section says no more than that when the Government has made a payment due upon a security, it shall be discharged from all liability in respect of the security after the lapse of six years from the date on which the payment was due.[1]

Discharge in respect of interest.

[2][**18.A.** Save as otherwise expressly provided in the terms of a Government security, no person shall be entitled to claim interest on any such security in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of the amount due on such security.]

Summary procedure in certain cases.

Procedure on death of holder of securities not exceeding an aggregate value of five thousand rupees.

19. (1) If within six months of the death of a person who was entitled to a Government security or securities (other than a security payable to bearer) the nominal or face value of which does not in the aggregate exceed five thousand rupees, probate of the

1. *Secretary of State for India in Council* v. *Kunhi Krishna Varma Valia Raja*, A.I.R. 1933 Mad. 376: 142 I.C. 286: 64 M.L.J. 172.

2. Inserted by the Indian Securities (Amendment) Act, 1927 (21 of 1927), s.3.

will or letters of administration of the estate of such person or a certificate granted under the[1] Succession Certificate Act, 1889, is not produced to the prescribed [2][authority], such [2][authority] may, after inquiry in the manner provided in sub-sections (2) and (3) of section 13, determine who is the person entitled to the security or securities or to administer the estate of the deceased, and may—

(a) in the case of any such security relating to a loan due for repayment, authorise payment of the amount due thereon to such persons; and

(b) in the case of any such security relating to a loan not due for repayment, authorise, in the case of a promissory note, the renewal of such promissory note in favour of such peason, or, in the case of stock, the registration of the name of such person in substitution for the name of the deceased.

(2) Upon the payment or renewal of any promissory note in accordance with sub-section (1), the Government shall be discharged from all liability in respect of the note so paid or renewed; and any substitution of names made in accordance with clause (b) of sub-section (1) shall, for the purposes of any claim against the Government, be deemed to have effected a valid transfer of the stock in respect of which it was made.

(3) Any creditor or claimant against the estate of the deceased may recover his debt or claim out of money paid to any person under sub-section (1) and remaining in his hands unadministered in the same manner and to the same extent as if the said person had obtained letters of administration of the estate of the deceased, and nothing in this section shall affect any claim of an executor or administrator or other representative of the deceased against such person other

1. See now the Indian Succession Act, 1925 (39 of 1925).

2. Substituted by the Indian Securities (Amendment) Act, 1937 (28 of 1937), s.6, for "officer".

than a claim to recover amounts lawfully paid by him in due course of administration of the estate of the deceased.

Object of section 19

The object of section 19 is to enable claims in respect of small holdings standing in the names of deceased persons to be expeditiously met. It provides for a summary procedure for settlement of claim on death of holder of securities not exceeding an aggregate value of five thousand rupees.[1]

Prescribed authority

(1) The Reserve Bank of India shall exercise the powers and perform the duties referred to in section 19 of the Act.[2]

(2) In the case of securities held on account of a deceased depositor in the Post Office Savings Bank and kept in the safe custody of the Accountant General, Posts and Telegraphs, the powers and duties referred to in section 19 of the Act shall be exercised by any Postmaster General, Deputy Postmaster-General, Director of Posts and Telegraphs.[3]

Securities held by minors and lunatics

Payment in case of securities held by minors and lunatics.

20. Where a Government security stands in the name of or is held by a minor or a person who is insane and incapable of managing his affairs, the interest accruing thereon, or the capital sum payable in respect thereof on the maturity or discharge of the loan, shall, where, in the case of interest payable, the nominal value of the security, or in other cases the sum payable, does not exceed five thousand rupees, be paid in such manner as may be prescribed, and on any payment being so made, the Government shall, notwithstanding any provision of any enactment to the contrary, be discharged from all liability in respect thereof.

Government securities held by minor or lunatic.

Rule 37 of the Indian Securities Rules (Appendix A) lays down the following procedure in the case of Government securities held by a minor or lunatic:

(1) When a Government security stands in the name of or is held by a minor or a lunatic who is incapable of managing his affairs, interest or the capital sum payable on the maturity of the loan may, where, in the case of interest,

1. See Government Securities Manual, para. 66, p.77 and notes on page 68.
2. Rule 38 of the Indian Securities Rules (Appendix A).
3. *Ibid.*

payable, the nominal value of the security, or in other cases the sum payable, does not exceed five thousand rupees, be paid to the father or, if he be dead, to the mother of such person on the officer making the payment being satisfied as to the identity of the father, or mother, as the case may be.

(2) If such payment be made at a place other than that at which such minor or lunatic and his father or mother ordinarily reside, payment may be made on production of a certificate of identity signed by any Magistrate.

(3) When an applicant for payment is neither the father nor the mother of the minor or lunatic, and when the value of the securities standing in the name of such person does not exceed five thousand rupees, payment may be made on production of a certificate by the District Magistrate, to the effect that the applicant is the actual guardian of such person.

(4) If the value of the securities standing in the name of a minor or lunatic exceeds five thousand rupees, payment shall not be made unless and until the applicant for payment shall have produced evidence to the satisfaction of the officer making payment that he is the legal guardian of such person.

Indemnity

Indemnity.

21. Notwithstanding anything in section 10, 12, 13 or 15 the prescribed[1] [authority] may in any case arising under any of those sections—

(i) issue a duplicate or renewed security or convert, consolidate or sub-divide a security or securities upon the applicant giving the prescribed indemnity against the claims of all persons claiming under the original security or under the security or securities so renewed, converted, consolidated or sub-divided, as the case may be, or

(ii) refuse to issue a duplicate or renewed security or to convert, consolidate or sub-divide a security or securities unless such indemnity is given.

1. Substituted by the Indian Securities (Amendment) Act, 1937 (28 of 1937), s. 6, for "officer

Discretion in issuing duplicate bonds.

The issue of duplicate bonds is discretionary and no liability can be fastened on the Government on the basis of the refusal to issue them.

Construction of section 21—Government Officer when issuing renewed note not exacting security—third party suffering—Government paying damages, whether can be indemnified.

It is a general principle of law that when an act is done by one person at the request of another which act is not in itself manifestly tortuous to the knowledge of the person doing it and such act turns out to be injurious to the rights of a third party, the person doing it is entitled to an indemnity from him who requested that it should be done. The principle is of the widest general application. It is often said to be based on a contract implied by law, the request importing a promise to indemnify the other party against the consequences to him of acting upon the request. But it is merely said that the person is entitled to an indemnity. The fiction of a contract implied by law adds nothing as a matter of law that the party is entitled to the indemnity on the basis that the assertion by the applicant of his request is the offer of a promise to indemnify if the other party acts upon that request to his damage.

There may indeed be cases where the person charged with the statutory duty is also charged with the responsibility or deciding in a judicial or quasi-judicial capacity whether it is proper to exercise the duty in any particular case so that he could not be regarded as acting on the applicant's request, but solely on his own statutory responsibility. Such cases would depend on the particular construction of the particular statutes. There is nothing anomalous in the presence of some element of choice or deliberation on the part of the officer who is the person doing the act, so long as he proceeds on the assertion or claim or direction or evidence of the applicant. Indeed, it is not necessary that the plaintiff (the officer concerned) should have been other than a free agent. He may act on the defendant's request, not under compulsion but of choice. That does not, however, deprive him of the right, if the circumstances are appropriate, to the implied indemnity, though no doubt he may waive the right. Similarly where the duty is statutory aad must be performed if the statutory conditions are fulfilled, the fact that the official may have to see that these conditions fulfilled does not *per se* debar him from saying that he has acted upon the assertion or claim or request of the applicant.

1. *Tulsa Singh V. Secy. of State*, A.I.R. 1929 Lah. 236: 114 I.C. 697

As a matter of construction, it cannot be said that section 21 has not merely the positive effect of giving the special right which it provides for, but has also the negative effect of cutting out the implied right of indemnity undoubtedly existing under the Act of 1886, which embodied the law on this matter until it was repealed and replaced by the act of 1920. A statute is *prima facie* to be construed as changing the law to no greater extent than its words or necessary intendment require. If it had been intended by the insertion of section 21 in the Act of 1920 to abrogate the Common Law indemnity existing under the repealed Act the Legislature would have used word clearly expressing that intention, so as to secure that save us provided by section 21, here should be no right of indemnity. On the contrary, section 21 should be construed as giving an added statutory right which is different from and in no way inconsistent with the Common Law right. That latter right is not complete merely because the officer has acted upon the request; to make it effective it is necessary that a further condition should be fulfilled namely that "the act should turn out to be injurious to the rights of a third party." Thus the Common Law right is required in a case where the officer though satisfied by the applicant when he issues the renewed note of the justice of his claim is wrongly satisfied. Though both he and the applicant are acting in perfect good faith and without suspicion, they may be unconsciously infringing the rights of the true owner of the note, and guilty of converting it. Cases in which the Common Law implies the indemnity are generally cases when the officer would not have thought of demanding an indemnity under section 21. These are mostly, if not always, cases where the risk is due to the fraud of some other person. Section 21, if construed as to exclude the Common Law right, would put the burden of this risk on the Government, unless in every case the officer exacted the statutory indemnity under section 21. This, however, would place a serious and unnecessary burden on the course of renewing the notes which is a practice in constant use and to be facilitated, not obstructed. On the construction, the Common Law indemnity would be operative in the cases, presumably rare on the average, where it turns out eventually to be wanted because of some concealed fraud. On the other hand, the officer would generally exercise the right to require the express indemnity before issuing the renewed note, wherever he can say that he is satisfied, but still he is conscious that there are circumstances of doubt or otherwise which lead him to refuse to issue the renewed note without the express indemnity.

A lady was the indorsee and holder of a Government promissory note. A broker having possession of the note on her behalf, forged her indorsement to it in his favour and

indorsed it for value to the bank of India. The Bank, acting in good faith, applied to the Public Debt Office under the Securities Act, 1920, to have a renewed promissory note payable to them issued in exchange for the note which the Bank gave up in exchange. The Government Officer of the Public Debt Office, while issuing the renewed note, did not exact security under section 21 of the Act. The lady, becoming aware of the fraud, sued the Secretary of State in conversion and recovered the appropriate damages. The Secretary of State then brought an action against the Bank claiming to be indemnified against the loss thus sustained by him on the principle that the Public Debt Office had issued the renewed note at its request and was accordingly entitled to be indemnified against the damage resulting from the fact that what had been done involved an injury to a third party's rights:

Held, that the Secretary of State had a Common Law right to be indemnified by the Bank. This right was not excluded by his failure to exact indemnity under section 21. [1]

Inspection of registers, books and documents

Inspection of documents.

22. No person shall be entitled to inspect, or to receive information derived from, any Government security in the possession of the Government or from any book, register or other document kept or maintained by or on behalf of Government in relation to Government securities or any Government security, save in such circumstances and manner and subject to such conditions as may be prescribed.

See Rules 41 and 42 of the Indian Securities Rules (Appendix A).

Penalty

Penalty.

23. (1) If any person, for the purpose of obtaining for himself or for any other person payment of interest or of the capital sum due in respect of any Government security, or the issue of a duplicate security, or the renewal, conversion, consolidation or sub-division of a Government security or securities, makes to any authority under this Act a statement which is false and which he either knows to be false or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both.

1. *Secretary of State* v. *Bank of India Ltd.*, A. I. R. 1938 P. C. 191: 175 I. C. 327 (P. C.) : 42 C. W. N. 957.

(2) No Court shall take cognizance of any offence under sub-section (1) save on the complaint of the authority to whom the false statement was made.

Rules

Power to make rules.

24. (1) The [1] [Government] may after previous publication make rules[2] to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:--

(*a*) the manner in which payment of interest in respect of Government securities is to be made and acknowledged;

(*b*) the circumstances in which Government securities must be renewed before further payment of interest thereon can be claimed;

(*c*) the form in which and the conditions subject to which Government securities may be issued to the rulers of States in India;

(*d*) the fees to be paid in respect of the issue of duplicate securities and of the renewal, conversion, consolidation and sub-division of Government securities;

(*e*) the proof which is to be produced by persons applying for duplicate securities;

(*f*) the form and manner of publication of the notification mentioned in sub-section (2) of section 10 and the manner of publication of the list mentioned in sub-section (3) of that section:

(*g*) the [3][authority which] is to exercise all

1. Substituted by the Government of India (Adaptation of Indian Laws) Order, 1937, for "Governor-General in Council."

2. For Rules applicable to securities issued by the Central Government, see Appendix A and for Provincial Rules, see other Appendices infra.

3. Substituted by the Indian Securities (Amendment) Act, 1937 (28 of 1937), S. 7, for "officer who".

or any of the powers and to perform al or any of the duties referred to in section: 10, 11, 12, 13, 15, 19 and 21;

(*h*) the manner of making the inquiry mentioned in the proviso to section 12;

(*i*) the circumstances and the manner in which securities other than securities payable to bearer or promissory notes are to be renewed;

(*j*) the form in which securities delivered for discharge, renewal, conversion, consolidation or sub-division are to be receipted;

(*k*) the conditions subject to which securities may be converted, consolidated or subdivided;

(*l*) the person to whom and the manner in which payments are to be made in respect of Government securities standing in the name of, or held by, minors or persons who are insane and incapable of managing their affairs;

(*m*) the taking of indemnities against adverse claims of third parties from persons who receive payment of interest or of the capital sum due in respect of Government securities, or who obtain duplicate, renewed, converted, consolidated or subdivided securities;

(*n*) the manner in which any document relating to Government securities or any indorsement on a Government promissory note may, on the demand of any person who from any cause is unable to write, be executed on his behalf;

(*o*) enabling holders of Government stock to be described in the registers of such stock as trustees, and either as trustees of any particular trust or as trustees without qualification, and for the recognition of

powers of attorney granted by holders of stock so described ;

(*p*) the holding of Government stock by the holders of offices other than public offices, and the manner in which and the conditions subject to which stock so held may be transferred ;

(*q*) the mode of attestation of documents relating to Government stock ;

(*r*) generally, all matters connected with the grant of duplicate, renewed, converted, consolidated and sub-divided securities ;

(*s*) the circumstances and the manner in which and the conditions subject to which inspection of securities, books, registers and other documents may be allowed or information therefrom may be given under section 22.

(3) Nothing in any rule made under clauses (*o*) and (*p*) shall, as between any trustees or as between any trustees and the beneficiaries under a trust, be deemed to authorise the trustees to act otherwise than in accordance with the rules of law applying to the trust and the terms of the instrument constituting the trust ; and neither the Government nor any person holding or acquiring any interest in any Government stock shall by reason only of any entry in any register maintained by or on behalf of the Government in relation to any Government stock or any stockholder, or of anything in any document relating to Government stock, be affected with notice of any trust or of the fiduciary character of any stockholder or of any fiduciary obligation attaching to the holding of any Government stock.

(4) Rules made under this section shall be published in the [1][Official Gazette], and shall thereupon have effect as if enacted in this Act.

For Rules, see Appendix A, *infra*.

1. Substituted by the Government of India (Adaptation of Indian Laws) Order, 1937, for "Gazette of India."

25. [*Repeals.*] *Rep. by the Repealing Act, 1927* (*XII of 1927*), *s. 2 and Sch.*

Provision as to Indian Securities.

[1][**26.** For the avoidance of doubt it is hereby declared that the rights of all persons in relation to Indian securities are to be determined, in connection with all such questions as are dealt with by this Act in relation to Government securities, by the law of British India.]

1. Inserted by the Government of India (Adaptation of Indian Laws) Order, 1937.

APPENDIX A.

RULES UNDER THE INDIAN SECURITIES ACT (X of 1920).

**Government of India, Finance Department, Notification No. D. 2241-F., dated the 18th February, 1935.*

In exercise of the powers conferred by section 24 of the Indian Securities Act, 1920 (X of 1920), and in supersession of the Indian Securities Rules, 1920, the Governor General in Council is pleased to make the following rules, the same having been previously published as required by sub-section (1) of the said section, namely :—

Short title and application.

1. (1) These rules may be called the Indian Securities Rules, 1935. They shall come into force on the 1st April, 1935.

(2) *They shall apply only in the case of securities issued by the Central Government.*

Definitions.

2. In these rules, unless there is anything repugnant in the subject or context,—

(a) "the Act " means the Indian Securities Act, 1920 ;

(aa) " Bank " means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934 ;

(b) " Controller of the Currency " includes any officer who may be appointed from time to time by the Central Government to perform the duties of the Controller of the Currency ;

(c) " District Magistrate " has the same meaning as in the explanation to sub-section (2) of section 13 of the Act ;

(d) " Form " means a Form as set out in the Schedule to these rules ;

(e) " proper demand " means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules ; and

(f) " Public Debt Office " means the office of the Reserve Bank of India on the books of which a Government security is registered.

Rules relating to Stock.

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt

*As amended up to date. See Government of India Finance Department notification No. D-6593-F., dated the 16th September 1937 , No. D-7791-F., dated the 4th November, 1937 , No. D-4397-F-43, dated the 18th August 1943; No. D, 3799—B/44 dated the 20th May 1944.

Office, be made payable at any other Indian or Burman office of the Reserve Bank of India or at any agency thereof conducting Government treasury business or at any treasury or sub-treasury in British India or Burma, or, in a State in India or Burma, at the Head Post Office, if there is no British Indian or Burman treasury, or, if there is no Head Post Office, at any Post Office designated by the Central Government by order in writing in this behalf. The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

Issue of duplicate certificate in case of loss, theft or destruction of original.

4. A duplicate stock certificate may be issued by the Public Debt Office on its being satisfied that the original certificate has been actually lost, stolen or destroyed.

Procedure for conversion, etc.

5. Subject to any general or special instructions of the Bank, the Public Debt Office, may, on the application of the holder of the relevant stock certificate or stock certificates, and on his receipting the same in Form I, II, or III, as the case may be, issue converted, consolidated or sub-divided securities in place thereof.

Recognition of trusts, etc.

6. (1) On a proper demand made by a person in whose name any stock is registered, or by a person into whose name any stock is to be transferred, or by a person who desires to be entered as the proprietor of stock in exchange for promissory notes or bearer bonds held by him, that he may be described in the books of the Public Debt Office with respect to that stock as a trustee, whether as a trustee of the trust specified in the demand or as a trustee without any such qualification, the Public Debt Office may make such entries in its books and in any stock certificate issued in connection therewith as it considers reasonably necessary for the purpose of complying with the demand.

(2) If the demand is made by a person in whose name stock is registered or by a person into whose name stock is to be transferred, the stock certificate must be transmitted to the Public Debt Office with the demand.

(3) Where any transfer deed, power of attorney or other document purporting to be executed by a stock-holder described in the books of the Public Debt Office as a trustee is produced to the Public Debt Office, the Public Debt Office shall not be concerned to inquire whether the stock-holder is entitled under the terms of the trust to give any such power or to execute such deed, or other document, and may act on the transfer-deed, power-of-attorney or document in the same manner as though the stock-holder had not been so described, and whether the stock-holder is or is not described in the transfer-deed, power-of-attorney or document as a trustee, and whether he does or does not purport to execute the transfer-

deed, power-of-attorney or document in his capacity as a trustee.

Recognition of office-holders.

7. (1) On a proper demand made by person who is the holder of an office other than a public office, the Public Debt Office may, in the case of any account of Government stock to be opened and kept with such person, either alone or jointly with other persons, enter the description of such person in its books by the name of his offiee.

(2) Where any person holding any Government stock, whether alone or jointly with other persons, is the holder of any office other than a public office, the Public Debt Office may, on a proper demand made by that person, or in the case of a joint account, by all the stock-holders, close the existing account and open an account with respect to that stock, or alter the existing account, so that it shall become an account under the official description of that person, either alone or jointy with the other stock-holders, according to the terms of the demand, and make such entries in its books as it considers reasonably necessary for the purpose of complying with the demand.

(3) Where accounts have been opened and entries made in accordance with sub-rule (1) or sub-rule (2), the personal name of the office-holder need not be stated in the accounts, and any document relating to the stock concerned may be executed by the person for the time being holding the office described in the account as if his personal name were so stated.

(4) Before acting on any demand purporting to be made, or on any document purporting to be executed, in pursuance of this rule by a person as being the holder of any office, the Public Debt Office may require the production of evidence that such person is the holder for the time being of that office.

Receipt required on discharge of a stock certificate.

8. When a stock certificate is presented for discharge, a receipt shall be taken on the certificate itself or a separate receipt shall be given by the party presenting it.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

Payment of interest.

9. Interest on a Government promissory note shall be paid at any treasury or sub-treasury in India or Burma for payment of interest at which the note has been enfaced, but only on presentation of the note itself and on signature by the payee of a receipt in Form IV. Where, however, interest on a Government promissory note is payable at a place where a Public Debt Office is located, the note shall be presented at the Public Debt Office which shall issue interest warrants in favour of the holder payable at the local office of the Bank.

When receipt for renewal may be required.

10. The holder of any such note may be required to receipt the same for renewal in any of the following cases, and, where such requisition has been made, payment of any further interest on such note may be refused until the note is receipted for renewal and actually renewed, namely :—

(a) If only sufficient room remains on the back of the note for one further endorsement or if any word is written upon the note across any existing indorsement or indorsements ;

(b) if the note is torn or in any way damaged or crowded with writing or unfit, in the opinion of the officer before whom it is produced for payment of interest or for receiving indorsement ;

(c) if any indorsement is not clear and distinct or does not indicate the payee or payees, as the case may be, by name or in the case of office-holders, by office, or is made otherwise than in one of the indorsement cages on the back of the note ;

(d) if the interest on the note has remained undrawn for ten years or more;

(e) if the interest cages on the reverse of the note have been completely filled or if the vacant printed cages on the reverse of the note do not correspond with the half-years for which interest has become due on the date when the note is presented for drawal of interest;

(f) if the note having been enfaced three times for payment of interest is presented for re-enfacement ; and

(g) if, in the opinion of the Public Debt Office, the title of the person presenting the note for payment of interest in irregular or not fully proved.

Report to the Public Debt Office of loss, theft or destruction of promissory note.

11. (1) Every application for the issue of a duplicate note in place of a Government promissory note which is alleged to have been lost, stolen or destroyed, either wholly or in part, shall be addressed to the Public Debt Office, and shall be accompanied by a statement of the following particulars, namely :—

(a) particulars of the note according to the following form :—promissory note for Rs....., No.....of the .....per cent loan of.....;

(b) the last half-year for which interest has been paid ;

(c) the person to whom such interest was paid ;

(d) the person in whose name the note was issued (if known);

(e) particulars of coupons attached (if any);

(f) the place for payment of interest at which the note was for the time being enfaced ;

(g) the circumstances attending the loss, theft or destruction ; and

(h) whether the loss or theft was reported to the police.

(2) Such letter shall be accompanied by—

(a) the Post Office registration receipt for the letter containing the note, if the same was lost in transmission by registered post ;

(b) a copy of the police report, if the loss or theft was reported to the police ;

(c) where the last payment of interest was not made by a warrant issued by the Public Debt Office, a letter signed by the officer of the treasury where interest was last paid, certifying the last payment of interest on the note and stating the name of the party to whom such payment was made ;

(d) if the application is not the registered holder, an affidavit sworn before a Magistrate testifying that the applicant was the last legal holder of the promissory note, and all documentary evidence necessary to trace back the title to the registered holder ; and

(e) any portions or fragments which may remain of the lost, stolen or destroyed note.

(3) A duplicate of the letter to the Public Debt Office, but not of its enclosures, shall also be sent to the treasury where interest is payable.

otification n Gazette.

12. The loss, theft or destruction of a Government promissory note or portion of a Government promissory note shall be further notified by the applicant in three successive issues of the Gazette of India and of the local official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit :—

"Lost" ("stolen" or destroyed" as the case may be)

" The Government promissory note No....., of the ....per cent loan of.....for Rs....., originally standing in the name of....., and last indorsed to ....., the proprietor, by whom it was never indorsed to any other person, having been lost/stolen/destroyed, notice is hereby given that payment of the above note and the interest thereupon has been stopped at the Public Debt Office, and that application is about to be made for the issue of a duplicate in favour of the proprietor. The public are cautioned

against purchasing or otherwise dealing with the above-mentioned security.

Name of person notifying.

Residence."

Issue of duplicate note and making of indemnity.

13. After the publication of the last notification prescribed in Rule 12, the Bank shall, if it is satisfied of the loss, theft or destruction of the note and of the justice of the claim of the applicant, cause the particulars of the note to be included in a list such as is referred to in sub-section (3) of section 10 of the Act, and shall order the Public Debt Office—

(1) if only a portion of the note has been lost, stolen or destroyed, and if a portion of the note sufficient for its identification has been produced, to issue to the applicant, on the execution of an indemnity bond such as is hereinafter mentioned, a duplicate note in place of that of which a portion has been so lost, stolen or destroyed, six months after the date of the publication of the said list, and

(2) if no portion or no sufficient portion of the note so lost, stolen or destroyed has been produced—

(a) to pay to the applicant, two years after the publication of the said list, and on the execution of an indemnity bond in the manner hereinafter prescribed, the interest in respect of the note so lost, stolen or destroyed pending the issue of a duplicate note, and

(b) to issue to the applicant a duplicate note in place of the note so lost, stolen or destroyed six years after the date of publication of the said list ; provided that—

(i) if the date on which the note is due for repayment falls earlier than the date on which the said period of six years expires, the Bank shall, within six weeks of the former date, invest the principal amount due on the note in the Post Office Savings Bank unless, before the expiry of such period, the applicant has made a specific request for the investment of the amount in securities of any of the current rupee loans of the Central Government maturing not earlier than the date on which the duplicate is due for issue, and in that case, shall invest the amount in such securities, and deposit the balance, if any, left after such investment in the Post Office Savings Bank. It shall repay the amount invested in the Post Offic Savings Bank, together with any interest which may have accrued thereon and, if any investment has been made in Government securities, shall deliver such securities, together with the interest accrued thereon, to the applicant at

the time when a duplicate note would otherwise have been issued, and

(ii) if at any time before the issue of the duplicate note the original note is discovered or it appears to the Public Debt Office for other reasons that the order should be rescinded, the matter shall be referred to the Bank for further consideration and in the meantime all action on the order shall be suspended.

*(3) if the note has been lost by enemy action, to issue to the applicant on the execution of an indemnity bond as is hereinafter mentioned, a duplicate note immediately after the date of the publication of the said list.

NOTES

(A person cannot claim interest after the date fixed for repayment by merely delaying presentation of his bond. Rule 13 (2) applies only in the case of promissory notes which are lost or destroyed and when payment has to be made on the basis of such loss or destruction, and not when the bonds were missing for a time and were eventually found and presented for payment. *Tulsa Sing* v. *Secretary of State*, A. I. R. 1929 Lah. 236.)

Alteration of order, etc.

14. A provisional order passed under sub-rule (2) of Rule 13 shall, on the expiry of the six years referred to therein, become final ; provided that the Bank may, at any time prior to the issue of a duplicate note, if it finds sufficient reason, alter or cancel any such order, and may also direct that the interval before the issue of a duplicate note shall be extended by such period not exceeding six years, as it may think fit.

Indemnity bonds.

15. (1) Indemnity bonds—

(a) when executed under sub-rule (2) (a) of Rule 13 shall be for twice the amount of the interest involved, that is to say, twice the amount of all back interest acrrued due on the note plus twice the amount of all interest to accrue due thereon during the period which will have to elapse before the issue of a duplicate note can be made, and

(b) in all other cases shall be for twice the face value of the note plus twice the amount of interest calculated in accordance with clause (a).

(2) The Bank may direct that such indemnity bond shall be executed by the applicant alone or by the applicant and one or two sureties as it may think fit, or that in lieu of furnishing personal sureties the applicant shall furnish collateral security

* Added by Government of India Finance Department, notification No. D. 4397-F-43, dated the 18th August 1943.

in the shape of Government securities to be deposited with it for such amount and period as it may think fit.

(b) *Rules retating to Treasury Bills.*

Report of the loss, theft or destruction of treasury bill.

16. (1) Every application regarding a treasury bill alleged to have been lost, stolen or destroyed, either wholly or in part, shall be addressed to the office or agency of the Bank which issued it, and shall be accompanied by a registration fee of Re. 1 per treasury bill and a statement of the following particulars, namely:—

(i) particulars of the number and value of the treasury bill;

(ii) the circumstances attending the loss, theft or destruction; and

(iii) whether the loss or theft was reported to the police.

(2) The application shall be accompanied by—

(a) the Post Office registration receipt for the letter containing the treasury bill, if lost in transmission by post;

(b) a copy of the police report, if the loss or theft was reported to the police;

(c) an affidavit sworn before a magistrate testifying that the claimant was the last legal holder of the treasury bill; and

(d) any portions or fragments which may remain of the lost, stolen or destroyed treasury bill.

Notification in Gazette.

17. The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue each of the Gazette of India and of the local official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following, or as nearly in such form as circumstances permit:—

"Lost" ("stolen" or "destroyed" as the case may be)

"The Treasury Bill No.....for Rs....., issued on .....and maturing after a period of..... months, having been lost/stolen/destroyed, notice is hereby given that application is about to be made for payment of the value of the said Treasury Bill in favour of the undersigned.

Name of person notifying.

Residence."

Payment of amount due.

18. (1) After the publication of the notifications prescribed in Rule 17, the Bank shall, if it is satisfied of the loss, theft or destruction of the treasury bill and of the justice of the claim of the applicant, cause the particulars of the treasury

bill to be included in a list such as is referred to in sub-section (3) of section 10 of the Act, and may authorise the office of issue to pay immediately, or, if the bill has not matured in the meanwhile, on the date of its maturity, the value of the bill to the applicant on the execution of an indemnity bond such as is hereinafter mentioned, provided that, if for any reason the bank holds that payment of the value of the treasury bill as above would involve risk of loss to Government, it may withhold payment thereof, and in that case shall, within six weeks of the date of its decision to withhold payment or of the date of maturity of the treasury bill alleged to have been lost, stolen or destroyed, whichever date is later, invest the amount of the treasury bill in the Post Office Savings Bank unless, before the expiry of such period, the applicant has made a specific request for the investment of the amount in securities of any of the current rupee loans of the Central Government maturing not earlier than the date on which the amount is due for payment, and in the case the Bank shall invest the amount in such securities and deposit the balance, if any, left after such investment in the Post Office Savings Bank. The Bank shall repay the amount invested in the Post Office Savings Bank, together with any interest which may have accrued thereon and, if any investment has been made in Government securities, shall deliver such securities, together with the interest accrued thereon, to the applicant on the expiry of six years from the date of application in the list mentioned above.

(2) The indemnity bond referred to in sub-rule (1) above shall be for twice the value of the treasury bill. The Bank may direct that such indemnity bond shall be executed by the applicant alone or by the applicant and one or two sureties or that in lieu of furnishing sureties the applicant shall deposit with it collateral security in the shape of Government securities for such amount and period as it may think fit.

(c) *General.*

Publication of list.

19. (1) The list referred to in rules 13 and 18 (1) shall be published half-yearly in the Gazette of India in the months of January and July, or as soon afterwards as may be convenient.

(2) All Government promissory notes and treasury bills in respect of which an order has been passed under Rule 13 or Rule 18 (1), as the case may be, shall be included in the first list published next after the passing of such order and thereafter such notes and treasury bills shall continue to be included in every succeeding list until the expiration of six years from the date of first publication.

(3) The list shall contain the following particulars regarding each note (other than a treasury bill) included therein, namely, the name of the loan, the number of the note, its

value, the name of the person to whom it was issued, the date from which it bears interest, the name of the applicant for a duplicate, the number and date of the order passed by the Bank for payment of interest or issue of a duplicate, and the date of publication of the list in which the note was first included and similar particulars shall, as far as possible, be given regarding each treasury bill included in the list.

Form of receipt for renewal, consolidation etc.

20. (1) Subject to any general or special instructions of the Bank, the Public Debt Office may, on the application of the holder,

(a) renew, sub-divide or consolidate a Government promissory note or notes (not being a treasury bill or treasury bills), provided that the note or notes has or have been receipted in Form V, VII or VIII, as the case may be, or

(b) convert the note or notes into a stock certificate, provided that the note or notes has or have been endorsed, "Pay to the Governor-General of India in Council," or

(c) convert the note or notes into bearer bonds provided that the note or notes has or have been endorsed in Form IX.

(2) Subject to any general or special instructions of the Bank, the office or agency which issued a treasury bill may, on the application of the holder thereof, renew it provided that the treasury bill has been receipted in Form VI.

* Proviso for renewal of promissory notes held by managing member of Hindu joint family subject to Mitakshara Law.

*21. The certificate required under the proviso to section 12 of the Act shall be a certificate signed by the District Magistrate after such enquiry (if any) as may in his opinion be necessary to determine the matters in question referred to therein.

Prescribed officer in case of dispute as to title.

22. (1) The Bank shall exercise the powers and perform the duties referred to in section 13 of the Act.

(2) Any declaration made under clause (c) of sub-section (1) of that section shall be published in three successive issues of the Gazette of India and the local official Gazette, as soon as possible after the date on which the declaration is made.

Receipt required on discharge of a promissory note.

23. When a promissory note is presented for discharge, a receipt shall be taken on the note itself.

Rules relating to Interest-bearing Bearer Bonds

Payment of interest.

24. Interest on a bearer bond shall be paid to any person who presents the coupon entitling him to such interest at the Public Debt Office or the treasury in India or Burma at which the bond is registered for payment of interest.

Report to the Public Debt Office of loss, theft or destruction of bearer bond.

25. (1) Every application for the issue of a duplicate bond in place of a bearer bond which is, or the coupons of which are, alleged to have been lost, stolen or destroyed, or which is alleged to have been lost, stolen or destroyed together with its coupons, shall be addressed to the Public Debt Office, and shall be accompanied by a registration fee of Re. 1 per bond and a statement of the following particulars, namely:—

(1) particulars of the number and value of the bearer bond and the loan to which it belongs;

(2) particulars of coupons alleged to have been lost or in the possession of the claimant, as the case may be;

(3) the name of the Public Debt Office or treasury at which the bond has been registered for payment for interest;

(4) the circumstances attending the loss, theft or destruction; and

(5) whether the loss or theft was reported to the police.

(2) Such letter shall be accompanied by—

(a) the Post Office registration receipt for the letter containing the bearer bond or coupons, or both, if lost in transmission by registered post;

(b) a copy of the police report, if the loss or theft was reported to the police;

(c) where the last payment of a coupon with regard to the bond was not made by the Public Debt Office, a letter signed by the officer of the treasury at which interest was last paid, certifying the last payment of such coupon;

(d) an affidavit sworn before a Magistrate testifying that the applicant was the last legal holder of the bearer bond; and

(e) any portions or fragments which may remain of the lost, stolen or destroyed bearer bond or coupons, or both.

(3) A duplicate of the letter to the Public Debt Office, but not of its enclosures, shall also be sent to the treasury at which the bond is registered for payment of coupons.

Notification in Gazette.

26. The loss, theft or destruction of a bearer bond or coupons, or both, shall be further notified by the applicant in three successive issues of the Gazette of India and of the local official Gazette, if any, of the place where the loss, theft or destruction

occurred. Such notification shall be in the form following or as nearly in such form as circumstances permit:—

"Lost" ("stolen" or "destroyed" as the case may be).

"The $\frac{\text{bearer bond No.}}{\text{coupons relating to bearer bond No.}}$ of the... per cent loan $\frac{\text{(together with coupons or without coupons) for Rs.}}{\text{for Rs.}}$

having been lost/stolen/destroyed, notice is hereby given that application is about to be made to the Public Debt Office for the issue of a duplicate in favour of the undersigned.

Name of person notifying.

Residence"

Issue of duplicate on indemnity when bond only lost, stolen or destroyed.

27. Where a bearer bond is reported to be lost, stolen or destroyed, and the coupons are in the possession of the person claiming to be the owner of the bond and coupons, the Bank shall, on the expiry of six months from the date of the last notification prescribed in rule 26, if satisfied that the bond has been lost, stolen or destroyed, cause the particulars of the bond so lost, stolen or destroyed to be included in a list such as is referred to in sub-section (3) of section 10 of the Act, and shall order the Public Debt Office to issue to the applicant a duplicate bond with coupons and to pay the amount of any coupons which may be due on the execution of an indemnity bond taken for twice the value of the bond lost, stolen or destroyed and on the surrender of the unpaid coupons of the original bond.

Issue of duplicate on indemnity when both bond and coupons lost, stolen or destroyed.

28. Where both a bearer bond and its coupons are reported to be lost, stolen or destroyed, the Bank shall, on the expiry of two years from the date of the last notification prescribed in rule 26 if *prima facie* grounds exist for believing that the bond and coupons have been lost, stolen or destroyed, and that the claim of the applicant is just, cause the particulars of the bond and coupons so lost, stolen or destroyed to be included in a list such as is referred to in sub-section (3) of section 10 of the Act, and shall pass a provisional order requiring the Public Debt Office, on the expiry of six years from the date of publication, as hereinafter provided, of the list in which the lost, stolen or destroyed bond and coupons are first included and on the execution of an indemnity bond taken for twice the value of the bond and twice the value of the coupons due for payment, unless reasons to the contrary appear (in which case the matter shall be referred back to the Bank)—

(a) to issue to the applicant a duplicate bond with coupons, and

(b) to pay the amount of any coupon which may be due:

Provided that, if the date on which the bearer bond is due for repayment falls earlier than the date on which the period of six years prescribed in this rule expires, the Bank shall, within six weeks of the former date, invest the amount of the bond in the Post Office Savings Bank, and shall repay this amount, together with any interest which may have accrued thereon in such Bank, to the applicant at the time when a duplicate bond would otherwise have been issued.

Issue of duplicate on indemnity when coupons only lost, stolen or destroyed.

29. Where the coupons only of a bearer bond are reported to be lost, stolen or destroyed, the Bank shall, on the expiry of two years from the date of the last notification prescribed in rule 26, if *prima facie* grounds exist for believing that the coupons have been lost, stolen or destroyed, and that the claim of the applicant is just, cause the particulars of the coupons so lost, stolen or destroyed to be included in a list such as is referred to in sub-section (3) of section 10 of the Act, and shall pass a provisional order requiring the Public Debt Office, on the expiry of six years from the date of publication, as hereinafter provided, of the list in which the lost, stolen or destroyed coupons are first included and on the execution of an indemnity bond taken for twice the value of the coupons due for payment and unless reasons to the contrary appear (in which case the matter shall be referred back to the Bank)—

(a) to issue to the applicant a duplicate bond with coupons, and

(b) to pay the amount of any coupons which may be due.

Alteration of order etc.

30. A provisional order passed under rule 28 or rule 29 shall, on the expiry of the six years referred to in these rules, become final :

Provided that the Bank may at any time prior to the issue of a duplicate bond, if it finds sufficient reasons, alter or cancel any such order and may also direct that the interval before the issue of a duplicate bond shall be extended by such period, not exceeding six years, as it thinks fit.

Indemnity bonds.

31. In making any order under rule 27, 28 or 29 the Bank may direct that the indemnity bond be executed by the applicant alone or by the applicant and two sureties as the Bank may think fit.

Publication of List.

32. (1) The list referred to in rules 27, 28 and 29 shall be published half-yearly in the Gazette of India in the months of January and July, or as soon afterwards as may be convenient.

(2) All bearer bonds and coupons in respect of which an order has been passed under any of those rules shall be included in the first list published next after the passing of

such order and in every succeeding list until the expiry of six years from the date of first publication or from the date of the last payment of a coupon whichever is the later date.

(3) The list shall contain the following particulars in the case of each bond included therein, namely, the name of the loan, the number of the lost bearer bond, its value, the dividend numbers and dates of the lost coupons, if any, the name of the applicant for a duplicate, and the date of publication of the list in which the bond was first included

Prescribed officer for renewal, conversion, etc.

33. Subject to any general or special instructions of the Bank, the Public Debt Office may, on the application of the holder, renew, convert, sub-divide or consolidate a bearer bond or bearer bonds.

Receipt not required on discharge, etc., of a bearer bond.

34. When a bearer bond is presented for discharge, renewal, conversion, sub-division or consolidation, no receipt shall be required.

* *Rules relating to Prize Bonds.*

34A. The amount of any prize drawn in respect of a Prize Bond shall be paid to the person who presents such prize bond at any office authorised by Government as an office of issue at the time when the loan to which the prize bond belongs was open to subscription, after his claim has been admitted by the Bank.

34B. (1) Every application for the issue of a duplicate bond in place of a Prize Bond which is alleged to have been lost, stolen or destroyed shall be addressed to the Public Debt Office and shall be accompanied by a registration fee of Re. 1 per bond and a statement of the following particulars, namely:—

(i) particulars of the number and value of the Prize Bond and the loan to which it belongs;

(ii) the name of the office at which the bond was purchased;

(iii) the circumstances attending the loss, theft or destruction; and

(iv) whether the loss or theft was reported to the police.

(2) Such application shall be accompanied by:—

(a) Post Office registration receipt for the letter containing the Prize Bond, if lost in transmission by registered post;

(b) a copy of the police report if the loss or theft was reported to the police;

(c) an affidavit sworn before a Magistrate testifying that the applicant was the last legal holder of the Bond; and

*Not. No. D 3799-B/44, dated the 20th May, 1944 adding Rules 34A to 34I.

(d) any portions or fragments which may remain of the lost, stolen or destroyed Prize Bond.

34C. The loss, theft or destruction of a Prize Bond shall be further notified by the applicant in the *Gazette of India* and the local official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification shall be published in such issues of each Gazette, not exceeding three in the case of each, as may be directed by the Bank and shall be in the form following or as nearly in such form as circumstances permit:—

"Lost" ("Stolen" or "Destroyed" as the case may be)

"The Prize Bond No. of the loan for the face value of Rs. having been lost/stolen/destroyed, notice is hereby given that application is about to be made to the Public Debt Office for the issue of a duplicate in favour of the undersigned.

Name of the person notifying

Residence

34D. Where a Prize Bond is reported to be lost, stolen or destroyed, the Bank shall, on the expiry of two years from the date of the last notification prescribed in rule 34C, if *prima facie* grounds exist for believing that the bond has been lost, stolen or destroyed and that the claim of the applicant is just, cause the particulars of the bond so lost, stolen or destroyed to be included in a list such as is referred to in sub-section (3) of section 10 of the Act and shall pass a provisional order requiring the Public Debt Office, on the expiry of six years from the date of the publication, as hereinafter provided, of the list in which the lost, stolen or destroyed Bond is first included and on the execution of an indemnity bond taken for twice the value of the Bond, and unless the reasons to the contrary appear (in which case the matter shall be referred back to the Bank) to issue to the applicant a duplicate Bond:

Provided that, if any prize is drawn but not paid in respect of a Prize Bond which is alleged to be lost, stolen or destroyed, the amount of such prize shall be invested in such Government Securities as the Bank may deem fit and such securities shall be transferred to the applicant, at the time when the duplicate bond is issued, on the execution of an indemnity bond taken for twice the amount of the prize money.

34E. A provisional order passed under rule 34D shall, on the expiry of the six years referred to in that rule, become final:

Provided that the Bank may at any time prior to the issue of a duplicate Bond, if it finds sufficient reasons, alter or

cancel any such order, and may also direct that the interval before the issue of a duplicate bond shall be extended by such period, not exceeding six years, as it thinks fit.

34F. In making any order under rule 34D the Bank may direct that the indemnity bond be executed by the applicant alone or by the applicant and two sureties as the Bank may think fit.

34G. (1) The list referred to in rule 34D shall be published half-yearly in the *Gazette of India* in the months of January and July or as soon afterwards as may be convenient.

(2) All Prize Bonds in respect of which an order has been passed under Rule 34D shall be included in the first list published next after the passing of such an order and every succeeding list until the expiry of six years after the date of the first publication.

(3) The list shall contain the following particulars in the case of each bond included therein, namely, the name of the loan, the number of the Prize Bond lost, stolen or destroyed, its value, the name of the applicant for duplicate, and the date of the publication of the list in which the Bond was first included.

34H. Subject to any general or special instructions of the Bank, the Public Debt Office may, on the application of the holder, renew any Prize Bond.

34I. Where a Prize Bond is presented for discharge or renewal, no receipt shall be required."

General

Fees.

35. The following fees shall be paid in respect of applications under sections 10, 12 and 15 of the Act, namely :—

For each renewed, converted, consolidated, sub-divided or duplicate security, 4 annas per cent, if the new security does not exceed in amount Rs. 400, and Re. 1 if the new security exceeds that sum :

Provided that no fee shall be payable—

(*a*) in respect of the conversion of a Government promissory note or a bearer bond into stock certificate, and,

(*b*) in respect of the renewal of a note which bears no indorsement other than an indorsement by the Reserve Bank of India, the Imperial Bank of India (or one of the banks constituted by the Presidency Banks Act, 1876), the Controller of Currency, his Deputy or Assistant, or an Accountant General, his Deputy or Assistant, or an Assistant Accounts Officer, Posts and Telegraphs, and the renewal indorsement, when such renewal is requir-

ed only on account of there being no further space on the note in which to record payment or enfacement for payment of interest.

ndemnity bonds.

36. An indemnity bond taken on the issue of a renewed, converted, consolidated or sub-divided security shall be, as nearly as may be, in Form X. It shall be for twice the amount of the security or securities, as the case may be, and shall be executed by the applicant alone or by the applicant and one or two sureties, as may be directed. The applicant may also be allowed to deposit, for such amount and period as may be considered fit, collateral security in the shape of Government securities instead of furnishing personal sureties.

Special procedure in certain cases

iovernment securities held by minor or lunatic.

37. (1) When a Government security stands in the name of or is held by a minor or a lunatic who is incapable of managing his affairs, interest or the capital sum payable on the maturity of the loan may, where, in the case of interest payable, the nominal value of the security or in the other cases the sum payable, does not exceed five thousand rupees be paid to the father or, if he be dead, to the mother of such person on the officer making the payment being satisfied as to the identity of the father, or mother, as the case may be.

(2) If such payment be made at a place other than that at which such minor or lunatic and his father or mother ordinarily reside, payment may be made on production of a certificate of identity signed by any magistrate.

(3) When an applicant for payment is neither the father nor the mother of the minor or lunatic, and when the value of the securities standing in the name of such person does not exceed five thousand rupees payment may be made on production of a certificate by the District Magistrate, to the effect that the applicant is the actual guardian of such person.

(4) If the value of the securities standing in the name of a minor or lunatic exceeds five thousand rupees, payment shall not be made unless and until the applicant for payment shall have produced evidence to the satisfaction of the officer making payment that he is the legal guardian of such person.

Small holdings of deceased persons.

38. (1) The Bank shall exercise the powers and perform the duties referred to in section 19 of the Act.

(2) In the case of securities held on account of a deceased depositor in the Post Office Savings Bank and kept in the safe custody of the Accountant General, Posts

and Telegraphs, the powers and duties referred to in section 19 of the Act shall be exercised by any Postmaster General, Deputy Postmaster General or Director of Posts and Telegraphs.

When maker of a document is unable to write.

39. (1) If any person by whom any document relating to a Government security is to be executed, or by whom an indorsement is to be made on a promissory note, satisfies a Magistrate that he is for any reason unable to write and that the effect of the document or indorsement is fully understood by him, and that he is the person whom he represents himself to be, such Magistrate may, at the request of that person and subject to the provisions of this rule, execute the document or sign the indorsement on his behalf.

(2) Where any such document is to be executed or indorsement signed by a Magistrate under this rule on behalf of any person, the Magistrate shall execute the document or sign the indorsement in the presence of that person, and shall enter below his own signature a certificate to the effect that the document was executed, or the indorsement signed, as the case may be, at the request of that person after having been previously read over to the latter, and that he is satisfied that the effect of the document or indorsement is fully understood by such person.

Special securities to Ruling Princes.

40. (1) Government securities may be issued to the ruler of a State in India, at his request in Form XI, provided that—

(*a*) the ruler has been admitted to this privilege by order of the Central Government, and

(*b*) the total amount for which the ruler applies is not less than Rs. 50,000.

(2) Notes issued in accordance with sub-rule (1) shall be in the name of the ruler and his successors and property in them, save as otherwise provided, shall devolve by succession.

(3) Any such note may be negotiated by indorsement by the ruler of the state for the time being.

(4) The transferee of any such note shall not be capable of negotiating or drawing interest on the same when so transferred, but shall be entitled on surrender to the Public Debt Office of the note or notes so transferred to obtain therefrom Government securities of a like denomination and amount.

Application for information.

41. (1) Any person, requiring information regarding a Government security in the custody of the Public Debt Office may apply to that office in writing, stating the form in which the information is required.

(2) Every such application shall state with precision the particulars (namely, the number, date of interest, loan to which it belongs and the face value) of the security and shall contain a statement of the purpose for which the information is required and of the interest of the applicant in the security. If any of the above particulars are not known to the applicant, the Bank may, on application being made to it, direct the Public Debt Office, at its discretion to supply the required particular or particulars, if available, to the applicant subject to such conditions and on payment of such fees, if any, as it may prescribe.

Disposal of application.

42. The following provisions shall be observed in dealing with applications under rule 41 :—

(1) If the application relates to a security which has been renewed, converted, consolidated or subdivided or asks for inspection from any register or book kept or maintained in the Public Debt Office, the application shall be refused.

(2) If the application asks for inspection of a security which has been cancelled on payment of the amount due in respect thereof, it shall be referred to, and disposed of under the orders of the Bank.

(3) In any other case the Public Debt Office may, subject to the provisions hereinafter contained, grant a certified copy of any indorsement on a security or of any entry in any register or book maintained by that office relating to any security, on being satisfied that the security in question has stood in the name of the applicant or of a person in whom the applicant has a representative interest, and further that the applicant has a *bona fide* interest in the security in respect of which the application is made.

Provided that if the security has been cancelled on payment of the amount due in respect thereof, no copy of any indorsement thereon shall be granted which purports to give a title subsequent to the termination of the applicant's interest in the security.

(4) The Public Debt Office may, under a special order of the Bank, supply any information regarding a security referred to in clause (3) which is directed to be supplied by such an order.

43. (1) Every applicant shall before any information is supplied to him under rule 41 or rule 42 pay a fee of Re. 1 for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in Form XII for twice the value of the security or securities involved and the interest paid thereon since the date of issue. Fees.

(2) A fee of Re. 1 shall be paid for each certified copy granted under rule 42.

THE SCHEDULE

[*See rule 2 (d)*]

FORM I.

(*See rule 5*)

Form of Indorsement for conversion of Stock Certificates into Bearer Bonds/Promissory Notes.

Received in lieu of this stock certificate, bearer bonds/ promissory notes of Rs. each (*together with a new stock certificate for the balance amounting to* Rs.) with interest payable at Treasury.

registered holder.

Signature of the ——————

his duly authorised representative.

FORM II.

(*See rule 5*)

Form of Indorsement for consolidation of Stock Certificates.

Received in lieu of stock certificates Nos. for Rs. respectively of the per cent. loan of a stock certificate for Rs. of the per cent. loan of with interest payable at Treasury.

registered holder

Signature of the ——————

his duly authorised representative

FORM III.

(*See rule 5*)

Form of Indorsement for sub-division of a Stock Certificate.

Received in lieu of this stock certificate stock certificates for Rs. respectively of the per cent loan of with interest payable at Treasury.

registered holder

Signature of the ——————

his duly authorised representative.

FORM IV.

(See rule 9)

Receipt for interest on Government Promissory Notes.

Per cent. loan of .....

Received from the Government Treasury at ..... interest due on Promissory Notes as follows :—

No. of Note. *N. B.*—If the number is in a fractional form, the upper No. only need be quoted.	Amount of each Note.	Amount of half yearly interest.			For how many half years interest is due.	Total amount due.			Date up to which interest is due.	Name of holder of notes.
	Rs.	Rs.	a.	p.		Rs.	a.	p.		
							—	—		
					Total ..					
					Deduct— Income tax at pies. ..					
							—	—		
					Net amount payable..					

Total received (in words) ..... Signature .....

(State whether holder or holder's attorney or administrator)

FORM V.

[*See rule 20 (1) (a)*]

Form of Indorsement for renewal of a Promissory Note.

Received in lieu hereof a renewed note payable to (*name of holder*), with interest payable at Treasury.

Holder

Signature of the

duly authorised representative of (*name of holder*)

FORM VI.

[*See rule 20 (2).*]

Form of Indorsement of the renewal of a Treasury Bill.

Received in lieu hereof a renewed Treasury Bill payable to

holder

Signature of the

duly authorised representative of (*name of holder*)

FORM VII.

[*See rule 20 (1) (a).*]

Form of Indorsement for sub-division of a Promissory note.

Received in lieu hereof notes for Rs. respectively payable to (*name of holder*), with interest payable at Treasury.

holder

Signature of the

duly authorised representative of (*name of holder*).

FORM VIII.

[*See rule 20 (I) (a).*]

Form of Indorsement for consolidation of Promissory Notes.

Received in lieu hereof a new note payable to (*name of holder*) for Rs. by consolidation with promissory note or notes Nos. (*mentioning the numbers and amounts of the other notes desired to be consolidated with it and specifying the loan*) with interest payable at Treasury.

holder.

Signature of the duly authorised representative of (*name of holder*)

FORM IX.

[*See rule 20 (I) (c).*]

Form of Indorsement for conversion of Promissory Notes into Bearer Bonds.

Received in lieu hereof and of notes numbers in the loan of of the value of Rs. a bearer bond (or bonds) of Rs. each amounting to Rs.

with interest payable at Treasury.

holder

Signature of the duly authorised representative of (*name of holder*)

FORM X.

(*See rule 36*),

The obligor and his sureties are the parties.

Know all men by these presents that we are held and firmly bound to THE RESERVE BANK OF INDIA, PUBLIC DEBT OFFICE, CALCUTTA, in the sum of Rupees of lawful money of British India to be paid to the said Reserve BANK OF INDIA, PUBLIC DEBT OFFICE, CALCUTTA, or to the said Bank's certain attorneys, successors or assigns for which payment to be well and truly made we bind ourselves and each of us our and each of our heirs, executors, administrators and representatives and every of them jointly and severally by these presents sealed with our respective seals. Dated this day of 19 .

Whereas a certain promissory note or security of the Government of India, No. of the per cent. Loan of for Rs. , dated the day the 19 , were drawn by the order and under the authority of the then Governor General of India in Council in favour of one And whereas the said has applied to the said RESERVE BANK OF INDIA, PUBLIC DEBT OFFICE, CALCUTTA, to renew the said promissory note or security in favour and in proper name which the said RESERVE BANK OF INDIA, PUBLIC DEBT OFFICE, CALCUTTA, have consented and agreed to do on the said with two good and sufficient sureties entering into and executing the above written bond or obligation subject nevertheless to the condition hereunder written and whereas the above bounden at the request of the said have agreed to become sureties for and to join with in executing the abovewritten bond or obligation. Now the condition of the abovewritten bond or obligation is such that if the above bounden and each of them their and each of their heirs, executors, administrators or representatives or any or either of them shall from time to time and at all times hereafter well and effectually save defend keep harmless and indemnified the Governor General of India in Council and the said Reserve Bank of India, Public Debt Office, Calcutta, and their lands tenements goods chattels and effects of from and against the issue of the renewed note or security in lieu and place of the said promissory note or security of the Government of India, No. of the per cent. loan of for Rupees dated the day of 19 , and standing in the name of and also from the payment of all interest which has accrued due thereon and shall from time to time hereafter accrue due thereon and also of from and against all and all manner of actions suits claims and demands whatsoever which may be instituted commenced or prosecuted or made upon or against the Governor General of India in Council and the said Reserve Bank of India, Public Debt Office, Calcutta, by any person or persons whomsoever being or claiming to be entitled thereto or for or on account or under colour of the said promissory note or security or of such renewed note or security as aforesaid or the interest now due and from time to time hereafter accruing due thereon respectively and of from and against all loss costs charges and expenses whatsoever which the Governor-General of India in Council and the said Reserve Bank of India, Public Debt Office, Calcutta, shall sustain, incur, or be put to by reason or for or on account or under colour of the renewal of such promissory note or security or for or on account or under colour of the non-payment of such promissory note or security or of the interest now due or hereafter to

Here recite facts and defects in indorsements.

accrue due thereon to any person or persons being or claiming to be entitled thereto or for or on account or by reason of these presents then the abovewritten bond or obligation shall be void and of no effect but otherwise the same shall remain in full force and virtue

Signed, sealed and delivered.

FORM XI.

(*See rule 40*).

Form of special Notes issued to Rulers of States in India.

Government . per cent. loan of

Rs. At per cent.

Of (*name of loan*) *Public Debt Office*

The Governor General of India in Council hereby promises to Pay

To His Highness the Raja of , or his successor the Raja of , for the time being, at the General Treasury at Fort William on (*here state the date or discharge of the loan*) Rupees and to pay to the said Raja and His Successors Rajas of for the time being, at the General Treasury above mentioned interest on such sum from the to the date on which the same shall become payable as aforesaid at the rate of per cent. per annum such interest to be paid by equal half-yearly payments on the and on the in every year. Provided always that the said principal sum of Rupees or any part thereof and the right to receive the same and the interest thereon as aforesaid may at any time be transferred absolutely by the Raja for the time being entitled to receive the interest thereon and the Governor General of India in Council hereby agrees on surrender of this special note to issue to the said Raja or any of His Successors Raja of , for the time being and holder of this note, promissory notes of the per cent. Loan of in the usual form for the whole or part of the said principal sum according to the request of the Raja making the surrender and any transferee or transferees under the power aforesaid, promissory notes of the same Loan in the usual form for the amount transferred and to the said Raja a special note in this form for any balance thereof not represented by the notes so issued.

Rs. dated the day of No. 19

Superintendent,

(Public Debt Office),

Secretary to the Government of India.

FORM XII.

(*See rule 43*)

Form of Indemnity Bond.

Know all men by these presents that I/we

am/are held and firmly bound unto the Governor-General of India in Council in the sum of* Rupees of lawful money of British India to be paid to the said Governor-General in Council his certain attorney successors or assigns for which payment well and truly to be made I/we bind myself/ourselves my/our heirs executors, administrators and representatives (jointly and every two of us bind ourselves our heirs executors administrators and representatives jointly and each of us binds himself herself his and her heirs executors administrators and representatives severally) firmly by these presents sealed with my/our respective seal (s). Dated this day of in the Christian year one thousand nine hundred and and I/each of us the said do/doth hereby for myself/himself/herself and my/his and her heirs executors administrators and representatives covenant with the said Governor-General in Council his successors and assigns that if any suit shall be brought touching the subject matter of this obligation or the condition hereunder written in any Court subject to the superintendence of the High Court of judicature at Fort Williams in Bengal other than the said High Court in its Ordinary Original Civil Jurisdiction the same may at the instance of the said Governor-General in Council be removed into tried and determined by the said High Court in its Extraordinary Original Civil Jurisdiction.

* Double the amount of the notes and interest thereon since the respective dates of issue.

(To be omitted if bond taken from one person only.

Whereas the above bounden claims to be entitled to the several Government promissory notes specified and set forth in the schedule hereunder written and has caused to be represented to the said Governor-General in Council that the said Government promissory notes have been And whereas the said has/have applied to the said Governor-General in Council for an inspection of the said notes and also for all other information and particulars respecting the said notes and whereas the Reserve Bank of India (acting in the premises for and on behalf of the said Governor-General in Council) has agreed to give inspection of the said notes and to afford to the said all information and particulars affecting the said notes on condition of the said entering into and executing such bond as above written with such conditions as hereunder is written.

Here state in what capacity claim to the notes is made.

Set out representation made concerning the notes.

(To be omitted if the security in question was issued on or after 1st April 1937.)

Now the condition of the abovewritten bond or obligation is such that if the said heirs executors administrators and representatives shall not and will not at any time hereafter sue the said Governor General in Council his successors in office or assigne (or the Secretary of State for India) or any agent employed by or officer or servant of the Government for or in respect of the said notes or the renewal or sub-division thereof or for the recovery of the value thereto or of any interest thereon or of anything done by the said Secretary of State in Council or his agents or servants in relation thereto and also shall and will save harmless and keep indemnified the said Secretary of State in Council his successors in office or assigns (or the Secretary of State for India) or any agents employed by or officer or servant of the Government against all claims demands or proceedings that may be made or instituted upon or against them or any of them by any person or persons whomsoever in consequence the Reserve Bank of India giving inspection of the said notes or of affording to the said information and particulars affecting the said notes then the abovewritten bond shall be void and of no effect otherwise the same shall be and remain in full force and virtue.

Signed, sealed and delivered by

In presence of

Witness.

Occupation and address—

THE SCHEDULE REFERRED TO IN THE FOREGOING BOND.

APPENDIX B

THE POST-OFFICE NATIONAL SAVINGS CERTIFICATES ORDINANCE, 1944

(ORDINANCE NO. XLII OF 1944).

An Ordinance to make certain provisions in respect of Post Office Twelve-Year National Savings Certificates and other classes of Savings Certificates.

(*Published in the Gazette of India Extraordinary, dated the 9th September, 1944*).

Whereas an emergency has arisen which renders it necessary to make certain provision in respect of Post Office Twelve-Year National Savings Certificates and other classes of Savings Certificates ;

Now, therefore, in exercise of the powers conferred by section 72 of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935 (26 Geo. 5, c. 2), the Governor General is pleased to make and promulgate the following ordinance :—

Short, title: application and commencement.

1. (1) This Ordinance may be called the Post Office National Savings Certificates Ordinance, 1944.

(2) It applies to—

(a) Post Office Twelve-Year National Savings Certificates issued in pursuance of the Notification of the Government of India in the Finance Department, No. F. 17 (100)-F-43, dated the 4th September, 1943, and

(b) any other classes of savings certificates to which the Central Government may from time to time by notification in the official Gazette direct that the provisions of this Ordinance shall apply.

(3) It shall come into force at once.

Interpretation.

2. In this Ordinance—

(a) " minor " means a person who is not deemed to have attained his majority under the Indian Majority Act, 1875 (IX of 1875);

(b) " savings certificate " includes a Post Office Twelve-Year National Savings Certificate referred to in clause (a) of sub-section (2) of section 1 and a savings certificate of any

other class to which the provisions of this Ordinance have been applied by a direction in pursuance of clause (b) of that sub-section.

(c) "transfer" means a transfer *inter vivos* and does not include a transfer by operation of law.

Restriction of transfer.

3. Notwithstanding any provision in any enactment or any rule of law for the time being in force to the contrary, no transfer, whether made before or after the commencement of this Ordinance, or, as the case may be, before or after the making of a direction in pursuance of clause (b) of sub-section (2) of section 1, of a savings certificate shall be valid without the previous consent in writing of an officer of the Post Office authorised by general or special order of the Central Government in that behalf.

Payment on death of holder of saving certificate.

4. (1) If a person dies and is at the time of his death the holder of savings certificate, payment of the sum for the time being due thereon may be made in the manner provided in the Government Savings Banks Act, 1873 (V of 1873), for the payment of deposits belonging to the estates of deceased persons, and the provisions of sections 4 to 9 of the said Act shall apply accordingly as if the holder of the saving certificate were a depositor in a Government Savings Bank and the sum for the time being due on the certificate were a deposit in such a Bank:

Provided that in such application section 8 of the said Act shall be construed as if the reference therein to three thousand rupees were a reference to the amount of the maximum holding of savings certificates prescribed in the rules made or deemed to have been made under this Ordinance applicable to the particular savings certificate :

Provided further that—

(a) the powers conferred by the said provisions on the Secretary of a Government Savings Bank shall be exercisable by the Postmaster-General for the area within which the post office of issue of such savings certificate is situate ;

(b) where in any one case payment is to be made of savings certificates issued from more post offices than one, the said powers shall be exercisable by the Postmaster-General for the area in which any of the said post offices is situate.

(2) Nothing in sub-section (1) shall be deemed to require any person to accept payment of the amount due on a savings certificate before it has reached maturity.

Holdings by or on behalf of minors.

5. Notwithstanding any provision in any enactment or any rule of law for the time being in force to the contrary, —

(1) a minor may apply for and hold savings certificates and any person may apply for and hold savings certificates on behalf of a minor ;

(2) where any certificate is held by or on behalf of a minor the minor shall, whether the certificate was applied for and issued before or after the commencement of this Ordinance or, as the case may be, before or after the making of a direction in respect of such certificate in pursuance of clause (b) of sub-section (2) of section 1, be bound by the provisions of this Ordinance and if any rules made or deemed to have been made thereunder applicable to such savings certificate and by the terms of any declaration made by the applicant for the certificate in pursuance of the said rules;

(3) payment of the sum for the time being due on a saving certificate held by or on behalf of a minor may be made

(a) to him personally, if he himself applied for the certificate, or

(b) for the use of the minor, if the application for the certificate was made by any person other than the minor,—

(i) to any such person, being a parent of the minor or guardian of his property, as may be nominated in that behalf in the form of application, or

(ii) if no such nomination has been made, to any guardian of the property of the minor appointed by a competent Court, or where no such guardian has been so appointed, to either parent of the minor, or where neither parent is alive to any other guardian of the minor,—

and the receipt of the minor or, as the case may be, of his parent or guardian for any sum paid under this clause shall be a sufficient discharge therefor.

Rules.

6. (1) The Central Government may by notification in the official Gazette make rules relating to any class of savings certificate.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for the application for, the issue, maximum limits of holding and discharge of, and conditions as to interest or discount relating to, any class of

savings certificate, and may also provide—

(a) that where any such maximum limits of holdings are exceeded, no interest shall be payable on the amount of such excess ;

(b) that if any interest has been paid on any amount of such excess, it shall be recoverable as an arrear of land-revenue or in such other manner as the rules may prescribe.

(3) All rules relating to –

(a) the Post-Office Twelve-Year National Savings Certificates in force at the commencement of this Ordinance,

(b) any other class of savings certificate in force at the time when a direction in pursuance of clause (b) of sub-section (2) of section 1 is made in respect thereof,

shall, so far as they are not inconsistent with the provisions of this Ordinace, continue in force until they are duly rescinded or amended, and shall be deemed to have been made under this Ordinance.

APPENDIX C

POST OFFICE NATIONAL SAVINGS CERTIFICATES

FINANCE DEPARTMENT (COMMUNICATIONS)

NOTIFICATION

New Delhi, the 9th December, 1944.

No. D. 8024-P.T.-44.—In exercise of the powers conferred by Section 6 of the Post Office National Savings Certificates Ordinance, 1944 (XLII of 1944), and in supersession of the Post Office Twelve-Year National Savings Certificates Rules published with the Notification of the Government of India in the Finance Department No. F. 17 (100)-F/43, dated 4th September, 1943, the Central Government is pleased to make the following Rules to be known as Post Office National Savings Certificates Rules, 1944 :—

RULE A.—PURCHASE OF CERTIFICATES

(1) A person who buys Certificates shall be bound by these Rules.

(2) Certificates may be purchased by any of the following:—

(i) A single adult.

(ii) A minor who has reached an age of understanding, that is to say, can sign legibly.

(iii) Two adults in their joint names—

(a) payable to the holders jointly, or payable to either with the written consent of the other, or

(b) payable to either.

(iv) An adult on behalf of—

(a) a single minor, or

(b) two minors jointly, or

(c) an adult and a minor jointly.

(v) Local Authorities as defined in the General Clauses Act, 1897 ; e. g.,—Municipalities, Notified Areas, District Boards, Port Commissioners, and similar bodies, entitled or entrusted by the Government with the control or management of a Municipal or Local Fund.

* (vi) Registered Co-operative Societies, excluding Co operative Banks but including Co-operative Land Mortgage Banks.

*Not. No. D. 6208—PT/45, dated the 3rd July, 1945.

* (vii) Co-operative Banks, registered or deemed to have been registered under the Co-operative Societies Act, 1912, or any provincial law for the time being in force relating to co-operative societies, and Scheduled Banks as defined in the Reserve Bank of India Act, 1934:-

(a) in the Bank's own name from the funds of the Bank, or

(b) on behalf of the Bank's clients.

(viii) Employers including firms and companies *on behalf of employees* to whom they have advanced money for the purpose of acquiring certificates.

†(ix) Properly constituted associations (whether incorporated or registered or not) of a charitable, religious, educational or recreational nature, or for the encouragement of thrift, provided that the funds are for the mutual benefit of the members or the general public, such as:-

Dispensaries—Hospitals—Church, Temple or other religious Associations—Schools—Orphanages—Libraries, etc.

(x) Incorporated companies or associations and registered firms, other than of a charitable nature such as described in clause (ix).

(xi) On behalf of Teachers or Employees from their money in a Provident Fund by—

(a) Persons authorized by a Provincial Government to control a Teachers' Provident Fund,

(b) a University.

(c) the Governing Body of an Educational Institution,

(d) a Municipal or Local Board,

‡(e) persons controlling recognised provident funds as defined in clause (a) of Section 58A of the Indian Income-Tax Act, 1922, and those that are governed by the Provident Fund Act of 1925.

(xii) A Commissioner for Workmen's Compensation, when investing sums payable to a woman, or other person, under any legal disability.

(xiii) All gazetted Government officers and certain Indian State Officials (a list of whom can be seen at the Post Office) in their official capacity on behalf of another individual or fund.

(xiv) The Governments or Darbars of Indian States, up to a limit of 5 lakhs of Rupees, provided they are purchased exclusively from genuine State Funds.

NOTE.—Clauses (v), (vi), (x), (xi) & (xii) do not apply to persons or bodies mentioned therein in Indian States, except such as may be recognized by the Government of India as eligible for the purpose.

* Not No. D. 6208—PT/45, dated the 3rd July 1945.

†Not No. D./949—PT/45, dated the 13th February 1945.

‡ Not No. 7655—PT/45, dated the 27th August 1945.

NOTIFICATION

No. D. 3057-PT/45, dated the 3rd April 1945.—With reference to the Note below sub-rule (2) of rule A of the Post Office National Savings Certificates Rules, 1944, it is hereby notified that the Central Government is pleased to recognise the persons or bodies mentioned in the clauses of the said sub-rule specified in column 1 of the Schedule hereto annexed, in the Indian States mentioned in the corresponding entries in column 2 of the said Schedule, as eligible for purchasing National Savings Certificates.

Schedule

1	2
Clauses of sub-rule (2) of rule A.	Indian States
(v), (vi), (x), (xi) and (xii)	Kashmir
	Mysore
	Bundi
	Indore
	Kolhapur
	Banganapalle
	Sawantwadi
	Jaipur
	Cochin
	Pudukottai
	Dewas (Junior)
	Narsingarh
	Khilchipur State
(v), (vi), (x), and (xii)	Porbandar
(x)	Morvi
(v), (vi), (x), (xi) and (xii)	Nandgaon
,, ,, ,, ,,	Patna
(v), (vi) and (x)	Baroda ††
(x)	Moihar
(xi)	Sarguja
(v), (vi, (x), (xi) and (xii)	Jodhpur
,, ,, ,, ,, ,,	Patiala
,, ,, ,, ,,	Alwar
,, ,, ,, ,,	Aundh
,, ,, ,, ,,	Mandi †*
,, ,, ,, ,,	Idar
(v), (vi) and (x)	Jhabua
(xi)	Korea
(v), (vi), (x), (xi) and (xii)	Jind
,, ,, ,, ,,	Kapurthala
,, ,, ,, ,,	Mayurbhanj
,, ,, ,, ,,	Dewas (Junior)
,, ,, ,, ,,	Cooch Behar
,, ,, ,, ,,	Bhopal
(vi), (x) and (xi)	Rajgarh †‡
(v), (vi) and (xii)	Khairpur
(v), (x) and (xii)	Malerkotla
(vi), (x) and (xii)	Faridkot
(v), and (vi)	Bahawalpur
(x)	Nabha
(xi)	Kumarsain
,,	Makrai

† Added by Not. No. 7628-PT/45, dated the 27th August 1945.

* Added by Not. No. 45—PT II 146, dated the 7th January 1946.

‡ Added by Not. No. D. 9515-PT/45, dated the 29th October 1945.

RULE B.—THE PROCEDURE FOR PURCHASE OF CERTIFICATES

(1) Application must be in the prescribed Post Office Form (obtainable free of charge).

(2) Application Forms may be presented at the Post Office—

(a) by the purchaser in person, or

(b) by a Messenger or Agent, or

(c) through an Authorized Agent of the Small-Savings Scheme.

(3) The method of Issue of Certificates by the Post Office shall be—

(a) If applied for at a Post Office authorized to effect sales, it will be handed over immediately against payment.

[For Exception *see* Note below Rule C (1) (c)].

(b) If applied for at a Branch Post Office not authorized to effect direct sales, a temporary receipt will be given for the money, and the Certificate will be obtained from another Post Office and be delivered in due course against surrender of the temporary receipt.

(4) Application Forms must be signed by the following—

(a) In the case of purchases under Rule A (2)—(i)—(ii)—(xi) (a)–(xii)—(xiii)–by the person in whose name the Certificate will be made out, whether held by the purchaser or on behalf of another.

(b) If purchased under Rule A(2) (iii)–by both adults.

(c) If purchased under Rule A(2) (iv) (a, b or c)—by the adult.

(d) If purchased under Rule A(2) (v)–by the authority controlling the Fund

(e) If purchased under Rule A(2) (vi)—by the Registrar or other person authorized to administer the Society's Funds.

(f) If purchased under Rule A(2) (vii) (a)—by Manager or a "Signing Officer" of the Bank*. (*See* note below).

(g) If purchased under Rule A(2) (vii) (b)—by the client or by a "Signing Officer" of the Bank* [*See* Rule B(6) (ii)].

*(NOTE.—A "Signing Officer" of a Bank is an officer authorized to sign on behalf of its Manager).

(h) If purchased under Rule A(2) (viii)—by the Employer, Manager, or person authorized to sign on the latter's behalf for the Firm or Company.

(i) If purchased under Rule A(2) (ix) by an office-bearer of the association.

(j) If purchased under Rule A(2) (x)—by the manager or person authorized to sign on his behalf for the Firm or Company.

(k) If purchased under Rule A(2) (xi—b, c, d or e) by the Authority controlling the Provident Fund.

NOTE.—For Certificates purchased under Rule A(2) (xi-a) *see* item above.

(l) If purchased under Rule A(2) (xiv) by the State Official controlling the State Funds.

(5) *Purchase of Certificates by, or on behalf of, a Minor.*

(i) A minor who has reached an age of understanding, that is to say can sign his or her name legibly, may buy Certificates for himself or herself. In such a case the minor must sign the Application Form and thereafter carry out all transactions over his or her own signature.

(ii) An adult, Schedule Bank, Central Co-operative Bank or Provincial Co-operative Bank can, notwithstanding a minor having attained an age of understanding, purchase Certificates on the minor's behalf in accordance with clause (iii) of this Sub-rule.

(iii) When an Adult or Bank purchases a Certificate on behalf of a minor, the P. O. Application Form shall be signed by the Adult or on behalf of the Bank, and after the entry of the minor's name therein the following further entry shall be made in brackets :—

(MINOR—date of birth.... .....), and a nomination may be made at the option of the purchaser as to the person who shall be entitled to encash the Certificate on behalf of the minor, such nomination being restricted to :

(a) the Father, or

(b) the Mother, or

(c) either parent, or

(d) the Legal guardian of the minor :

Provided that if no nomination be indicated on the Application Form at the time of purchase, payment of the sum due shall be made to any guardian of the property of the minor appointed by a competent court, or where no such guardian has been appointed, to either parent of the minor, or where

neither parent is alive, to any other guardian of the minor.

If the Certificate has been purchased by a Bank and is eventually encashed by the Bank, the proceeds shall be payable by the Bank only to the person nominated, or in event of no nomination, to the appropriate person indicated in this clause.

(iv) If it is desired to nominate as indicated in item (iii), the words "Through Father" or "Through either parent", etc., as the case may be, shall be added in the Application Form in continuation of the words indicated in that item.

*(v) Notwithstanding anything in item (iii) of this sub-rule a person who has purchased certificates on behalf of a minor prior to the issue of these Rules, shall be permitted to nominate the person to be entitled to encash, in accordance with the said item (iii). The certificates in question should be produced at the Post Office from which they were bought, and the Postmaster shall permit the holder to add the necessary words "through father/mother/either parent, etc., as desired, in the original form of application for purchase, and a similar entry will be made by the Postmaster on the National Savings Certificate."

(6) *Purchase of Certificates by a Scheduled Bank, Central, or Provincial Co-operative Bank.*

(i) Such Banks can purchase :—

(a) on behalf of the BANK itself from the Funds thereof under Sub-rule A(2) (vii-a),

(b) on behalf of any of the persons or bodies described in Rule A, Sub-rule (2)—(i), (ii), (iii), (v), (vi), (ix), (x) and (xiv).

(ii) In cases covered by Sub-item (b) of item (i), the Post Office Application Form may be signed either :

(a) by the Bank, or

(b) by the Bank's client.

In cases covered by Sub item (a) of this clause, the Certificates will be made out in the name of the Bank's client with addition of the words "through (name of Bank)", to be added in brackets after the name.

The Bank will represent the client in all subsequent transactions in respect of the Certificates and payment to the Bank will operate as a complete discharge to Government.

*Added by Not. No. D. 4480—P.T./45, dated the 28th April 1945.

The Bank shall satisfy itself that the limit of holding prescribed in Rule D (4) is not exceeded.

In cases covered by Sub item (b) of this clause—the Certificates will be made out in the name of the Bank's client who signs the Application Form and all subsequent transactions relating to the Certificates shall be carried out by the holder with the Post Office direct, and not through the Bank.

(7) *Purchase of Certificates on behalf of a properly constituted Association.*

[*See* Rule A (2) (ix)]

(i) An office-bearer of the Association, such as President, Secretary, or Treasurer, can effect investment under these Rules, with the previous sanction of a Head Postmaster to whom application should be made (in writing) stating :—

(a) The name and address of the Association,

(b) Its objects,

(c) The sources of income of the Funds to be invested,

(ii) If investment be permitted by the Head Postmaster, the Application Form shall be signed by the office-bearer giving his designation—*e.g.* " Treasurer " or as the case may be.

(iii) If, after investment has been made, it is found at any time the object of the Fund is not such as that declared at the time of investment, and the investment should not have been permitted under rule A (2) (ix), no interest will be allowed thereon.

(8) *Purchase of Certificates by Employers on behalf of Employees to whom they have advanced money for the purpose.*

(i) An Employer (including Firm or Company) may advance money to employees to enable the latter to acquire Certificates and may purchase the same on behalf of the individual employee.

(ii) The Certificate will be made out in the name of the employer, with the addition of the name of the employee to whom money has been advanced, *e.g.*,

" (Name of Firm)—Employers—on behalf of (name of employee)—Employee."

(iii) The Certificates will remain in the custody of the Employer until the Employee has repaid the advance, when they shall be formally transferred to the latter under Rule K, Sub-rules (4) and (5). In the event of the death of the employee, or his failure to repay the advance made, the employer shall be permitted to encash the Certificate provided that no

interest shall be payable by the Government on any Certificate so encashed and which has not been transferred to the sole name of the employee on whose behalf it was originally purchased.

(9) *Purchase of Certificates on behalf of Teachers or Employees from the money to their credit in a Provident Fund.*

(i) Such investment may be made by :—

(a) An officer authorized by a Provincial Government to control a Teachers' Provident Fund.

(b) A Municipal or Local Board.

(c) A University.

(d) The Governing Body of an Educational Institution.

(e) Employers, from the Provident Fund of their employees under the terms prescribed in Rule A (2) (xi) (e). *See* also clause (v) of this Sub-rule.

(ii) Subject to clause (iii), the Certificates shall be made out in the official designation of the officer referred to in clause (a) or in the name of the Institution referred to in clause (i) (b), (c) or (d), or in the name of the Firm etc., referred to in clause (i) (e), with the addition of the name of the Teacher or Employee, *e.g.*, (Designation of office-bearer) ..... (Name of) ..... *MUNICIPALITY, on behalf of*

name of Teacher or Employee) from Provident Fund."

(iii) When such investment is made from money standing in the name of a Teacher or Employee in a P. O. Savings Bank Account (opened under Rule 45-A of the P. O. Savings Bank Rules), the money shall be withdrawn from the account by the authority who controls the Provident Fund. The Certificates will be made out in the name of the Teacher or Employee concerned followed by the words "from S. B. Provident Fund Account" and the following endorsement shall be made prominently in red ink on the back of the Certificate :—

"Payable only to the officer authorized to control the Provident Fund or, on his countersignature, to the holder.

(iv) Certificates bought under clause (iii) will remain in the custody of the officer authorized to control the Fund, who conduct all future transactions. When such a Certificate is discharged, the proceeds will be credited to the Teacher's or Employee's Saving Bank Account for Provident Fund, unless endorsed by the Controlling Officer with the words: "Payment to be made to the holder" and duly signed by that officer and discharged by the holder.

*(v) In the case of a Provident Fund described in clause

*Not. No. 7655-P.T.-45, dated the 27th August 1945.

(i) (e), money can be invested from the fund on behalf of individual employees as indicated in clause (ii), or in a lump sum from the Provident Fund. In the latter case investments will be made in the ordinary way in the name of the Firm with addition of the words :

" From Employees' Provident Fund."

The Postal Authorities will accept as proof of the conditions prescribed in Rule A (2) (xi) (e), written authority from a Commissioner of Income-Tax in the case of provident funds coming within the definition of clause (a) of section 58-A of the Indian Income-Tax Act, 1922, and from the person controlling the provident fund in the case of those governed by the Provident Fund Act of 1925, which should be attached to the application for purchase of National Savings Certificates (Form N. C.-1).

†(10) *Purchase of Certificates by Paymaster-in-Chief, Royal Indian Navy, on behalf of R. I. N. personnel.*

(i) The Paymaster-in-Chief, R. I. N., will sign the application for purchase (Form N.C.-1) on behalf of the investor and the Certificate will be issued in the name of " Paymaster-in-Chief, R. I. N., on behalf of (name of holder) . . . Naval Officer/Naval Rating.

(ii) The Certificates purchased under this rule will remain in the custody of the Paymaster-in-Chief, R. I. N., who will conduct all future transactions, so long as they are not endorsed to the holder with the words—' Pay to (name of holder) ....., Naval Officer/Naval Rating, and handed over to him.' In these cases, no formal transfer of the Certificates to the holder's name will be necessary.

(iii) After the Certificates have been endorsed to the holder in the manner stated above he will be permitted to deal with them in accordance with the Rules, on production of the ' Identity Slip,' duly attested by the Paymaster-in-Chief, R. I. N., which will contain the specimen signature of the holder."

RULE C.—PAYMENT BY INVESTORS FOR CERTIFICATES.

(1) Payment may be made by any of the following methods :—

(a) Cash or Currency Notes.

(b) Surrender of SAVING STAMPS (to the requisite value for purchase of Certificates of Rs. 10 and Rs. 5 only).

(c) Cheque.

NOTE.—In this case a provisional receipt will be given. The Certificate will be delivered, against surrender of the

†Added by Not. No. D. 166—P.T.-II./46, dated the 15th January 1946.

provisional receipt, after the cheque has been cashed by the Postmaster. The date of issue of the Certificate will be the date of the provisional receipt.

*(d) By completing a form for withdrawal of money from the purchaser's Post Office Saving Bank Account or Indian Post Office Defence Savings Bank Account and presenting the same together with the Pass-Book.

NOTE.—The cost of Certificates will be debited to the Savings Bank Account or Defence Savings Bank Account as the case may be under "Withdrawals" and the Pass-Book will be returned together with the newly-bought Certificates.

(2) Certificates must be paid for in full at the time of purchase.

RULE D.—PERMISSIBLE LIMITS OF HOLDING (FACE VALUE) OF CERTIFICATES BY VARIOUS CLASSES OF INVESTORS

(1) Notwithstanding any provisions of these Rules no money shall be invested in Certificates which is—

(a) the property of Government,

(b) has been received for the credit of Government,

(c) has been withdrawn from Treasury for expenditure on account of Government,

(d) has been raised by taxation [except in the case of Funds of Union Boards, Village Unions and of the Local Authorities defined in Rule A, sub-rule (2) (v)],

(e) collected, or received, or held in trust by any Public Officer or Court in accordance with any law, if the money is the property of Government.

(2) Except as provided in sub-rule (5) the maximum limit of holding of Certificates of Rs. 5 denomination for or on behalf of any one person or body shall be one hundred and twenty-five rupees.

(3) The limit imposed in sub-rule (2) shall be *included* in the total maximum limits specified in the sub-rules immediately following.

(4) The maximum holding of Certificates permissible shall be as shown below for each class of investor:

(a) For any one person or on behalf of any one person —Five thousand rupees (Rs. 5,000).

NOTE—For the purpose of calculating this limit, the following will not be counted as the holding of the person purchasing, or receiving the Certificates by transfer, but will be

*Not. No. D204—PT. II /45, dated the 12th December 1945.

held to be the holding of the person or body on whose behalf they were purchased or held on security:—

(i) Certificates purchased under Rules A(2) (iv) (a & b), (vii) (b), (viii) and (xi).

(ii) Certificates temporarily held by an officer of Government or by Indian States in pursuance of Rule A(2) (xiii).

(b) By two persons jointly.	Ten thousand rupees (Rs. 10,000), provided that neither holder shall, under any circumstances, hold more than Rs. 5,000, whether held partly in own name and partly jointly with another. For the purposes of calculating the individual holding, when two persons hold jointly, one half the joint holding will be assumed to belong to each.
(c) Local Authorities as described in Rule A (2) (v).	Rupees one lakh (Rs. 1,00,000).
*(d) Registered Co-operative Societies excluding Co-operative Banks but including Co-operative Land Mortgage Banks, as described in Rule A (2) (vi).	Rupees one lakh (Rs. 1,00,000).
*(e) Banks including Co-operative Banks and Scheduled Banks, Incorporated companies and Registered firms as described in rules A (2) (vii) (a) and A (2) (x).	Rupees five thousand (Rs. 5,000).
(f) Employers including Firms and Companies on behalf of employees as described in Rule A (2) (xiii).	Rupees five thousand (Rs. 5,000) on behalf of any one employee, subject to a maximum of Rupees fifteen thousand (Rs. 15,000) in respect of the whole staff.
(g) Properly constituted Associations as described in Rule A (2) (ix).	Rupees twenty thousand (Rs. 20,000).
(h) The Government or Darbars of Indian States (exclusively from State Funds) under Rule A (2) (xiv).	Rupees five lakhs (Rs. 5,00,000).

*Not. No. D. 6208 PT. 45, dated the 3rd July 1945.

(i) Provident Funds of employees as described in Rule A (2) (xi) (e) when invested in lump-sums.	Without limit.

(5) If the limit prescribed in sub-rules (2) and (4) for any one holder, be exceeded as a result of acquisition of further Certificates by reason of—

(a) inheritance or

(b) by award of Government to a soldier for valour, the holder shall be permitted to hold the excess, which shall earn interest, but the holder *shall and further increase the holding.*

†RULE E.—PENALTY FOR HOLDING CERTIFICATES IN EXCESS OF MAXIMUM VALUE PRESCRIBED UNDER SUB-RULE (2) OR SUB-RULE (4) OF RULE D.

(1) If, through any cause, [except as provided for in sub-rule (5) of Rule D] the total holding of any investor is discovered to be in excess of the limits prescribed in sub-rule (2) or sub-rule (4) of rule D, whether as a result of—

(a) Direct purchase, or

(b) Receipt by transfer, or

(c) Purchase on the holder's behalf by any other person or agency, or

(d) Being in excess as a result of inheritance, or award to a soldier for valour, the holder has still further increased that excess,

the investor concerned shall be bound immediately to discharge the excess holding when called upon to do so and further shall not be entitled to any interest thereon.

(2) Any interest or payment which may have been made in contravention of sub-rule (1), shall be refunded to Government on demand, and in the event of failure to refund, may (in addition to other remedies for the recovery thereof by Government) be deducted from any money payable by Government to the person who received the interest or payment or from his or her estate, or be recovered as an arrear of land revenue.

RULE F.—ENCASHMENT AND DISCHARGE OF CERTIFICATES.

(1) *Where encashable.*—Subject to the following provisions of this Rule, Certificates shall be encashable at the Post Office of issue.

(2) A purchaser who anticipates that the Certificates may have to be encashed at an office other than that of issue may, at the time of purchase, sign the lower portion of the Applica-

†Not. No. D.919—PT. II /46, dated the 8th March 1946.

tion Form, which portion is known as the " Identity Slip for Encashment of National Savings Certificates ". The Slip should be kept carefully and separately from the Certificates to prevent possible loss of both simultaneously. The thumb-impression of an illiterate person will *not* be accepted in lieu of signature on " Identity Slips."

On presentation of the "Identity Slip" together with the Certificate the latter can be encashed at any Post Office which does Savings Bank work.

"No Identity Slip" shall be issued in respect of Certificates bought under Rule A (2) (v) to (x) and (xii) to (xiv).

(3) Purchasers who have acquired Certificates prior to the issue of these Rules may, on presentation of their Certificates at the office of issue, procure an "Identity Slip" by signing the same in the presence of the Postmaster. If necessary, the slip may be signed in the presence of the Postmaster of an office other than that of issue, and in such cases the Postmaster concerned will, on behalf of the applicant, send the slip for verification to the office of issue and deliver it on its return duly certified. The thumb-impression of an illiterate person will not be accepted in lieu of signature.

(4) A purchaser who has not obtained an "Identity Slip" in accordance with Sub-Rule (2) or (3) may, nevertheless, encash his Certificates at another Post Office by effecting transfer of registration of his holdings from the Office of Issue to the office where encashment is desired, by obtaining (free) from a Post Office, the prescribed "Form for Transfer from one Post Office to another", and completing the same. The form may be handed in together with the Certificates either—

(a) at the office of issue, or
(b) at the office to which transfer of registration is desired.

* *Explanation.*—For the purpose of encashment of the Certificates at a post office other than the office of issue under sub-rules (2) to (4) of this Rule, any post office in Burma doing Savings Bank work may also be selected.

NOTE 1.—In the case of (b) above, a temporary receipt will be given and the transfer will be effected after the Certificates have been verified by reference to the "Post Office of Issue". After the transfer has been effected, encashment may be made at any time desired, subject to the provisions of Rule G (1), and if required an "Identity Slip" can be obtained in accordance with Sub-Rule (3).

* Not. No. D. 9024—PT./45, dated the 10th October 1945.

†NOTE 2.—Applications for the transfer of National Savings Certificates in joint names (of both classes) from one post office to another shall be signed by both the joint holders, when both of them are alive.

(5) A purchaser can have the certificates made payable in the United Kingdom at the rate of Exchange current on the day of encashment by completing the prescribed Form (free at post offices) for 'Endorsement for payment at the India Office, London." The Form may be submitted, duly signed to :—

(a) the Post Office of Issue, or

(b) any other Post Office.

In any case the Form for Endorsement must be accompanied by the Certificates for which a provisional receipt will be given. The Certificate when Endorsed will be returned in exchange for the provisional receipt.

A person already in the United Kingdom and in possession of Certificates which have not been endorsed, may apply to the India Office, London.

(6) A purchaser may submit the "Form for Endorsement for payment at the India Office, London" at the time of purchase, in which case the space on the back of the Form provided for details of the Certificates to be endorsed may be filled in with the words—

"The (number of Certificates) Certificates each of (face value) purchase of which is applied for in the accompanying Application Form."

NOTE.—The Serial Numbers and denominations of the Certificates purchased will be filled in by the Postal authorities. A preliminary receipt for money will be given in all cases where the Certificates cannot be immediately delivered, which receipt must be surrendered when the Certificates, duly endorsed, are delivered.

(7) Notwithstanding the fact that Certificates have been endorsed for payment in London, the holder shall not thereby be debarred from encashing the same at a Post Office in India in accordance with sub-rules (1) to (4) if so desired.

(8) (i) When a Certificate held by an adult on behalf of a minor is to be encashed by the adult in India, a declaration must be given to the effect that the minor is still alive and the money is required on his or her behalf.

(ii) When a Certificate held by an adult on behalf of a minor is endorsed for payment in the United Kingdom, pay-

† Not. No. D. 232—PT. II /45, dated the 12th December 1945.

ment in the United Kingdom will be made to the natural or legal guardian, or to any other person, under the orders of the Secretary of State for India. If payment of such an endorsed Certificate is claimed in India, Clause (i) of this sub-rule will apply.

RULE G.—WHEN ENCASHABLE

† (1) Except as provided for in sub-rule (2), Certificates of the Rs. 5 denomination shall be encashable at any time after the expiry of eighteen months from the date of issue ; for other denominations those issued prior to the 1st October 1945, shall be encashable after three full years from the date of issue, while those issued on or after the 1st October 1945 shall notwithstanding anything to the contrary appearing on the front and reverse of the certificates, be encashable at any time after *two* full years from the date of issue.

(2) Certificates of any denomination may be encashed before the periods mentioned in Sub-rule (1) under the following conditions :—

(a) After the death of the holder or after the death of both the holders in the case of a joint holding, when encashment is required by the heir.

(b) Voluntarily by the holder when the holding is in excess of the limits prescribed in Rule D (4), or on demand by the postal authorities on discovery of such excess.

(c) On retirement from service of a teacher or employee when the Certificate has been bought under the terms of Rule A (2) (xi).

(d) (i) Owing to the death of the employee, or

(ii) Owing to failure of the employee to repay the sum advanced by the Employer,

when the Certificates have been bought under the terms of Rule A (2) (viii).

(e) When Certificates pledged under Rule M are being forfeited owing to any default of the pledger and the pledgee claims the amount.

*(f) When ordered by a Court of Law.

NOTE.—If the entire pledged amount is not being claimed, fresh certificates may be issued for the unclaimed balance under Sub-rule (2) of Rule H.

† Not. No. D. 8442—PT / 45, dated the 29th September 1945.
*Added by Not. No. 302—PT II/46, dated the 22nd January 1946.

* RULE H.—DISCHARGE & EXCHANGE OF CERTIFICATES

(1) Every certificate must on encashment be duly discharged, that is to say, signed on the back thereof by the person entitled to receive payment.

†(2) At any time after the period of non-encashability specified in sub-rule (1) of rule G a Certificate of high denomination may be discharged in part—such part being ten rupees or a multiple thereof, on applying to the Postmaster giving the amount it is desired to receive in cash, and the denominations of Certificates required for the balance remaining. The date of issue of Certificates given for the balance due will be that of the original Certificate partly discharged.

* (3) Several National Savings Certificates of lower denominations may be exchanged for one or more certificates of a higher value, or a certificate of a higher value may be exchanged for a number of National Savings Certificates of lower denominations (*excluding certificates of Rs. 5 denomination*), on application to the postmaster of the office in which the certificates are at the time registered. The certificates issued in exchange will bear the same date of issue as that of the original certificates surrendered.

RULE I.—ENCASHMENT OF HOLDINGS OF A DECEASED PERSON

(1) When the holder of a Certificate dies, or when both the holders die in the case of a joint holding, the Postmaster-General of the Circle may authorise payment under the following conditions .—

(a) Within three months of the death of the holder (or of the second holder in case of joint holdings), on the production of:—

(i) Probate of the deceased's will, or
(ii) Letter of Administration of the deceased's Estate, or
(iii) A Certificate granted under the Indian .Succession Act, 1925.

(b) After the expiry of three months from the date of death, if encashment has not been claimed under Clause (a) to any person who produces one of the documents mentioned in that clause or who appears to him (the Postmaster-General) to be entitled thereto, or to administer the Estate of the deceased, provided that—

* Added by Not. No. 7363—PT / 45, dated the 27th August 1945.

† Not. No. 8442—PT / 45, dated the 29th September 1945.

(i) the current value of the Certificates at the time of death of the holder does not exceed Rs. 5,000.

(ii) a declaration be furnished that, to the best of the claimant's knowledge, there exist no 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 (thereby raising the value of the holding of the deceased at the time of death to more than Rs. 5,000) legal evidence of heirship, as required by the Post Office, will be produced.

(c) In no circumstances will the Certificates be encashable if the current value exceeded Rs. 5,000 at the time of death of the deceased, without production of one or other of the documents referred to in Clause (a).

NOTE.—After the claim of the heir of a deceased holder has been established, the heir can encash them at once, or continue to hold them by transferring the Certificates to his or her name under Rule K (4) and (5).

*(d) In the case of death of the holder of "Single Holder" National Savings Certificates, the Postmaster of the office of registration of the certificates, unless it is an Extra-departmental Sub-Post office or a Branch Post Office, may exercise the powers vested in the Postmaster General under item (b) above, on the same conditions and subject to the limit of total holdings of the deceased as noted below :—

(i) Presidency Postmasters— up to Rs. 1,000.

(ii) Gazetted Head Postmasters— up to Rs. 500.

(iii) Non-Gazetted Head Postmasters— up to Rs. 250.

(iv) Departmental Sub-Postmasters— up to Rs. 100.

(2) Certificates endorsed for payment at the India Office, London, the property of a deceased holder, should be presented at the India Office together with evidence of claim.

(3) Certificates standing in the name of a deceased teacher or employee, purchased in his or her name from the credit in a Provident Fund under Rule A(2) (xi) shall be discharged by, and payment be made to, the Authority controlling the Provident Fund.

(4) Certificates purchased in joint names are payable to the survivor in case of the death of one holder, and a Head Postmaster is the competent Post Office Authority to issue orders for payment.

[For Certificates standing in the joint names of holders both of whom are deceased, *see* Sub-rule (1).]

Not. No. D. 8053—PT/45, dated the 11th September 1945.

RULE J.—INTEREST PAYABLE ON CERTIFICATES

(1) The interest payable on a Certificate of five rupees shall be two annas after eighteen full months from date of issue, and four annas after three years, thereafter increasing by four annas for each completed further year not exceeding twelve years from date of issue.

†(2) The interest payable on a Certificate of Ten Rupees shall be eight annas after three full years from date of issue, thereafter increasing by eight annas annually for each further complete year not exceeding twelve years from date of issue. The interest on higher denominations shall be in the same proportion.

For Certificates issued on or after the 1st October 1945, the interest payable on a certificate of Ten Rupees shall be four annas after two full years from date of issue and thereafter as indicated in the preceding sub-paragraph. The interest on higher denominations payable after two full years from date of issue shall be in the same proportion.

*(3) The exact Surrender Value of each denomination of Certificate after each completed year of retention is shown in the following table. No interest is payable for any period in excess of twelve years on any denomination of Certificate:

Face Value	Surrender Value after complete years					
	1½	2	3	4	5	6
Rupees 5 ..	5 2	5 2	5 4	5 8	5 12	6 0
Rupees 10 ..	..	10 4	10 8	11 0	11 8	12 0
Rupees 50 ..	..	51 4	52 8	55 0	57 8	60 0
Rupees 100 ..	..	102 8	105 0	110 0	115 0	120 0
Rupees 500 ..	..	512 8	525 0	550 0	575 0	600 0
Rupees 1,000 ..	..	1025 0	1,050 0	1,100 0	1,150 0	1,200 0
Rupees 5000 ..	..	5,125 0	5,250 0	5,000 0	5,750 0	6,000 0

	7	8	9	10	11	12
Rupees 5 ..	6 4	6 8	6 12	7 0	7 4	7 8
Rupees 10 ..	12 8	13 0	13 8	14 0	14 8	15 0
Rupees 50 ..	62 8	65 0	67 8	70 0	72 8	75 0
Rupees 100 ..	125 0	130 0	135 0	140 0	145 0	150 0
Rupees 500 ..	625 0	650 0	675 0	700 0	725 0	750 0
Rupees 1,000 ..	1250 0	1,300 0	1,350 0	1,400 0	1,450 0	1,500 0
Rupees 5,000 ..	6,250 0	6,500 0	6,750 0	7,000 0	7,250 0	7,500 0

†Not. No. 8442—PT/45, dated the 29th September 1945.

*Not. No. D. 8442—PT/45, dated the 29th September 1945.

NOTE.—National Savings Certificates of Rs. 10 and over issued prior to the 1st October 1945 cannot be encashed before 3 years from date of issue *vide* Rule G(1).

(4) Interest will cease to accrue on the expiry of three months from the date of surrender to an official for payment of Government or State dues under the terms of Rule L (1).

(5) Payment on Encashment of Certificates is free of Stamp Duty.

* (6) Interest earned on these certificates is not liable to Income-tax nor is it taken into account for the purpose of determining the rate of Income-tax on total income.

†RULE K.—TRANSFER FROM ONE PERSON TO ANOTHER

[For transfer from one Post Office to another *see* Rule 'F', Sub-rules (2) to (4).]

†(1) Except as provided for in Sub-rule (4), Certificates may be transferred from one person to another on the written authority of—

(a) A Presidency, or First-Class Postmaster, or

(b) a Superintendent of Post Offices (where the Office of issue of the Certificate is, or is under, a Second Class Head Post Office).

Except as provided for in Sub-rule (4), an application for transfer must be made in writing to the Postmaster setting forth—

(i) Name and address of the applicant.

(ii) Face value of the Certificates it is sought to transfer, their Serial Numbers, and the Office of Issue of each.

(iii) Name of person to whom transfer is proposed.

(iv) Degree of relationship (if any) to the applicant of the person to whom transfer is proposed.

(v) The full circumstances which necessitate the transfer.

If the application is for transfer before the expiry of 18 months in the case of Rs. 5 Certificate or before the expiry of the period of non-encashability specified in sub-rule (1) of Rule G in the case of other Certificates from the date of purchase, it will be allowed only in exceptional circum-

*Not. No. D. 5706—PT/45, dated the 6th July 1945.

† Not. No. D. 8442—PT/45, dated the 29th September 1945.

stances and the application must bear a certificate signed by a District Magistrate[1] or when the applicant belongs to the Armed Forces, by the Officer Commanding the unit to which the applicant is attached, to the following effect :—

"Having made the necessary enquiries I certify that to the best of my belief, the facts stated above are substantially correct."

The fee payable on an application for transfer under this Rule shall be as shown in the following table and will under no circumstances be refundable :

Total Face Value of Certificates	Fee payable Rs.	As.
Rs. 5 to 100	0	4
Rs. 105 to 1,000	0	8
Rs. 1,005 to 2,000	0	12
Rs. 2,005 to 3,000	1	0
Rs. 3,005 to 4,000	1	4
Above Rs. 4,000	1	8

Under no circumstances shall a Certificate held on behalf of a minor be transferable to any person other than to the minor concerned, or to his or her heirs.

[2]NOTE[1].—For the purpose of this sub-rule, the term District Magistrate includes a stipendiary Magistrate not below the status of a second class Magistrate.

[3]NOTE[2]—Applications for the transfer of National Savings Certificates in joint names (of both classes) shall be signed by both the joint holders, when both of them are alive.

(2) Under no circumstances shall a Certificate bought under the terms of Rule A(2) (xi) be transferable except on the written instructions of the Authority Controlling the Provident Fund.

(3) The decision of the postal Authority mentioned in sub-rule (1) whether to sanction, or withhold sanction for transfer shall be final.

(4) Notwithstanding the provisions of sub-rule (1) transfers of the following nature will normally be permissible at any time and can be sanctioned by Head Postmasters and Sub-Postmasters of the office where the Certificate is registered, on receipt of the prescribed Form (obtainable at Post Offices) for transfer. These transfers will be free of charge :—

1. Not. No. D.692—PT II/46, dated the 14th February 1946.
2. Added by Not. No. D-8584-PT/45, dated the 27th September 1945.
3. Not. No. 232—PT II/45, dated the 12th December 1945.

(a) From the Authority Controlling a Teacher's or Employee's Provident Fund to the Teacher or Employee on whose behalf it was bought under Rule A(2) (xi).

(b) From an Employer to an Employee on whose behalf it was bought under Rule A(2) (vii).

(c) From a holder to a Government official to whom the Certificate is pledged as Security and *vice versa* under Rule M(2).

(d) From a holder to a Government or Indian State Official for the payment of Government or State dues under the terms of Rule L(1) and (2).

(e) From the name of a deceased holder to his or her heir, *vide* note below Rule I (1).

[1](f) From Gazetted Government Officers or Indian State officials, holding certificates in their official capacity, under Rule A(3) (xiii), to the names of the individuals or persons controlling the funds on whose behalf the certificates were held.

[2](g) From a holder to a Court of law, or to any other person, under the orders of the Court.

NOTE.—The Endorsement to be made in red ink on a Certificate purchased on behalf of a Teacher or Employee under Rule B(2) (iii) can only be cancelled (thus effecting transfer to the teacher or employee) by the further endorsement of the Authority Controlling the Fund, as provided for in Rule B(9) (iv).

(5) In every case of transfer the original Certificate must be duly discharged, and a new Certificate will be issued in the name of the transferee and will bear the same date as the original Certificate surrendered.

RULE L.—TRANSFER OF CERTIFICATES TO A GOVERNMENT OR INDIAN STATE OFFICIAL FOR THE PAYMENT OF GOVERNMENT/ STATE DUES

[3](1) At any time after 18 months from date of purchase in the case of Rs. 5 certificates and after the period of non-encashability specified in sub-rule (1) of Rule G from date of purchase in the case of other certificates, certificates can be used to pay Government or State dues to an official of any Province or State, the Government of which authorises acceptance of certificates for such payment.

(2) The holder desiring to make payment in accordance with Sub-rule (1) shall fill in and sign a prescribed Form (obtainable from Post Offices) and present it together with the Certificates, duly discharged (signed on the back), to

1. Added by Not. No. D-4165-PT/45, dated the 11th April 1945.
2. Not. No. 302—PT II/46, dated the 22nd January 1946.
3. Not. No. 8442-PT/45, dated the 29th September 1945.

the official receiving payment. If the holder be illiterate his thumb impression both on the Form and on the Certificates shall be attested by a Government or State Official.

(3) The Official receiving Certificates under Sub-rule (2), will encash them at the Post Office of issue, in the usual manner prescribed.

[NOTE.—*See* also Rule J(4).]

RULE M.—PLEDGING OF CERTIFICATES AS SECURITY

(1) Transfers of Certificates as Security to private individuals, Banks or other concerns is prohibited.

[1](2) Certificates can be transferred for the purpose of being treated as security, to a Gazetted Government Officer [2]or to an executive officer of a Local Authority as defined in the General Clauses Act, 1897, or to any officer of the Government of an Indian State, the Posts of which have been amalgamated with the Imperial Post, and such officer of other Indian States as is mentioned in the list referred to in clause (XIII) of sub-rule (2) of Rule A *in his official capacity.*

NOTE.—"Official capacity" means that the Certificates must be transferred to the official described by his official designation, such as District Magistrate of (place) or "Dewan of (State)" etc., as the case may be. The Certificates must *not* be transferred to the *personal name* of the official who will hold them as security."

(3) A person who has lodged money with a Government official as Security can authorise, or consent to, its being invested in Certificates.

(4) The value of the Security shall be :—

(a) The amount for which the Certificates were purchased, or

(b) The surrender value [*See* Rule J(3)] on the date on which transferred as Security if interest has accrued.

(5) The procedure for pledging Certificates shall be as follows :—

(a) The pledgee must obtain from the officer to whom the Certificates are to be pledged written authority to pledge them to him in his official capacity as Security.

(b) If the pledger has not yet bought the Certificates, he shall write on the Application Form for purchase above his signature the words "Pledged to (Official designation), *vide* authority attached, and to be issued to him in his official capacity."

1. Substituted by Government of India, Finance Department (Communications) Notification No. D. 4822—PT/45, dated the 15th May 1945.

2. Added by Notification No. D. 8536—PT/45, dated the 28th September 1945.

(c) If the pledger is already in possession of the Certificates, he must present at the Post Office the prescribed Form for Transfer (obtainable at Post Offices) applying for transfer to the officer in his official capacity. The authority referred to in clause (a) must be attached and the Certificates be at the same time presented.

(d) When the Security is to be released, the officer concerned shall give written authority to the pledger to resume possession, and shall return to him the Certificates. The pledger can then present the authority and Certificates at the Post Office, and have them transferred to his own name. [*Vide* Rule K(4) (c)].

RULE N.—REPLACEMENT OF LOST, DESTROYED OR DAMAGED CERTIFICATES AND FACILITY FOR CENTRAL REGISTRATION IN CERTAIN AREAS.

(1) If a Certificate is lost or destroyed, the investor shall be entitled to a "Declaration in lieu" issued by the Deputy Accountant General, Posts and Telegraphs, on his furnishing a written statement to the post office of Issue [or the post office of Registration if the Certificate has been transferred, under Rule F(4)] giving particulars of the Certificate and the circumstances under which it was lost or destroyed. If the Certificate was in the names of joint holders, both of them must sign the statement.

Where an "Identity Slip" [vide Sub-rule F (2)] has been obtained and the Certificates to which it relates, or any of them, is subsequently lost, the "Identity Slip" should be presented at the Office of Issue, for the issue of a "Declaration in lieu". This Declaration will be encashable only at the Office of Issue. If, however, both the Certificate and the "Identity Slip" are lost, a "Declaration in lieu" shall only be issued, in the case of Certificates of the face-value not exceeding Rs. 500, on satisfactory proof of identity and, in the case of certificates of the face-value exceeding Rs. 500, on execution by the holder of an Indemnity Bond with one approved Surety or Bank's Guarantee. The "Declaration in lieu" will be issued one month after receipt of the application.

Note.—The application for issue of the "Declaration in lieu" may be made at any Post Office doing Savings Bank work which should take necessary action after due reference to the Office of Issue.

(2) A declaration issued by the Dy. Accountant-General, Posts and Telegraphs, under Sub-rule (1) 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 that at which it is registered, without previous verification.

If a Certificate is lost or destroyed, a fee on the scale specified below shall accompany the statement required under Sub-rule (1) and in no case will this fee be refunded.

(3) The fee payable on application for issue of a "Declaration in lieu" of a lost of destroyed Certificate shall be :—

	Rs.	a.	p.
For a Certificate of Rs. 5 or Rs. 10 . .	0	4	0
For a Certificate of Rs. 50 or Rs. 100 .	0	8	0
For a Certificate of Rs. 500 or Rs. 1,000 .	1	0	0
For a Certificate of Rs. 5,000 . . .	5	0	0

(4) The Post Office will not be responsible for any loss caused to a holder by another person obtaining possession of a certificate and fraudulently encashing it.

(5) If a Certificate is spoilt, a new Certificate bearing the same date of issue as the original, will be issued by a Head Postmaster on the holder surrendering the spoilt certificate. If it is surrendered at a Head Post Office other than that of issue, a new Certificate will be issued only after reference by the postal authorities to the post office of issue [or the post office to which transfer of Registration may have been made under Rule F (4)].

Note.—As an additional security, holders of Certificates in Assam, Bengal, Madras, Bihar and Orissa may, on application at a Post Office in the above areas, procure a special form which, on being presented (together with the Certificate) will enable their Certificates to be registered (free of charge) at the Central Registration Office at Lucknow. A postcard acknowledging that registration has been duly effected will be sent from the Central Registration office direct to the holder.

RULE O.—VALIDITY OF PREVIOUS TRANSACTIONS

The supersession of the Post Office Twelve Year National Savings Certificates Rules is hereby declared to be without prejudice to the validity of any certificates issued, or any other action taken, thereunder.

[1]*Rule* P. These rules apply to the whole of British India including British Baluchistan and those excluded and partially excluded areas to which the Post Office National Savings Certificates Ordinance, 1944 (XLII of 1944) has been or may hereafter be applied by notification under sub-section (1) of Section 92 of the Government of India Act, 1935.

1. Added by Not. No. 554-PT/45, dated the 31st January 1945.

SUMMARY

Persons or Associations who can purchase. *Vide* Corresponding Roman Figures under Rule A-2"	Limit of holding permissible. *Vide* Rule D. Paragraphs (2) to (4)	Persons by whom the P. O. Application Form or purchase must be signed	Additional words which should be written by the purchaser on the P. O. Application Form for purchase	Persons or Public Body or Association, etc., in whose name the certificate must be made out, and the additional words which must be added in certain cases	Persons who will be entitled to encash	Numbers of the Rules which are especially applicable
1	2	3	4	5	6	7
(i)	Rs. 5,000	THE ADULT	..	THE ADULT'S	THE ADULT	A(1)-A(2) (1)-B(1) (2) (3) (4-a) (6-b)-C. D (2)(3) (4-a) 5) E.-F G (1) (2-a-b)-H.-J. K (1) (3) (4-c & d)-L (1) (2)-M.-N.
(ii)	5,000	THE MINOR	..	THE MINOR'S	THE MINOR	A (1)-A (2) (ii)-B (1) (2) (3) 4(a)-C.D. (2) (3) (4-a) (5-a)-E. F. G (1) (2-a, b)- H. J.N.
(iii)	10,000	BOTH ADULTS	..	BOTH ADULTS	BOTH ADULTS, OR EITHER WITH THE WRITTEN CONSENT OF THE OTHER.	A (1)-A (2) (iii-a)-B (1) (2) (3) (4) (b)-C. D (2) (3) (4-a, b) (5)-E-F-G (1) (2-a, b)-H-J-K (1) (3) (4-c, d)-L.-M.N.

(iii) (b)	10,000	BOTH ADULTS (Names)/Payable to either		Both names with addition of words shown in Col. 4.	Either Adult	A(1)-A(2) (iii-b) and as for (iii) (a) above.
(iv) (a)	5,000	THE ADULT	(Minor's name). MINOR'S DATE OF BIRTH— Thro' Father, or mother, or Either parent or Legal guardian. } As desired or omit if no nomination is desired.	Minor's name with addition of words indicated in Col. 4.	The person nominated *vide* Col. 4, or if no nomination is made any one of the persons shown in Col. 4.	A (1)-A (2) (iv-a)-B (1)(2) (3) (4-c) (5-ii) (5-iii) (5-iv.) C.-D(2)(3)(4-a)(5-a) E.F.G. (1) (2-a, b) H.-J.N.
(iv) (b)	10,000	THE ADULT	As for (*iv*) (*a*) above	As for (*iv*) (*a*) above showing both names	As for (*iv*) (*a*) above.	A (1)-A (2)(iv-b) and as for (iv) (a) above.
(iv) (c)	10,000	(a) The Adult and the minor if purchased under rule A (2) (ii). or	(a) ——	(a) Names of the Adult and the minor.	(a) Adult & Minor or Either with the written consent of other.	(a) As for (iii) (a) above, but substitute A (2-iv-c) for A (2) (iii-a).
		(b) The Adult only if bought under rule A (2) (iv.)	(b) (Adult's name) (minor's name). MINOR'S DATE OF BIRTH— Thro' Father, or Mother, or Either parent or Legal guardian. } As desired or if no nomination is desired, omit entirely.	(b) Names of the Adult and the minor, with the additional words shown in Col. 4 (*b*).	(b) The Adult and the person nominated on behalf of the minor [*vide* Col. 4 (*b*)] or, if no nomination has been made, any one of the persons shown in Col. 4 (*b*) on behalf of the minor.	(b) A (1) A (2) (iv-c) B (1) (2) (3) (4-a) (5) C.-D (2) (3) (4-b) (5-a) E.F.G. (1) (2-a-(b)-H.-J-K(1) (3)-N.

(v)	1,00,000	The authority controlling the Fund invested	..	The name of the "Local Authority."	The person indicated in Col. 3 or his Successor in office.	A (1)-A (2-v)-B (1) (2) (3) (4-d) (6-b)-C. D (1-d) (2) (3) (4-c) E. F. (1) G. (1) (2-b) H-J-N.

Persons or Associations who can purchase. *Vide* corresponding Roman Figures under Rule A-2	Limit of holding Permissible. *Vide* Rule D. Paragraphs (2) to (4)	Persons by whom the P. O. Application Form for purchase must be signed	Additional words which should be written by the purchaser on the P. O. Application Form for purchase	Persons or Public Body or Association, etc., in whose name the certificate must be made out, and the additional words which must be added in certain cases	Persons who will be entitled to encash	Numbers of the Rules which are especially applicable
1	2	3	4	5	6	7
(vi)	Rs. 1,00,000 ..	The authority controlling the Society's Funds.	..	The names of the Co-operative Society.	The person indicated in Col. 3 or his successor in office.	A (1)-A (2-vi)-B (1) (2) (3) (4-e) (6-b)-C. D (2) (3) (4-d)-E.-F. (1)-G. (1) (2-b.)-H.-J.-N.
(vii) (a)	5,000	The Manager or Signing Officer of the Bank	..	The name of the Bank.	The person indicated in Col. 3 or his successor in office.	A(1)-A (2-vii-a)-B (1) (2) (3) (4-f) (6-i.(a)-C. D (4-d) (4-e)-E.-F. (1)-G. (1) (2-b)-H. J-N.

ii) (b)	5,000 for single client. If on behalf of two persons jointly, or one of the bodies described in rule B. Sub-rule 6 (i-b) the appropriate limit under Rule d. (4)	(a) The Bank Manager, or a Signing Officer of the Bank. (b) The Bank's client.	(Name of client).. Thro' (Name of Bank)	(a) Name of client with additional words shewn in Col. 4. (b) Name of the client.	(a) The Bank .. (b) The client in whose name the Certificate stands.	A (1)-A (2-vii, b)-B (1) (2) (3) (4-g) (5) (6)-C. D (2) (3) (4) (5)-E.F. G-H-I-J-K (1) (3) (5)-N.
iii)	5,000 on behalf of any one employee. With total limit of Rs. 15,000 for staff of any one Employer, Firm, or Company.	The Employer, Manager, or person authorised to sign on behalf of the Firm/Company	"(Name of Employer, Firm or Company)..... ....Employer on behalf of (Name of Employee.)"	Name of the Employer/Firm or Company with the additional words shewn in Col. 4.	The person indicated in Col. 3 under the terms of Sub-Rule (8) of Rule B.	A (1)-A (2-viii)-B (1) (2) (3) (4)h (8)C. D (2) (3) (4-f) (5)-E. F (1)-G (2-b) (2d) H (i)-J-K (4-b)-N.
ix)	20,000 ..	An office bearer of the Association. Such as, President, Treasurer, or Secretary.	"(Name of the Association)..... thro.' (President, Treasurer or Secretary as the case may be)"	Name of the Association with the additional words shewn in Col. 4.	The office bearer indicated in Col. 4 or his Successor in office.	A (1)-A 2-ix-) B (1) (2) (3) (4-i) (6) (7) C. D (1) (2) (3) 4-g) E. F (1) G (1) (2-b)-H-J-N.
x)	5,000.. ..	Manager, or the person authorised to sign on his behalf.	..	Name of Company/Association/ Firm.	The person indicated in Col. 3 or his Successor in office.	A (1)-A (2-x)-B(1) (2) (3) (4-j) (6)-C. D (2) (3) (4-e)-E. F. (1)-G. (1) (2-b)-H-J.-N.
xi) (a)	5,000 on behalf of any one teacher/ employee.	Officer controlling the Provident Fund.	(1) "(Official Designation)..... on behalf of (name of teacher/ Employee)..... from Provident Fund."	Official designation of officer controlling the Fund, with the additional words shewn in Col. 4.	(1) Officer controlling the Fund or his Successor in Office.	A(1)A(1)-A (2-xia)-B (1) (2) (3) (4-a) (9-i-ii)-C. D (2) (3) (4-a) (5-a)-E. F. (1)-G. (1) (2-b) (2-c) H.-1 (3) J-K (2) (4-a) (5) N.

			(2) If invested from Savings Bank Account under Rule B (9-iii) the endorsement indicated in that Rule must be made on the back of the Certificate.	(2) In the name of the teacher/employee with the endorsement as indicated in Col. 4.	(2) The Officer controlling the Fund, or his Successor in office or the teacher/employee if endorsed in accordance with Rule K (4-e)	(2) A (1)-A (2-xia) B (1) (2) (3) (4-a) (9-i, ii, iii, iv),-C-D (2) (3) (4-a), (5-a)-E. F (1)-G (1) (2-b, c)-H-1 (3)-J. K (2) (4a) N.
(xi-b, c, d & e) see also (xi-e) below.	5,000 on behalf of any one employee/ teacher.	Authority controlling the Fund, or manager or person authorised to sign for him in the case of a Firm, etc.	"(Name of Body or Firm)..... on behalf of (name of teacher or Employee)..... .....from Provident Fund."	Official designation of the officer controlling the Fund, or in case of a Firm/Company, etc., the name thereof with the additional words shown in Col. 4.	The person indicated in Col. 3, or his Successor in office.	A (1)-A (2 xi, b c d & e)-B (1) (2) (3) (4-k) (9)-C. D. (2) (3) (4-a) E. F. (1) G (1) (2-b) (2-c) H. 1 (3)-J-K (2) (4-a) (5)-N.
Persons or Associations who can purchase. *Vide* Corresponding Roman Figures under Rule A-2	Limit of holding permissible. Vide Rule D. Paragraphs (2) to (4)	Persons by whom the P. O. Application Form for purchase must be signed	Additional words which should be written by the purchaser on the P. O. Application Form for purchase	Persons or Public Body of Association, etc., in whose name the certificate must be made out, and the additional words which must be added in certain cases	Persons who will be entitled to encash	mbers of the Rules which are especially applicable
1	2	3	4	5	6	7
(xi-e)	Rs. No. Limit for Lump investment on behalf of all the employees participating in the Fund.	Manager or person authorised to sign on his behalf of the Firm/Company whose Provident Funds are being invested.	"(Name of Firm/ Company)..... from the company/firms'/P r o-vident Fund."	Name of the Firm/ Company with additional words shewn in Col. 4.	The person indicated in Col. 3 or his Successor in office	As immediately above except for D (4-a) substitute D (4-i).

(xii)	5,000 on behalf of any one person.	The Commissioner.	"(Official designation of the Commissioner)..... ....on behalf of (name)..... .....".	Official designation of the Commissioner with additional words shewn in Col. 4.	The Commissioner or his Successor in office.	A (1)-A (2-xii)-B (1) (2) (3) (4-a)-C-D (2) (3) (4-a)-E-F (1)-G (1) (2-a, b)-H-J-N.
(xiii)	As for xii above ..	The officer acting in fiduciary capacity.	"(Official designation of the officer)..... .....on behalf of (name)....."	The official designation of the officer mentioned in Col. 3 with additional words shewn in Col. 4.	The official indicated in Col. 3 or his successor in office	A (1)-A (2-xiii)-B (1) (2) (3) 4-a)-C-D-(2) (3) (4-a)-E-F-(1)-G (1) (2-a, b)-H-J-N.
(xiv)	5,00,000 ..	The officer authorised to control the State Funds.	"(Name of State) ... .State from State Funds."	In the name of the state with the addition of the words shewn in Col. 4.	The officer indicated in Col. 3 or his successor in office.	A (1)-A (2-xiv)-B(1) (2) (3) (4-b) (6-ib) (6-ii) C-D-(2) (3) (4-h) E-F-(1) G. (1) (1 (2-b) H-J-N.

APPENDIX D

POST OFFICE TEN-YEAR DEFENCE SAVINGS CERTIFICATES

* *Government of India, Finance Department, Notification No. D/C-230-F, dated the 4th June, 1940.* It is notified for general information that Post Office Ten-year Defence Savings Certificates may be obtained at any time on or after the 6th June 1940 at all Post Offices doing Savings Bank work.

PURCHASE OF DEFENCE SAVINGS CERTIFICATES.

2. (1) Post Office 10-year Defence Savings Certificates are obtainable at issue prices of Rs. 10, Rs. 50, Rs. 100, Rs. 500 and Rs. 1,000. Their purchase must be made by presenting a form of application which is prescribed for the purpose and which may be obtained at any post office doing savings bank business. The application may be made by a single person or in the joint names of two persons only, and may be tendered either personally or by a messenger. Defence Savings Certificates purchased by joint holders are issued on a special form and are of two classes; (A) payable to both the holders jointly or to any one of them with the consent of the other, and (B) payable to either of the joint holders.

(2) Defence Savings Certificates can be purchased either wholly with sums withdrawn from money already deposited in the investor's Post Office Savings Bank account, or with cash or a cheque on a recognised bank separately tendered for the purpose, or partly with sums withdrawn from savings bank deposit and partly with cash or cheque or both. The full issue price must be paid at the time of purchase.

Explanation.—When a savings bank depositor wishes to purchase Defence Savings Certificates out of the amount at credit of his account, it will not be necessary for him to draw the amount and pay it. All that he should do is to fill up an application for withdrawal and tender it and his pass book along with his application for purchase of Defence Savings Certificates. The withdrawal will be entered in the pass book which will be returned to him when the Defence Savings Certificates are made over to him.

(3) When an application is presented at a head or sub-post office, a Defence Savings Certificate signed by the head or sub-postmaster as the case may be, will be handed to the investor across the counter of the post office. When an application is

* As amended by Not. No. D/3400-P.T.41, dated the 7th August 1941.

presented at a branch office a Defence Savings Certificate will be obtained for the investor from the head office or the sub-office to which the branch office is subordinate. If payment is made by means of a cheque, the certificate will be delivered after the cheque has been cashed by the Post Office. Receipts will be given for all sums paid when a certificate is not issued immediately and investors should be careful to obtain and preserve these. The provisional receipts must be surrendered in all cases in exchange for the certificates issued.

(4) The total face value of Defence Savings Certificates which may be held by one person, whether in the capacity of a sole holder or a joint holder or both, is limited to Rs. 5,000. A declaration in the prescribed form must be made, on the occasion of each purchase, by the purchaser or purchasers to the effect that—

(a) the total holding of the purchaser or purchasers will not after that purchase exceed this limit, and

(b) the application, declaration and Post Office Defence Savings Certificate Rules shall be the basis of the contract between the purchaser or purchasers and the Government of India.

Explanation.—The face value of any Defence Savings Certificates transferred to a Government officer in his *official capacity* to be treated as security or purchased out of money retained by such Government Officer as security or purchased out of the balance at the credit of the Teachers' Provident Fund account standing open in his name shall, for the purpose of calculating the limit under this rule, be deemed to be the holding of the person on whose account the same are held as security or have been purchased as aforesaid.

(5) Holdings in excess of the face value of Rs. 5,000 will not carry any interest and when such an excess is discovered the holder is liable to be called upon to discharge the excess holdings immediately. Any interest or payment received by any holder in contravention of these rules should be refunded on demand and may, in addition to other remedies for the recovery thereof by the Government, be deducted from any money payable by the Government to the person obtaining such payment or his estate.

Explanation.—For the purposes of this sub-rule, the head office and branches of a bank or other concern holding certificates shall be considered to be a single holder.

Exception.—The limit of Rs. 5,000 specified in sub-rule (4), and the provisions of sub-rule (5), shall not apply to—

(a) Government Officers who in their official capacities hold certificates transferred to them as security,

(b) such Government Officers and such officers of the Indian States the posts of which have been amalgamated with the Imperial Post, as may be authorised in this behalf by the Governor General in Council by notification in the Official Gazette, to hold cash certificates in a fiduciary capacity, and

(c) the Reserve Bank of India and the Imperial Bank of India in respect of certificates transferred to it as security or held by it on behalf of claimants in respect of lost, wholly destroyed or defective Bank notes or currency notes of the Government of India,

*(d) Local Bodies, e. g. municipalities, Notified Area Committees, Small Town Committees, District Boards which may hold Defence Savings Certificates up to a limit of Rs. 20,000,

[(e) scheduled banks, provided the holding on behalf of each client, whether adult person, minor, incorporated body or other association does not exceed Rs. 5,000,

(f) any private individual if he holds Defence Savings Certificates in the name of one or more minors, the amount in each minor's case not exceeding Rs. 5,000.

NOTE.—The officers referred to in Exception (b) above, when purchasing certificates in a fiduciary capacity, are expected to satisfy themselves that the total value of the holdings in the name of any one person does not exceed Rs. 5,000.

PURCHASE OF DEFENCE SAVINGS CERTIFICATES ON BEHALF OF MINORS.

3. A Defence Savings Certificate cannot be purchased by a minor. It may, however, be purchased in the name of a minor either singly or jointly with that of another minor or jointly with that of an adult. The application for purchase on behalf of the minor should be made by an adult person or a scheduled bank. The applicant for the purchase of a Defence Savings Certificate on behalf of a minor must give the date of the minor's birth in the application for purchase.

*Added by Not. No. C-40-PT/42, dated the 20th June 1942.

[Added by Not. No. 229-PT/43, dated the 14th January 1943.

PURCHASE OF DEFENCE SAVINGS CERTIFICATES OUT OF AMOUNTS OF COMPENSATION PAYABLE UNDER THE WORKMEN'S COMPENSATION ACT.

4. A Commissioner for Workmen's Compensation may invest in Defence Savings Certificates the lump sums payable to a woman or to a person under any legal disability.

PURCHASE OF DEFENCE SAVINGS CERTIFICATES BY EDUCATIONAL AUTHORITIES ON BEHALF OF STUDENTS.

5. An educational authority (such as a local or a municipal board, a university or the governing body of an institution) or an individual member of it, or the headmaster of an educational institution, may purchase Defence Savings Certificates on behalf of students out of their savings or prize money. The certificates will be made out in the name of the educational authority, or in the official designation of any individual member of it, as the case may require, with the addition of the name of the student on whose behalf the investment is made, thus :—

Chairman,————Municipality, on behalf of student X. Y. (*name*).

Headmaster, ————School, on behalf of student A.B. (*name*).

If so desired by the educational authority, however, the certificates may be made out in the name of the student himself.

PURCHASE OF DEFENCE SAVINGS CERTIFICATES FROM THE BALANCE AT CREDIT OF TEACHERS' PROVIDENT FUND ACCOUNTS.

6. The officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund may purchase Defence Savings Certificates on behalf of a teacher out of the latter's Provident Fund account standing open under rule 45-A of the Post Office Savings Bank Rules. The certificates will be made out in the name of the teacher on whose behalf they are purchased, and their custody and control as well as the power to transfer them and discharge them will remain with the officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund. Application for purchase will be made on special form prescribed for the purpose. The following note will be made prominently in red ink on the face of the Defence Savings Certificate purchased after the name of the teacher-holder, thus:—

X. Y. (name of the teacher-holder) "payable to the officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund on

his signature or to the teacher-holder on the countersignature of the officer referred to ".

When certificates are discharged on the signature of the controlling officer, the proceeds will be credited into the Provident Fund Account (in the Post Office Savings Bank) of the teacher concerned unless otherwise directed, in writing, by the controlling officer.

The transfer of these certificates will also be allowed on the signature of the controlling officer, or on his countersignature both on the certificates and on the applications for transfer.

When holdings in excess of the prescribed limit of Rs. 5,000 are detected in respect of a particular teacher the Officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund will be liable to be called upon to discharge the excess holdings which will not carry any interest.

NOTE.—The term "teacher" includes librarians, clerks and others in non-pensionable service who are eligible for admission to the Teachers' Provident Fund.

* 6-A. A local or a municipal board, a University or the governing body of an educational institution, may purchase Defence Savings Certificates on behalf of employees out of the money in their Provident Fund accounts. The Certificates shall be made out in the name of such local or municipal board, University or the governing body of an educational institution, as the case may require, with the addition of the name of the employee on whose behalf the investment is made, thus :—

(Name of) Municipality on behalf of (name of employee) ;

Chairman, (name of) Municipality on behalf of (name of employee) ;

Headmaster, (name of) School on behalf of (name of teacher).

NOTE.—The holding limit of Rs. 5,000 shall be applied severally in respect of the Certificates held on behalf of each individual employee including his private holding, if any.

TRANSFER OF DEFENCE SAVINGS CERTIFICATES FROM THE NAME OF ONE PERSON TO THAT OF ANOTHER.

7. The holder of a Defence Savings Certificate may transfer it to another person with the previous permission of the head postmaster of the office in which or in one of the

* Added by Not. No. D-395 PT/42, dated the 22nd January 1942.

sub-offices attached to which the certificate is for the time being registered. The transferee must furnish a declaration that his total holding of these certificates (including the amount to be transferred) does not exceed the permissible maximum of Rs. 5,000 and that he agrees that this declaration shall be the basis of the contract between him, as the transferee of the certificate, and the Government of India. A new certificate bearing the same date of maturity as the original certificate will be issued to the transferee on the surrender of the original certificate duly endorsed by the transferor on the reverse of the original certificate "Pay to ....." under his signature and the date. [If, however, in any case, the transferor's endorsement cannot be obtained on the reverse of the original certificate, the transferee should, under his own signature and date, endorse on the reverse of it "Received in lieu of the within Defence Savings Certificate another of the same value and the within Defence Savings Certificate is discharged.]"

The application for transfer of Certificate must be made in the prescribed form which may be obtained at any post office doing savings bank business.

NOTE 1.—The transfer of Defence Savings certificates in joint names (of both classes) requires the consent of both the joint holders.

NOTE 2.—The transfer of Defence Savings Certificates purchased in the name of a teacher out of the balance at credit of the Teachers' Provident Fund account requires the signature or countersignature of the officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund (as prescribed in rule 6).

NOTE 3.—Transfer of a Defence Savings Certificate standing in the name of a minor to that of another person requires the previous sanction of the Postmaster-General.

TRANSFER OF DEFENCE SAVINGS CERTIFICATES FROM ONE POST OFFICE TO ANOTHER.

8. The holder of a Defence Savings Certificate may have it transferred free of charge from the post office in which it is registered to another post office doing savings bank work, provided that (1) the Defence Savings Certificate has been registered in the former post office for at least three months immediately before such transfer, or (2) the previous permission of the Head of the Circle in which that post

1. Added by Not. No. D/C—1105—PT/42, dated the 9th July 1942.

office is situated, has been obtained. If such a transfer is desired the holder should present or send to the post office in which the certificate is for the time being registered an application in the prescribed form accompanied by the Defence Savings Certificate concerned. The entry of the transfer will be made by the Post Office on the back of the Defence Savings Certificate.

Exception.—The restriction of transfer within three months does not apply when a Defence Savings Certificate is transferred to a Government Officer as security.

NOTE 1.—Applications for the transfer from one post office to another of Defence Savings Certificates in joint names (of both classes) should be signed by both the joint holders.

NOTE 2.—In the case of transfer from one post office to another of Defence Savings Certificates purchased in the name of a teacher out of the balance at credit of his Teachers' Provident Fund account, the provisions of Note 2 below rule 7 will apply.

DEFENCE SAVINGS CERTIFICATES AS SECURITY

9. The purchasers of Defence Savings Certificates may transfer their holdings of Defence Savings Certificates to any officer of Government in his official capacity to be treated as security or authorise or consent to the purchase of Defence Savings Certificates out of money retained by Government Officers as security. The value of the security shall be the amount at which the Defence Savings Certificates were purchased or their conversion value on the date the Defence Savings Certificates are transferred. In all such cases Defence Savings Certificates must be formally transferred to the Government Officer concerned with the sanction of the Head Postmaster of the office in which, or any one of the sub-offices, attached to which, the certificates are for the time being registered. The certificate may, with the permission of the Head Postmaster, be re-transferred by the Government Officer to the original holder when the purpose for which they were transferred is fulfilled.

Transfers of Defence Savings Certificates by holders as security to private individuals, banks or other concerns are prohibited.

Recognition also will not be accorded to the deposi of or other dealings in Defence Savings Certificates for th purposes of security as between individuals, banks or privat concerns and Government accept no responsibility for repayment of certificates so dealt with otherwise than to the registered holder thereof.

In order to avoid frequent transfers which would be involved in consequence of the change of incumbents, Government officers shall hold Defence Savings Certificates as security in their official capacities only.

Explanation.—For the purpose of this rule the term "Government Officers" includes any officer of the Government of an Indian State, the Posts of which have been amalgamated with the Imperial Post and such officers of Indian States as are authorised to hold Government securities in their official capacities.

NOTE.—Government officers accepting Defence Savings Certificates as security must satisfy themselves that the total face value of the Defence Savings Certificates in the name of any person pledging these, does not exceed Rs. 5,000.

DISCHARGE OF DEFENCE SAVINGS CERTIFICATES.

10. (1) The amount of Rs. 13-9, Rs. 67-13, Rs. 135-10, Rs. 678-2 and Rs. 1,356-4 will be payable on a certificate of Rs. 10, Rs. 50, Rs. 100, Rs. 500, and Rs. 1,000 respectively ten years after the date of issue on presentation of the certificate at the post office in which it is for the time being registered. If the holder of certificate desires to surrender it before the completion of ten years, he will be entitled to payment as shown in the table below, the appropriate portion of which appears on the reverse of the certificate. A receipt for payment will be taken on the reverse of the certificate. No income-tax will be levied on the yield from these certificates and their payment will be made in all cases free of stamp duty.

If payment is claimed :—

	Rs. 10	Rs. 50.	Rs. 100	Rs. 500.	Rs. 1,000.
	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
Within 2 years from date of issue.	10 0	50 0	100 0	500 0	1,000 0
After 2 complete years from date of issue.	10 5	51 9	103 2	515 10	1,031 4
After 3 complete years from date of issue.	10 10	53 2	106 4	531 4	1,062 8
After 4 complete years from date of issue.	10 15	54 11	109 6	546 14	1,093 12
After 5 complete years from date of issue.	11 8	57 8	115 0	575 0	1,150 0
After 6 complete years from date of issue.	11 13	59 1	118 2	590 10	1,181 4
After 7 complete years from date of issue.	12 2	60 10	121 4	606 4	1,212 8
After 8 complete years from date of issue.	12 7	62 3	124 6	621 14	1,243 12
After 9 complete years from date of issue.	12 12	63 12	127 8	637 8	1,275 0
After 10 complete years from date of issue.	13 9	67 13	135 10	678 2	1,356 4

* (2) Defence Savings Certificates purchased on behalf of a minor *is* ordinarily encashable by the legal guardian, or by the father, or if the father is dead by the mother, of the minor. At any time after purchase, the purchaser may nominate the person who shall be entitled to encash the certificates on behalf of the minor, such nomination being, however, restricted to :

(*a*) the father, or

(*b*) the mother, or

(*c*) either parent, or

(*d*) the legal guardian, of the minor.

For this purpose, the certificates in question should be produced at the post office of registration and the Postmaster shall permit the purchaser to add the necessary words through father/mother/either parent, etc., as desired, in the original form of application for purchase or transfer as the case may be, and a similar entry will be made by the Postmaster on the Defence Savings Certificates.

When a certificate held on behalf of a minor is to be encashed, a declaration must be given to the effect that the minor is still alive and the money is required for his/her use.

When a certificate held on behalf of a minor is enfaced for payment in the United Kingdom, payment will be made, under the orders of the Secretary of State for India, to the natural or legal guardian of the minor or to any other person who may be considered by the Secretary of State as entitled to receive payment.

(3) Defence Savings Certificates purchased by a Commissioner for Workmen's Compensation for the benefit of a woman or a person under any legal disability may be discharged by him or his successor in office.

(4) In the case of payment of Defence Savings Certificates purchased in the name of a teacher out of the balance at credit of his Teachers' Provident Fund account the provisions of rule 6 will apply.

(5) Payment of the amount due on a Defence Savings Certificate will ordinarily be made only at the post office at which the certificate is for the time being registered. The holder may, however, apply for payment at any post office doing savings bank business. In the latter case payment will be made at the post office at which application is made after the certificate has been verified by the office in which it is for the time being registered, provided that at least

*Not. No. D. 8951—PT/45, dated the 3rd October 1945.

three complete months have elapsed from the date on which it was originally purchased or transferred to the office where it stands registered.

(6) Payment of a Defence Savings Certificate issued in joint names and belonging to class A referred to in rule 2 can be made only on the signatures of the joint holders. Payment will, however, be made to one of the joint holders on a letter of consent from the other holder addressed to the postmaster.

(7) Payment of a Defence Savings Certificate issued in joint names and belonging to class B can be made on the signature of either of the joint holders.

PARTIAL DISCHARGE AND EXCHANGE OF DEFENCE SAVINGS CERTIFICATES.

11. (1) A holder of Defence Savings certificates may discharge a part of his holding by making an application to the Postmaster of the office in which the certificates are at the time registered, mentioning the amount he desires to be repaid to him and the numbers and denominations of the certificates which will form the balance.

(2) Several Defence Savings certificates of lower denominations may be exchanged for one or more certificates of a higher value or a certificate of a higher value may be exchanged for a number of Defence Savings certificates of lower denominations on application to the postmaster of the office in which the certificates are at the time registered.

PAYMENT OF DEFENCE SAVINGS CERTIFICATES BELONGING TO DECEASED HOLDERS.

12. (1) If a holder of Defence Savings certificates should die leaving certificates the sum due on which at the time of death does not exceed five thousand rupees, and if probate of his will, or letters of administration of his estate, or a certificate granted under the Indian Succession Act (Act XXXIX of 1925), be not produced to the Postmaster-General within three months of the death of the said holder, the Postmaster-General may pay the sum for the time being due on the certificates to any person appearing to him to be entitled to receive it or to administer the estate of the deceased on his furnishing a declaration to the following effect:—

I/We hereby declare that my/our deceased (*relationship*) the late (*name of holder*) held at the time of death no Defence Savings certificates other than those detailed below. If any more Defence Savings certi-

ficates in the name of the deceased be found afterwards and thereby the sum due on the entire holding at the time of death of the holder exceeds Rs. 5,000, I/We undertake that I/We shall produce legal evidence of heirship, as required by the post office.

*NOTE 1.—The postmaster of the office of registration of the certificates, unless it is an extra-departmental sub-office, may exercise, as ruled below, the powers vested in the Postmaster-General under sub-rule (1) of this rule on the same condition, provided the certificates stood in the name of a single investor, namely :—

(i) Presidency Postmasters	..	up to Rs. 1,000
(ii) Gazetted Head Postmasters	..	up to Rs. 500
(iii) Non-Gazetted Head Postmasters	..	up to Rs. 250
(iv) Departmental Sub-Postmasters	..	up to Rs. 100

NOTE 2.—For rule regarding payment in the United Kingdom of Defence Savings certificates belonging to a deceased holder, *see* sub-rule (3) of rule 13.

NOTE 3.—In the event of death of a teacher or any other member of Teachers' Provident Fund occurring while the Defence Savings Certificates purchased in his name from the balance at credit of his Teachers' Provident Fund account are remaining undischarged, payment on such certificates will be obtained by the officer authorised by the local Government or Administration to control the Teachers' Provident Fund, and the amount will be treated as if it formed part of the balance at credit of the Teachers' Provident Fund account of the deceased in the Post Office Savings Bank.

(2) If the sum due on all the Defence Savings certificates at the time of death of the holder exceeds five thousand rupees, payment will be made only on production of a probate of his will or letters of administration of his estate or a certificate granted under the Indian Succession Act, 1925 (XXXIX of 1925).

(3) Certificates purchased in joint names are *ordinarily* payable to the surviving joint holder when one of the joint holders is dead ; and the head postmaster of the office in which or in one of the sub-offices attached to which the certificates are for the time being registered is competent to issue orders of payment in such cases. When both the joint holders are dead such certificates are payable under the orders of the Postmaster-General to the representative of the last surviving joint holder.

* Not. No. D/8951-PT/45, dated the 3rd October 1945.

PAYMENT OF DEFENCE SAVINGS CERTIFICATES IN THE UNITED KINGDOM.

*13. (1) Holders of Defence Savings certificates, who subsequently leave India, may obtain during their stay abroad payment for their certificates in the United Kingdom at the rate of exchange current at the time of encashment. Holders who wish to avail themselves of the concession must apply in the prescribed form to the post office in which the certificates are for the time being registered for their enfacement by the head postmaster for payment at the India Office, London. In case, however, the enfacement for the payment of Defence Savings certificates is required after the holders have left India, the applications should be made through the India Office, London.

(2) Defence Savings Certificates belonging to a deceased holder, the payment of which is desired in the United Kingdom, should be presented for payment at the India Office, London, together with the evidence of claim. [*See* sub-rule (1) of rule 12.]

LOSS OR DESTRUCTION OF A DEFENCE SAVINGS CERTIFICATE.

14. (1) If a Defence Savings Certificate is lost or destroyed the investor will be entitled to a declaration in lieu of it from the Deputy Accountant-General, Posts and Telegraphs, on his furnishing a statement in writing to the post office in which it is at the time registered giving particulars of the Defence Savings certificate and explaining the circumstances in which it was lost or destroyed. A declaration issued by the Deputy Accountant-General, Posts and Telegraphs, under this rule will be treated as equivalent to the original Defence Savings Certificate for all the purposes of the preceding rules. If the Defence Savings certificate is lost or destroyed while in the custody of the holder, a fee on the scale specified below shall accompany the statement and will in no case be refunded. The Post Office will not be responsible for any loss caused to the holder by another person obtaining possession of the Defence Savings Certificate and fraudulently discharging it.

	Rs.	A.	P.
For a Defence Savings certificate of the denomination of Rs. 10	0	4	0
For a Defence Savings certificate of the denomination of Rs. 500 or above	0	8	0
For a Defence Savings certificate of the denomination of Rs. 500 or above	1	0	0

* Not. No. 8951—PT/45, dated the 3rd October, 1945.

NOTE.—In the case of Defence Savings certificates issued in joint name of both the classes referred to in rule 1 the statement must be signed by both the joint holders if they are alive.

(2) If a Defence Savings certificate is spoilt a new Defence Savings certificate bearing the same date of maturity as the original certificate will be issued to the holder by the head postmaster of the office in which or in one of the sub-offices attached to which the certificate is at the time registered, on the holder surrendering the spoilt Defence Savings certificate.

15. The Governor-General in Council reserves to himself the right to alter or add to these rules at any time.

Note.—These ceased to be issued with effect from the close of business on the 30th September 1943, *vide* Government of India, Finance Department, Notification No. F. 17 (100)—F/43, dated the 4th September, 1943.

Application of the Post Office National Savings Certificates Ordinance, 1944 (No. XLII of 1944).

Not. No. D. 8342 (i) P T / 45, dated the 2nd October, 1945.

In pursuance of clause (b) of sub-section (2) of section 1 of the Post Office National Savings Certificates Ordinance, 1944 (No. XLII of 1944), the Central Government is pleased to direct that the provisions of the aforesaid Ordinance shall apply to the Post Office 10-Year Defence Savings Certificates issued under the rules published with the notification of the Government of India, in the Finance Department, No. 8/C—230-F, dated the 4th June, 1940.

APPENDIX E.

POST OFFICE 5-YEAR CASH CERTIFICATES

1. (1) Post Office 5-Year Cash Certificates for Rs. 10, 50, 100, 500, 1,000, 2,000, 3,000, 4,000 and 5,000 are obtainable at any post office doing savings bank work, at an issue price of Rs. 8-13, Rs. 44-1, Rs. 88-2, Rs. 440-10, Rs. 881-4, Rs. 1,762-8, Rs. 2,643-12, Rs. 3,525 and Rs. 4,406-4, respectively. Their purchase must be made by presenting a form of application which is prescribed for the purpose and which may be obtained at any post office doing savings bank business. The application may be made by a single person or in the joint names of two persons only, and may be tendered either personally or by a messenger. Cash Certificates purchased by joint holders are issued on a special form and are of two classes; (A) payable to both the holders jointly or to any one of them with the consent of the other, and (B) payable to either of the joint holders.

(2) Cash certificates can be purchased either wholly with sums withdrawn from money already deposited in the investor's Post Office Savings Bank account, or with cash or a cheque on a recognised bank separately tendered for the purpose, or partly with sums withdrawn from savings bank deposit and partly with cash or cheque or both. The full issue price must be paid at the time of purchase.

Explanation—When a savings bank depositor wishes to purchase cash certificates out of the amount at credit of his account, it will not be necessary for him to draw the amount and pay it. All that he should do is to fill up an application for withdrawal and tender it and his pass book along with his application for purchase of Cash Certificates. The withdrawal will be entered in the pass book which will be returned to him when the Cash Certificates are made over to him.

(3) When an application is presented at a head or sub post office, a cash certificate signed by the head or sub postmaster as the case may be, will be handed to the investor across the counter of the post office. When an application is presented at a branch office a cash certificate will be obtained for the investor from the head office or the sub-office to which the branch office is subordinate. If payment is made by means of a cheque, the certificate will be delivered after the cheque has been cashed by the Post Office. Receipts will be given for all sums paid when a certificate is not issued immediately and investors should be careful to obtain and preserve these. The provisional receipts must be surrendered in all cases in exchange for the certificates issued.

Note.—Excepting cash certificates which were in the custody of the Accountant-General, Posts and Telegraphs, on the 31st May 1924, no cash certificates can now be kept in the custody. Should the holder of a certificate which is in the custody of the Accountant-General, Posts and Telegraphs, desire to take delivery of it, he may do so on furnishing a written application to the post office in which the certificate is at the time registered, together with the Deputy Accountant-General's acknowledgment for the certificate. He will be granted a provisional receipt by the postmaster for the acknowledgment, pending receipt of the cash certificate.

(4) The total face value of cash certificates which may be held by one person, whether in the capacity of a sole holder or a joint holder or both, is limited to Rs. 10,000. A declaration in the prescribed form must be made, on the occasion of each purchase, by the purchaser or purchasers to the effect that:—

(a) the total holding of the purchaser or purchasers will not after that purchase exceed this limit, and

(b) the application, declaration and Post Office Cash Certificate Rules shall be the basis of the contract between the purchaser or purchasers and the Government of India.

Explanation.—The face value of any cash certificates transferred to a Government officer in his official *capacity* to be treated as security or purchased out of money retained by such Government Officer as security or purchased out of the balance at the credit of the Teachers' Provident Fund account standing open in his name shall, for the purpose of calculating the limit under the rule, be deemed to be the holding of the person on whose account the same are held as security or have been purchased as aforesaid.

[1](5) Holdings in excess of the face value of Rs. 10,000 (including cash certificates to which the holder becomes entitled by succession or otherwise) will not carry any interest and when such an excess is discovered the holder is liable to be called upon to discharge the excess holdings immediately. Any interest or payment received by any holder in contravention of these rules should be refunded on demand, and may, in addition to other remedies for the recovery thereof by the Government, be deducted from any money payble by the Government to the person obtaining such payment or his estate.

Explanation.—For the purposes of this sub-rule, the head office and branches of a bank of other concern holding certificates shall be considered to be a single holder.

Exception.—The limit of Rs. 10,000 specified in sub-rule (4), and the provisions of sub-rule (5), shall not apply to—

(a) Government officers who in their official capacities hold certificates transferred to them as security,

1. Added by Not. 4435—PT/43, dated the 16th July, 1943.

(b) such Government officers and such officers of the Indian States the posts of which have been amalgamated with the Imperial Post, as may be authorised in this behalf by the Governor General in Council by notification in the Official Gazette, who hold certificates in a fiduciary capacity, and

(c) the Reserve Bank of India in respect of certificates transferred to it as security or held by it on behalf of claimants in respect of lost, wholly destroyed or defective Bank notes or currency notes of the Government of India.

NOTE.—The officers referred to in *Exception* (b) above, when purchasing certificates in a fiduciary capacity, are expected to satisfy themselves that the total value of the holdings in the name of any one person does not exceed Rs. 10,000.

For list of the Government Officers and the Officers of Indian States authorised to hold Cash Certificates under the above sub-rules see Government of India, Finance Department, Notification No. D/2315 (ii)—P.T./39, dated the 3rd August 1939 as subsequently amended reproduced at page *infra*).

Purchase of Cash Certificates on behalf of Minors.

2. A cash certificate cannot be purchased by a minor. It may, however, be purchased in the name of a minor either singly or jointly with that of another minor or jointly with that of an adult. The application for purchase on behalf of the minor should be made by an adult relative or guardian. The applicant for the purchase of a cash certificate on behalf of a minor must give the date of the minor's birth in the application for purchase.

Purchase of Cash Certificates out of amounts of compensation payable under the Workmen's Compensation Act.

2-A. A Commissioner for Workmen's Compensation may invest in Cash Certificates the lump sums payable to a woman or to a person under any legal disability.

Purchase of Cash Certificates by Educational Authorities on behalf of Students.

3. An educational authority (such as a local or a municipal board, a university or the governing body of an institution), or an individual member of it, or the headmaster of an educational institution, may purchase cash certificates on behalf of students out of their savings or prize money. The certificates will be made out in the name of the educational authority, or in the official designation of any individual member of it, as the case may require, with the addition of the name of the student on whose behalf the investment is made thus :—

Chairman—Municipality, on behalf of student X.Y. (*name*).
Headmaster—School, on behalf of student A.B. (*name*).

If so desired by the educational authority, however, the certificates may be made out in the name of the student himself.

Purchase of Cash Certificate from the balance at credit of teachers' provident fund account.

3-A. The officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund may purchase Cash Certificates on behalf of a teacher out of the latter's Provident Fund account standing open under rule 45-A of the Savings Bank Rules. The certificates will be made out in the name of the teacher on whose behalf they are purchased, and their custody and control as well as the power to transfer them and discharge them will remain with the officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund. Applications for purchase will be made on special form prescribed for the purchase. The following note will be made prominently in red ink on the face of the Cash Certificate purchased after the name of the teacher-holder, thus :—

> X.Y. (name of the teacher-holder) "payable to the officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund on his signature or to the teacher-holder on the counter-signature of the officer referred to."

When certificates are discharged on the signature of the controlling officer, the proceeds will be credited into the Provident Fund Account (in the Post Office Savings Bank) of the teacher concerned unless otherwise directed, in writing, by the controlling officer.

The transfer of these certificates will also be allowed on the signature of the controlling officer, or on his counter-signature both on the certificates and on the applications for transfer.

When holdings in excess of the prescribed limit of Rs. 10,000 are detected in respect of a particular teacher the officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund will be liable to be called upon to discharge the excess holdings which will not carry any interest.

NOTE.—The term "teacher" includes librarians, clerks and others in non-pensionable service who are eligible for admission to the Teachers' Provident Fund.

Transfer of Cash Certificates from the Name of One Person to that of Another

4. The holder of a cash certificate may transfer it to another person with the previous permission of the head postmaster of the office in which or in one of the sub-offices attached to which the certificate is for the time being registered.

The transferee must furnish a declaration that his total holding of these certificates (including the amount to be transferred) does not exceed the permissible maximum of Rs. 10,000 and that he agrees that this declaration shall be the basis of the contract between him, as the transferee of the certificate, and the Government of India. A new certificate bearing the same date of maturity as the original certificate will be issued to the transferee on the surrender of the original certificate duly endorsed by the transferor on the reverse of the original certificate "Pay to.....under his signature and the date." The application for transfer of certificate must be made in the prescribed form which may be obtained at any post office doing savings bank business.

NOTE 1.—The transfer of cash certificates in joint names (of both classes) requires the consent of both the joint holders.

NOTE 2.—If the transfer of a certificate which is in the custody of the Accountant-General, Posts and Telegraphs [*see* Note to rule 1 (3)] is desired, the head postmaster will arrange for it in communication with the Deputy Accountant-General, Posts and Telegraphs.

NOTE 3.—The transfer of cash Certificates purchased in the name of a teacher out of the balance at credit of his Teachers' Provident Fund account requires the signature or countersignature of the officer authorised by the Provincial Government or Administration to control the Teachers' Provident Fund (as prescribed in rule 3-A).

Note 4.—Transfer of a Cash Certificate standing in the name of a minor to that of another person requires the previous sanction of the Postmaster-General.

Transfer of Cash Certificates from One Post Office to Another

4-A. The holder of a cash certificate may have it transferred free of a charge from the post office in which it is registered to another post office doing savings bank work, provided that (1) the cash certificate has been registered in the former post office for at least three months immediately before such transfer or (2) the previous permission of the Head of the Circle in which that post office is situated, has been obtained. If such a transfer is desired the holder should present or send to the post office in which the certificate is for the time being registered an application in the prescribed form accompanied by the cash certificate concerned. The entry of the transfer will be made by the Post office on the back of the cash certificate.

NOTE 1.—Applications for the transfer from one post office to another of each certificate in joint names (of both classes) should be signed by both the joint holders.

NOTE 2.—In the case of transfer from one post office to another of Cash Certificate purchsed in the name of a teacher out of the balance at credit of his Teachers' Provident Fund account, the provisions of note 3 below rule 4 will apply.

Cash Certificates as Security

5. The purchaser of cash certificates may transfer their holdings of Cash Certificates to any officer of Government in his official capacity to be treated as security or authorise or consent to the purchase of cash certificates out of money retained by Government officers as security. The value of the security shall be the amount at which the cash certificates were purchased or their conversion value on the date the cash certificates are transferred, and not their face value. In all such cases cash certificates must be formally transferred to the Government officer concerned with the sanction of the Head Postmaster of the office in which or any one of the sub-offices, attached to which, the certificates are for the time being registered. The certificates may, with the permission of the Head Postmaster, be re-transferred by the Government officer to the original holder when the purpose for which they were transferred is fulfilled.

Transfers of cash certificates by holders as security to private individuals, banks or other concerns are prohibited.

Recognition also will not be accorded to the deposit of or other dealings in cash certificates for the purposes of security as between individuals, banks or private concerns and Government accept no responsibility for repayment of certificates so dealt with otherwise than to the registered holder thereof.

In order to avoid frequent transfers which would be involved in consequence of the change of incumbents, Government officers shall hold cash certificates as security in their official capacities only.

Explanation.—For the purpose of this rule the term "Government officers" includes any officer of the Government of an Indian State, the posts of which have been amalgamated with the Imperial Post and such officers of Indian States as are authorised to hold Government securities in their official capacities.

NOTE.—Government officers accepting cash certificates as security must satisfy themselves that the total face value of the cash certificates in the name of any person pledging these, does not exceed Rs. 10,000.

Discharge of Cash Certificates

6. (1) The amount shown on a cash certificate will be payable five years after the date of issue on presentation of the certificate at the post office in which it is for the time being registered. If the holder of a certificate desires to surrender it before the completion of five years he will be entitled to payment as shown in the table below, the appropriate portion of which appears on the reverse of

the certificate. A receipt for payment will be taken on the reverse of the certificate. No income-tax will be levied on the yield from these certificates and their payment will be made in all cases free of stamp duty.

* * * *

For Tables see Post and Telegraph Guide.

NOTE.—The holder of a cash certificate which is in the custody of the Accountant-General, Posts and Telegraphs [*see* Note to rule 1 (3)] must apply by letter for its discharge at the post office in which it is at the time registered, and payment will be made by the post office on receipt of authority for payment from the Deputy Accountant-General, Posts and Telegraphs. A receipt for payment will be taken on the reverse of the Deputy Accountant-General's acknowledgment.

(2) The amounts repayable on certificates of the different denominations prior to the 1st July 1936 are shown in Tables A.B.C.D.E.F.G.H and I below :—

For Tables see Post and Telegraph Guide.

(3) Holders of cash certificates particularised below will be allowed at their option to hold cash certificates for a further period of five years after maturity (*i. e.*, after completion of five years from the date of their original issue).

The amounts repayable from time to time during the further period of five years are as follows :—

* * * *

For Tables see Post and Telegraph Guide.

(4) Cash certificates which mature (*i.e.*, complete the five-year period from the date of original issue) on or after the 3rd April 1934 will not earn any further interest if retained beyond the date of maturity.

(5) (a) Cash certificates standing in the name of a minor, other than a married female minor, may, under orders of a Head Postmaster, be discharged by the father or, if he be dead, by the mother of the minor, provided that the current value of all cash certificates standing in the name of the minor does not exceed Rs. 5,000 on the date the application is made by the claimant. If the applicant for payment is neither the father nor the mother of the minor and the current value of all cash certificates does not exceed Rs. 5,000 on the date of application, the Postmaster-General may authorise payment on production of a certificate by the Magistrate of the District in which the minor ordinarily resides, to the effect that the applicant is the actual guardian of the minor. In the case of cash certificates standing in the name of a married female minor, all applications for discharge should be referred to the Postmaster-General for orders. Except in cases in which the applicant himself has stated that the current value of

all cash certificates standing in the name of the minor exceeds Rs. 5,000, the applicant must furnish a declaration in the form given below. In cases in which the current value of all cash certificates standing in the name of the minor exceeds Rs. 5,000 on the date of application, payment shall only be made under the orders of the Postmaster-General to the legal guardian.

(*Form of declaration*)

I hereby declare that to the best of my belief and knowledge there are no cash certificates, standing in the name of the minor (name) other than those specified below. If any more cash certificates in the name of the minor be found afterwards and thereby the current value of the entire holding of the minor exceeds Rs. 5,000 on this date I undertake, if required to do so, to produce within three months from the date of demand an order of a competent court of law appointing me or declaring me to be the guardian of the property of the minor, failing which I shall hold myself liable to refund the value of the cash certificates to be paid to me on behalf of the minor, with interest thereon at the rate of 6 per cent. per annum.

[1]N.B.—The father of a Mohammadan minor or the father, or if the father be dead, the mother of a Hindu minor can deal in cash certificates standing in the name of the minor without obtaining a certificate of guardianship.

NOTE 1.—Evidence showing that the person in whose name the cash certificate stands is alive and is still minor must be produced by the claimant. A declaration by the claimant supported by the signatures of two respectable witnesses and authenticated by a magistrate, will ordinarily suffice.

NOTE 2.—All applications for discharge of Cash Certificates standing in the name of a female minor must, in addition to the declaration prescribed above, bear a certificate, signed by the person making the application that the minor is married / not married.

(b) For rule regarding payment of Cash Certificates standing in the name of a minor and enfaced for payment at the India Office, *see* sub-rule (2) of rule 9.

(6) Cash certificates purchased by a Commissioner for Workmen's Compensation for the benefit of a woman or a person under any legal disability may be discharged by him or his successor in office.

(7) In the case of payment of Cash Certificates purchased in the name of a teacher out of the balance at credit of his Teachers' Provident Fund account the provisions of rule 3-A will apply.

[1]Not. No. 7505—P.T./43, dated the 1st December 1943.

[1](8) Payment of the amount due on a cash certificate will ordinarily be made only at the post office at which the certificate is for the time being registered. The holder may, however, apply for payment at any post office doing savings bank business. In the latter case payment will be made at the post office at which application is made after the certificate has been verified by the office in which it is for the time being registered, provided that at least three complete months have elapsed from the date on which it was originally purchased or transferred to the office where it stands registered.

(9) Payment of a cash certificate issued in joint names and belonging to class A referred to in rule 1 can be made only on the signatures of the joint holders. Payment will, however, be made to one of the joint holders on a letter of consent from the other holder addressed to the postmaster.

(10) Payment of a cash certificate issued in joint names and belonging to class B can be made on the signature of either of the joint holders.

Partial Discharge and Exchange of Cash Certificates

7. (1) A holder of cash certificates may discharge a part of his holding by making an application to the postmaster of the office in which the certificates are at the time registered, mentioning the amount he desires to be repaid to him and the numbers and denominations of the certificates which will form the balance.

NOTE.—The rule is applicable also to cash certificates which are in the custody of the Accountant-General, Posts and Telegraphs [*see* Note to rule 1 (3)]. In such cases, however, the balance of the certificates issued after payment cannot again be kept in the custody of the Accountant-General, Posts and Telegraphs.

(2) Several cash certificates of lower denominations may be exchanged for one or more certificates of a higher value or a certificate of a higher value may be exchanged for the number of cash certificates of lower denominations on application to the postmaster of the office in which the certificates are at the time registered.

NOTE.—The rule is applicable also to cash certificates which are in the custody of the Accountant-General, Posts and Telegraphs [*see* Note to rule 1 (3)]. In such cases, however, the fresh certificates of higher value issued in lieu of those of lower denominations cannot again be kept in the custody of the Accountant-General, Posts and Telegraphs.

Payment of Cash Certificates Belonging to Deceased Holders

8. (1) If a holder of cash certificates should die leaving certificates the sum due on which at the time of death

[1]Not. No. D 1571—P.T./40 dated the 21st February 1940.

does not exceed five thousand rupees, and if probate of his will, or letters of administration of his estate, or a certificate granted under the Indian Succession Act (Act XXXIX of 1925), be not produced to the Postmaster-General within three months of the death of the said holder, the Postmaster-General may pay the sum for the time being due on the certificates to any person appearing to him to be entitled to receive it or to administer the estate of the deceased on his furnishing a declaration to the following effect :—

I / We hereby declare that my / our deceased (*relationship*) *the* late (*name of holder*) held at the time of death no cash certificates other than those detailed below. If any more cash certificates in the name of the deceased be found afterwards and thereby the sum due on the entire holding at the time of death of the holder exceeds Rs. 5,000, I / We undertake that I / We shall produce legal evidence of heirship, as required by the post office.

† NOTE 1.—In the case of Cash certificates standing registered at a British Post office in the French establishments in India the production of legal evidence of heirship cannot be dispensed with.

* NOTE 2.—The postmaster of the office of registration of Cash Certificates, unless it is an extra-departmental sub-office, may exercise as noted below the powers vested in the Postmaster-General under sub-rule (1) of this rule on the same conditions, provided the Cash Certificates stood in the name of a single investor, namely :—

(i)	Presidency Postmasters ..	up to Rs. 1,000
(ii)	Gazetted Head Postmasters ..	up to Rs. 500
(iii)	Non-Gazetted Head Postmasters ..	up to Rs. 250
(iv)	Departmental Sub Postmasters ..	up to Rs. 100

NOTE 3.—Cash Certificates standing registered at a Post Office in Burma in the name of a deceased member of the Burma Military or Civil Police Force whose estate is subject to the disposal of Police Officers' Estate Act, 1922 (Burma Act No. VIII of 1922) shall be payable on application to an authorised officer of the Committee constituted under section 3 of the said Act.

NOTE 4.—For rule regarding payment in the United Kingdom of cash certificates belonging to a deceased holder, see sub-rule (3) of rule 9.

NOTE 5.—In the event of death of a teacher or any other member of Teachers' Provident Fund occurring while the Cash Certificates purchased in his name from the balance at credit of his Teachers' Provident Fund Account are remaining undischarged, payment on such certificates will be obtained by the officer authorised by the local Government or Administration to control the Teachers' Provident Fund and the amount will be treated as if it formed part of the balance at credit of the Teachers' Provident Fund Account of the deceased in the Post Office Savings Bank.

† Not. No. 4375-P.T./41, dated the 30th October, 1941.

* Not. No. 873-P.T./44, dated the 10th February, 1944.

(2) If the sum due on all the cash certificates at the time of death of the holder exceeds five thousand rupees, payment will be made only on production of a probate of his will or letters of administration of his estate or a certificate granted under the Indian Succession Act, 1925 (XXXIX of 1925).

(3) Certificates purchased in joint names are *ordinarily* payable to the surviving joint holder when one of the joint holders is dead; and the head postmaster of the office in which or in one of the sub-offices attached to which the certificates are for the time being registered is competent to issue orders of payment in such cases. When both the joint holders are dead such certificates are payable under the orders of the Postmaster-General to the representative of the last surviving joint holder.

Payment of Cash Certificates in the United Kingdom

9. (1) Holders of cash certificates, who subsequently leave India, may obtain during their stay abroad payment for their certificates in the United Kingdom at the rate of exchange current at the time of encashment. Holders who wish to avail themselves of the concession must apply in the prescribed form to the post office in which the certificates are for the time being registered for their enfacement by the head postmaster for payment at the India Office, London. In case, however, the enfacement for the payment of cash certificates is required after the holders have left India, the applications should be made through the India Office, London.

(2) Cash Certificates standing in the name of a minor and enfaced for payment at the India Office shall be payable to the natural or legal guardian or to any other person under the orders of the Secretary of State for India, provided that when the current value of all Cash Certificates standing in the name of the minor exceeds Rs. 5,000 on the date the application is made, payment to person other than the legal guardian will be made only on the execution of an indemnity bond. Except in cases in which the applicant himself has stated that the current value of all Cash Certificates standing in the name of the minor exceeds Rs. 5,000 on the date of application, the applicant must, if he is not the legal guardian, furnish to the India Office a declaration to the effect that to the best of his belief and knowledge there are no Cash Certificates standing in the name of the minor other than those specified in the declaration and that if any more Cash Certificates in the name of the minor be found afterwards and thereby such

current value exceeds Rs. 5,000 the applicant will enter into a bond of indemnity.

(3) Cash Certificates belonging to a deceased holder, the payment of which is desired in the United Kingdom, should be presented for payment at the India Office, London, together with the evidence of claim. [*See* Sub-rule (1) of Rule 8].

Loss or Destruction of a Cash Certificate

* 10. (1) If a cash certificate is lost or destroyed the investor will be entitled to a declaration in lieu of it from the Deputy Accountant-General, Posts and Telegraphs, on his furnishing a statement in writing to the post office in which it is at the time registered giving particulars of the cash certificate and explaining the circumstances in which it was lost or destroyed. A declaration issued by the Deputy Accountant-General, Posts and Telegraphs, under this rule will be treated as equivalent to the original cash certificate for all the purposes of the preceding rules. If the cash certificate is lost or destroyed while in the custody of the holder, a fee on the scale specified below shall be charged for the issue of a declaration by Audit Office. The Post Office will not be responsible for any loss caused to the holder by another person obtaining possession of the cash certificate and fraudulently discharging it.

	Rs.A.P.
For a cash certificate of the denomination of Rs. 10 or Rs. 20	0-4-0
For a cash certificate of the denomination of Rs. 50 or Rs. 100	0-8-0
For a cash certificate of the denomination of Rs. 500 or above	1-0-0

NOTE 1.—This rule is applicable also to acknowledgments in respect of cash certificates which are in the custody of the Accountant-General, Posts and Telegraphs (see Note in rule 1 (3)).

NOTE 2.—In the case of cash certificates issued in joint name of both the classes referred to in rule 1 the statement must be signed by both the joint holders if they are alive.

(2) If a cash certificate is spoilt a new cash certificate bearing the same date of maturity as the original certificate will be issued to the holder by the head postmaster of the office in which or in one of the sub-offices attached to

*No. D 1571—P.T./40, dated the 21st February 1940.

which the certificate is at the time registered, on the holder surrendering the spoilt cash certificate.

NOTE.—If an acknowledgment in respect of a cash certificate which is in the custody of the Accountant-General, Posts and Telegraphs (see Note to rule 1 (3)), is spoilt it should be surrendered to the post office, which will grant a receipt for it and send a requisition to the Audit Office for issue of a fresh acknowledgment. This will be delivered to the investor in exchange for the previous receipt.

[1]11. **Power of Government to alter rules.** The Governor General in Council reserves to himself the right to alter or add to those rules at any time.

1. Added by Not. No. D. 1040—P.T./41, dated the 4th March 1941.

Cash Certificates Held in Fiduciary Capacity

Not. No. D./2315 (ii)—P. T./39, dated the 3rd August 1939. (as brought up to date). The Governor-General in Council is pleased to authorise the Government Officers and the Officers of Indian States specified in the accompanying list to hold Cash Certificates in a fiduciary capacity, as contemplated in *Exception* (b) under sub-rule (5) of rule 1 of the Post Office 5-year Cash Certificate Rules, subject to the condition that the value of the Cash Certificates purchased on behalf of any one person shall not exceed Rs. 10,000.

LIST OF OFFICERS

(I) The Government Officers named below are authorised to hold Cash Certificates in fiduciary capacity by the name of the office :—

(a) *Civil Officers*

1. Secretary to a Local Government.
2. Secretaries to Boards of Revenue.
3. Commissioners of Divisions.
4. Revenue Commissioners, Orissa.
5. Inspectors-General of Police.
6. Inspectors-General of Prisons.
7. Inspectors-General of Civil Hospitals.
8. Inspector-General of Registration, Sind.
9. Commissioners of Excise.
10. Superintending Engineers.
11. Superintending Architects.
12. District and Sessions Judges.
13. District Officers in charge of Districts in British India.
14. District Magistrates.
15. Civil Surgeons.
16. District Superintendents of Police.
17. Superintendents of Jails.
18. Political Officers accredited to Indian States.
19. Political Agents, North and South Waziristan.
20. Political Officers of Balipara and Sadiya Frontier Tracts.
21. Judicial Officer, Mhow.
22. Judicial Commissioner, Chota Nagpur.
23. Divisional or District Forest Officers.
24. Superintendent, Canals.
25. Superintendent, General Hospital, Cuttack.

a6. Deputy Commissioners.

27. Deputy Inspectors-General of Police.
28. Accountants-General.
29. Administrators-General.
30. Directors of Public Instructions.
31. Director of Health and Prison Services, Cuttack.
32. Directors of Industries.
33. Deputy Director of Agriculture, Sorda Circle, Lucknow.
34. Deputy Director of Agriculture, Bundelkhand Circle, Jhansi.
35. District Registrars in Sind.
36. Registrars, High Courts (or any Gazetted Officers of a High Court on behalf of the Registrar).
37. Registrars, Presidency Courts of Small Causes.
38. Administrative Officer and Harbour Engineer-in-Chief, Cochin, Harbour, Ernakulam.

39. Commandant, Kurram Militia.
40. Commandant, Tochi Scouts.
41. Commandant, South Waziristan Scouts.
42. Commandant, Chitral Scouts.
43. Chief Medical Officer in Rajputana, Ajmere.
44. Superintendent, Torai and Bhabhor Government Estates.
45. Agricultural Engineer to the Government of the United Provinces, Cawnpore.
46. President, Court of Wards, United Provinces.
48. Conservators of Forests.
49. Secretary, Rajputana Indian Soldiers Board, Mount Abu.
50. Presiding Officers of Civil and Criminal Courts.
51. Civil Judges.
52. Treasury Officers.
53. Superintendents, Government Printing and Stationery.
54. Superintendent of Sanskrit Schools, (Madras).
55. Inspectors of Schools or District Educational Officers.
56. Inspectors of Girls Schools.
57. Superintendent of Stamps, Bombay.
58. The Prothonotary and Senior Master, High Court, Bombay.
59. Official Receivers of Courts.
60. Registrars, Judicial Commissioners' Courts.
61. The Mamlatdar of Chikhli, District Surat.
62. Munsiffs.
63. Sub-Divisional Officers.
64. Deputy Director of Agriculture (Cinchona).
65. Assistant Judges in Hyderabad (Sind) District.
66. Assistant Director of Industries and Warden of Weights and Measures, Sind.
67. Assistant Inspector General of Police, United Provinces.
68. Official Trustees.
69. Official Assignees.
70 Executive Engineers.
71. District Engineer, Garhwal.
72. Chief Account Officer of Excise, Bombay.
73. Chief Accountant, Pykara Electricity Systems, Coimbatore.
74. Chief Accountant, Mettur Electricity System.
75. Electrical Engineers.
76. The Home Inspector of Police, Satara.
77. Treasurers of Charitable Endowments appointed under the Charitable Endowments Act, 1890.
78. Registrars of Co-operative Societies.
79. Paymaster, Carnatic Stipends.
80. The Commissioners for Workmen's Compensation.
81. The Special Officer and Protector of Emigrants, Madras.
82. Nazirs of District, First Class and Judicial Commissioner's Courts.
83. Deputy Nazirs.
84. Commandant and District Superintendent of Police, Port Blair.
85. Engineer and Harbour Master. Port Blair.
86. Supply Officer, Port Blair.
87. Chief Forest Officer, Port Blair.
88. The Commandants of Assam Rifles.
89. The Directors of Public Information.
90. The Commissioners of Police.
91. Chief Engineers to Local Governments.
92. Government Architects.
93. Principals of Government Colleges, and Headmasters of Government Schools.
94. Surgeons General with Local Governments.
95. Military Secretaries to Their Excellencies the Governors.
96. Secretaries to Their Excellencies the Governors.
97. Directors of Agriculture.
98. Directors of Public Health.
99. Secretaries to Local Legislatures.
100. Principal Police Training College, Sardah.
101. Commandant, Eastern Frontier Rifles, (Bengal Battalion).

102. Revenues Officer, Damodar Canal Revenue Division.
103. Circle Officer, Canal Revenue Division, Midnapore.
104. The Principal, Medical College, Calcutta.
105. The Director School of Tropical Medicine, Calcutta.
106. Superintendent of Cinchona Cultivation, Bengal.
107. Superintendent of Royal Veterinary College, Calcutta.
108. Chief Engineer, Public Health Department, Bengal.
109. Commandant, Frontier Constabulary, N.W.F.P.
110. District Officers, Frontier Constabulary, N,W.F.P.
111. Accountant General, High Court, Bombay.
112. Superintendent, Indian Mental Hospital, Kanke, Ranchi.
113. Superintendent, Itki Sanatorium, Itki, Ranchi.
114. The Managers, Government of India Presses.
115.
116. The Registrars of Public Trusts, Bombay.
117. The Sub-Divisional Officers, Punjab Public Works Department, Electricity Branch.
118. The Chief Accountant, Andhra Power System (Madras).

(b) *Military Officers.*

1. A King's Commissioned Officer.
2. An Indian Commissioned Officer.
3. A Civilian Gazetted Officer in Military employ.
4. A Controller of Military Accounts.
5. A Royal Air Force Officer.
6. An Officer of the Indian Air Force.
7. A Civilian Gazetted Officer in Air Force employ.
8. The Controller of Accounts, Air Forces

(II) The Officers of the Indian Estates named below are authorised to hold Cash Certificates in fiduciary capacity by the name of the office.

(II) Indian States

1. District Judge, Bahawalnagar.
2. District Judge, Bahawalpur.
3. District Judge, Rahimyar Khan.
4. Minister, Khairpur Estate.
5. Minister, Tripura State.
6. Chief Minister, Mandi State.
7. Revenue Minister, Mandi State.
8. Home Minister, Mandi State.
9. Private Secretary, Mandi State.
10. Chief Revenue Officer, Mandi State.
11. Accountant-General, Mandi State.
12. Chief Secretary, Faridkot State.
13. Accountant-General, Kashmir Government.
14. Inspector-General, Customs and Excise, Kashmir Government.
15. Registrar, Co-operative Societies, Kashmir Government.
16. Chief Conservator of Forests, Kashmir Government.
17. Chief Engineer, Public Works Department, Kashmir Government.
18. Chief Engineer, Electrical Department, Kashmir Government.
19. Vice-President of the State Council, Cooch Behar Durbar.
20. President, Manipur State Durbar.
21. Finance Minister, Government of Jodhpur
22. Dewan, Jaisalmer State, Jaisalmer.
23. The Accountant-General, Jaisalmer.
24. The Kamdar, Sri Mohangarh, Jaisalmer.
25. District and Sessions Judge, Sehore.
26. Administrator, Bastar State.
27. The Prime Minister, Holkar State.
28. The Huzur Khazanchi, Holkar State.
29. The Superintendent, Inams and Jagirs, Holkar State.
30. The Legal Remembrancer, Holkar State.

31. The Director, School Education, Holkar State.
32. Household Officer in charge Religious Endowment and Charitable Department, Holkar State.
33. Dewan, Dhar.
34. Revenne Commissioner, Kotah.
35. Controller of Accounts, Kotah.
36. Inspector General of Police, Kotah.
37. Superintendent of Customs and Excise, Kotah.
38. Officer-in-Charge, Home Department, Kotah.
39. Accountant-General, Alwar.
40. Treasury Officer, Alwar.
41. First Councillor, Pudukottai State.
42. Dewan Peishkar, Pudukottai State.
43. The Dewan of Travancore.
44. The Secretary to the Government of Cochin.
45. The Dewan of Mysore.
46. The Comptroller to the Government of Mysore.
47. Sadrul Maham of Revenue, Hyderabad State.
48. Finance Member, Hyderabad State.
49. Revenue Secretary, Hyderabad State.
50. Excise Commissioner, Hyderabad State.
*51. Dewan, Khairgarh State.
52. The Judge of the Sadar Court, Junagarh.
53. Member in charge of the Education Department, Cooch Behar State.
54. Chief Minister, Patna State.
55. The Treasury Officer, Jaipur State.
56. The Chief Minister, Dhenkanal State.
57. The Ruling Chief and the Dewan of Bandh State
58. The Dewan of the Pal-Lohara State.
59. The Accountant General, H.E.H. the Nizam's Government.
60. The Chief Secretary, Suket State, Sundernagar.
61.
62. The Accountant General, Bikaner State.
63. The Auditor, Bikaner State Railway.
64. The Manager, Bikaner State Railway.
65. Chief Minister, Sonepur State.
66. Ruling Chief, Athmalik State.
67. Dewan, Narsinghpur State.
68. Raja of Baramba.
69. Dewan, Athgarh State.
70. Dewan, Tigiria State.
71.
72.
73.
74. Treasury Officer, Shahpura State.
75. Dewan of Banganapalle State.
76. President, State Council, Dharampur State.
77. Revenue Officer, Dharampur State.
78. District Judge, Chamba State.
79. Treasury Officer, Chamba State.
80. Accountant General, Bundi State.
81. Dewan, Miraj Senior State.
82. Subas of Districts 'viz.' Baroda, Navsari, Mehsana, Amreli, Okhamandal districts in Baroda State.
83. Vahiwatdars of Mahals, Baroda State.
84. Mahalkari of Peta Mahals, Baroda State.
85. Police Naib Subas of districts in Baroda State.
86. President and Secretary, Co-operative Societies, Baroda State.
87. President and Chairman of the Municipalities, Baroda State.
88. Special Officer, Amreli District, Baroda State.
89. Dewan, Raigarh State.
90. Assistant Dewan, Raigarh State.
91. Chief Minister, Banswara State.
92. Municipal Secretary, Panna State.
93. The Sar Nyayadish, Wankaner State.

* The concession should not be held to cover the investment of funds of the State in post office cash certificates, which would be limited to Rs. 10,000.

94. The Treasuay Officer, Wankaner State.
95. Accountant General, Nabha State.
96. Munsim Jagirdaran & Manager Court of Wards, Ratlam State.
97. Accountant General, Ratlam State.
98. President, Ratlam City Municipality.
99. The Deputy Collector, Girwa, Udaipur (Mewar).
100. The Deputy Collector Sarai, Udaipur (Mewar).
101. The Hakim, Deosthan, Udaipur (Mewar).
102. The Chief Secretary, Udaipur (Mewar).
103. Treasury Officer, Jashpur State.
104. Finance Minister, His Highness's Government, Patiala.
105. Revenue Minister, His Highness's Government, Patiala.
106. Inspector-General of Police, Patiala.
107. Postmaster-General, Patiala.
108. Excise Commissioner, Patiala.
109. District Nazim, Patiala State.
110. Dewan and Vice President, Kalabandi State.
111. Revenue Commissioner, Junagarh State.
112. Dewan, Surguja State.
113. District Magistrate, Surguja State.
114.
115.
116. Alimartabat the Finance Minister, Government of Bhopal.
117. The Electrical Engineer, Bhopal Electric Supply, Bhopal.
118. The Accountant-General, Bhopal State.

(III) Other Miscellaneous Officers named below are all authorised to hold Cash Certificates in fiduciary capacity, by the name of the office :—

1. The Commissioner, Federated Shan States, Taunggyi.
2. The Superintendent, Northern Shan States, Lashio.
3. The Assistant Superintendents in charge of Sub-Divisions in the Federated Shan States.
4. The Backward Class Officer, Bombay Presidency.
*5. The Managers of Criminal Tribes Settlements in Bombay where such Managers are Government servants.
6. Secretary, Indian Roads Congress.

* If the Managers be not Government officers they may be permitted o hold only Cash Certificates in a fiduciary capacity upto a limt of ts. 10,000 on behalf of each individual Settler, in accordance with he Criminal Tribes Rules framed by the Government of Bombay.

APPENDIX F

ISSUE OF NEW LOANS

Issue of Government Loans.

Under sub-section (2) of Section 21 of the Reserve Bank of India Act (II of 1934), the Bank will undertake the management of all new issues of Government Loans—Central and Provincial.

When a new loan is issued a Loan Notification is published as a Gazette Extraordinary in the Gazette of the Government floating the loan and the Government concerned, or the Public Debt Offices acting as Receiving Offices as may be agreed, arrange for the publication of the same *in extenso* in the leading newspapers.

Central Government Loans.—Rules.[1]

Scope of the Rules.

When the Central Government notify the issue of a new loan and subscriptions are receivable at a treasury under the terms of the notification, Treasury Officers in dealing with applications for the loan will observe the procedure outlined in this chapter except in so far as they may be modified by special instructions issued at the time the loan is notified.

Immediately before the lists are due to open for subscription, a circular letter conveying full instructions with regard to (a) the method and the form in which the figures for the loan are to be reported and (b) the precise adjustments which the Treasury Officers are required to make in their accounts in connection with the subscriptions will be distributed to all Treasury Officers. Instructions which involve departure from these rules in a particular case will also be embodied in the letter.[2]

Place of receipt of applications.

The places at which applications for a new loan will be received are indicated in the loan notification. In some cases applications have been received only at offices of the Reserve Bank of India, or at such offices and at branches of the Imperial Bank of India ; in other cases they have been received also at treasuries. It should be carefully noted that even if applications are to be received at treasuries they should not be accepted at sub-treasuries unless this is specifically stated in the loan notification.[3]

Method of dealing with applications.

(a) If applications are receivable at treasuries in terms of the loan notification, Treasury Officers should deal with them in the manner explained below :—

1. Chapter VII, Government Securities Manual, paras. 73 to 88.
2. Para. 73, Government Securities Manual.
3. Para. 74, Government Securities Manual.

A Treasury Officer does not ordinarily issue scrip of a new loan against applications received at treasuries. His duty is merely to receive applications, and, after examination in the manner explained in the following paragraphs, to forward them, along with the securities, if any, and the statements and returns prescribed in paragraph 85 below, to the Public Debt Office in whose jurisdiction the treasury is situated.

(b) If, however, these are not receivable, he should direct any person bringing him application to the treasury to the office in that station or elsewhere in which these applications are receivable. Similarly, if an application happens to be received at such a treasury by post, the Treasury Officer should pass it on immediately to that office for disposal under intimation to the party. A Sub-Treasury Officer should also proceed in the same way if any such application comes to him. The Treasury Officer should, however, note that if, during the time a new loan is under issue he receives a request from any office of the Reserve Bank of India or branch of the Imperial Bank of India for any information available at the treasury or for copies of any documents registered at the treasury, in respect of any security of the loans, if any, which are acceptable in subscription to that issue, he must comply with it at once.[1]

Forms of subscriptions to a new loan.

Subscriptions to a new loan are ordinarily payable in any one or more of the following forms, *viz.*, cash (including cheques), treasury bills and securities of any existing loan or loans of the Central Government. Subscriptions in the form of treasury bills are receivable only at the office from which a particular bill was issued, and as these are not issued from any treasury, Treasury Officers will not have any occasion to deal with them.[2]

(a) Applications for a new loan may be made either in the form which is usually attached to the loan notification (copies of which are supplied to each treasury before a new loan opens for subscription) or in any other form which gives the following particulars :—

(i) the form in which the subscription is paid (*i.e.*, cash cheque, or Government securities, as the case may be) and the amount of such subscription ; where the subscription is in the form of Government securities, their nominal value should be mentioned ;

1. Para. 75, Government Securities Manual.

2. Para. 76, *ibid.*

(ii) the amount and description of the securities of the new loan required ;

(iii) the treasury or sub-treasury at which payment of interest is desired ;

(iv) the full name and address of the applicant (in block letters).

Unless otherwise stated in the loan notification, securities of a new loan are issuable in the form of stock certificates or promissory notes only.

(b) When an applicant desires securities of the new loan to be partly in the form of stock certificates and partly in the form of Government promissory notes, he should be required to submit separate applications for the amount required in each form. Similarly, when subscriptions to a new loan are tendered, both in cash (including cheque) and in Government securities, separate applications should be made for each form of subscription ; further in the case of Government securities tendered for subscription if two or more different loans are offered for conversion, separate applications should be made for each loan so offered.

N.B.—Treasury officers should take particular care not to accept any application partly paid in cash (including cheque) and partly in Government securities.[1]

Applications accompanied by subscriptions in cash.

If an application is accompanied by subscription in the form of cash, the Treasury Officer should see that the application furnishes all the necessary particulars correctly and make sure that the correct amount of cash payable in terms of the loan notification for the securities of the new loanapplied for has been duly received. He should then credit the amount to the treasury accounts. The particular head or heads of account to which the amount should be credited will be indicated in the circular letter referred to in paragraph 73 above.[2]

Applications accompanied by subscription in the form of cheques.

If payment of the subscription is made by means of a cheque, or partly in cash and partly by a cheque, the Treasury Officer should first see that the total amount tendered is correct, *i.e.*, the total amount tendered represents the issue price per cent. of the new loan as mentioned in the loan notification or a multiple thereof and that the cheque has been drawn in favour of the Treasury Officer. If the cheque is on a local bank, he should arrange to cash it on the same day and to credit the amount in his accounts in the same way as subscriptions paid in cash. If it is drawn on a bank at an outside station, he should have it crossed and should then forward it by registered post to the nearest office of the Reserve Bank of India or branch of the Imperial

1. Para. 77, Government Securities Manual.
2. Para. 78, *ibid.*

Bank of India with a request that the amount of the cheque may, after realisation, be credited to the Government account, the head under which it should be credited being clearly specified. On receipt of an advice from the bank that the cheque has been realised and credited to the Government account, an intimation of the credit should be sent to the Public Debt Office to which the relative application has been forwarded [*vide* paragraph 75 (a)] to enable that office to issue the required securities. If the cheque is drawn on a bank at the station where the Public Debt Office is situated, the cheque should be sent on to that office for realisation, along with the application.[1]

Applications accompanied by subscription in the form of Government securities.

When an application is accompanied by subscription in the form of securities of an existing loan of the Central Government, the Treasury Officer should first see that they belong to the correct loan as prescribed in the loan notification. He should then check them with the list of stopped securities of that loan received from the Public Debt Office, Calcutta. For this purpose, a list of stopped securities is supplied to each Treasury Officer before a new loan opens for subscription and notices of subsequent stops (or of removal of stops) occurring during the period when the loan is open to subscription are also advised by the Public Debt Office. If the number of a security tendered in subscription is in the stopped list, the application with which it was received should be kept separate from other applications and forwarded to the Public Debt Office with the security in a registered cover insured for Rs. 100.[2]

Method of securities tendered in subscription to a new loan.

Before accepting a security in subscription to a new loan, the Treasury Officer should see that it has been properly discharged by the rightful holder.

(a) In the case of a stock certificate, the discharge should be given by the registered holder or by the survivor or survivors in the case of joint holders, in which case a death certificate, as prescribed in paragraph 49 (2), should be obtained and registered at the treasury, by signing the transfer deed on the back of the Certificate before a witness. If the discharge be given *not* by the registered holder but by a person who claims to possess a legal right to dispose of the security on behalf of such holder as his heir, executor, guardian or attorney, or as the administrator of his estate,

1. Para. 79, Government Securities Manual.

2. Para. 80, *ibid.*

the Treasury Officer must see that, except in the cases which fall under paragraphs 82 and 83 below, the relevant document or documents mentioned in paragraph 54 (*See pages 38, 39*) are produced and registered in the manner prescribed in paragraphs 55 and 57 (*See pages 40 to 42*) and that the fact of their production and registration is recorded on the security under his authentication. In examining the signature to the discharge receipt, the precautions prescribed for this purpose in paragraphs 49 and 58 should also be specially observed (*See pages 31 to 33* and 42 *ante*).

(b) In the case of a promissory note the validity of the chain of endorsements on the note should be examined with reference to the rules in paragraphs 49 to 52 and 58. The discharge receipt should read as "Pay to the Governor General in Council" and should be signed by the holder of the note in due course. When the person signing the discharge receipt is not such holder but one who claims to be his legal representative, the Treasury Officer should proceed in the manner indicated in clause (a) above.

(c) In the case of a bearer bond, no discharge receipt of any kind is required. It is necessary only to see that all the outstanding coupons are surrendered with the bond.[1]

Relaxation in the case of small holders.

The procedure prescribed in the preceding paragraph may be relaxed in the following cases where the total amount of the securities in the form of stock certificates and promissory notes owned by a holder does not in the aggregate exceed Rs. 5,000 :—

(a) Where the holder is a minor or a lunatic, a discharge receipt signed by the father, or, if the father be dead, by the mother, of such minor or lunatic, may be accepted without question, if the Treasury Officer is satisfied as to the identity of the father or the mother, either from personal knowledge or from a certificate of identity signed by a magistrate. If the person discharging the security on behalf of the minor or the lunatic is neither the father nor the mother, a certificate of the District Magistrate to the effect that such person is the actual guardian of the minor or the lunatic should be accepted.

(b) Where the holder or the last endorsee (in the case of stock, the person named on the stock certificate) is dead the Treasury Officer should accept the discharge of the person certified by the District Magistrate to be the actual heir of the deceased, or as entitled to administer the latter's estate (*vide* paragraph 66).

1. Para. 81, Government Securities Manual.

In either case the fact of the production of the District Magistrate's certificate should be noted on the back of the securities over the Treasury Officer's signature. All certificates so produced should be retained by the Treasury Officer and filed. In cases where the discharge of the father or the mother of a minor or lunatic is accepted, the fact of such relationship should be certified by the Treasury Officer on the back of the scrip.

NOTE.—In this paragraph District Magistrate has the meaning given in the explanation to section 13 of the Indian Securities Act.[1]

Discharge receipt by persons unable to write.

If a person by whom the discharge receipt on a Government security has to be signed is for any reason unable to write, he should be required to follow the procedure prescribed in paragraph 59 (see page 43 *ante*) in regard to the signing by such persons of endorsements on promissory notes. In such a case the Treasury Officer also may sign the receipt in the manner prescribed therein if he is a magistrate.[2]

Payment of all accrued interest on promissory notes before acceptance.

It should be carefully noted that, except in the cases indicated below, the accrued interest on promissory notes tendered in subscription to a new loan for all completed half-years should be paid at the treasury if the promissory notes are enfaced for payment of interest at the treasury concerned or at a sub-treasury subordinate to it. After payment of arrear interest the promissory notes should be removed from the register to enfaced notes.

If, however, a promissory note so tendered is under a notice of stoppage, or is not entered in the register of enfaced notes (Form 9) maintained at that treasury, no interest should be paid. In such cases the Public Debt Office will deal with the application.[3]

Statements and returns to be sent by Treasury Officers with applications.

All applications received at a treasury should be numbered serially in the order of their receipt and the applicants should be given receipts therefor in Form 32. The applications should then be entered serially in a list in Form 33, "List of Applications." The date of credit in the treasury accounts of amounts received in cash or by a cheque on a local bank should be filled in the relevant column of this List. The particulars of the securities tendered, if any, should be entered in Form 34. "Register of Securities", separate sheets being used for promissory notes, stock certificates and bearer bonds, and the serial numbers assigned to them in this Form should be noted in the relevant column of the List in Form 33.

The original applications with the list in Form 33 and the securities tendered, if any, together with a copy of the

1. Para. 82, Government Securities Manual.
2. Para. 83, *ibid.*
3. Para. 84, *ibid.*

Register in Form 34, should be sent daily, by registered post to the Public Debt Office in whose jurisdiction the treasury is situated, the cover being marked conspicuously in red ink "Applications for the new loan". When securities or cheques are included, the cover should be insured for a nominal sum of Rs. 100.[1]

Procedure for dealing with applications at the Public Debt Office.

On receipt of the applications the Public Debt Office will sort them into two categories -

(a) applications for issue of stock certificates, (b) applications for promissory notes of the new loan. The applications and securities, if any, tendered for conversion should thereafter be re-examined to ensure that instructions laid down in previous paragraphs have been followed by the Treasury Officers and the Public Debt Office will then proceed to deal with the applications in the manner prescribed in the following paragraph.[2]

Disposal of the promissory notes of a new loan by the Treasury Officer on receipt from the Public Debt Office.

The Public Debt office will send the promissory notes of the new loan, with the relevant payment orders, if any, to the respective treasuries with a covering schedule in duplicate. One copy of this schedule should be retained by the Treasury Officer and the other returned to the Public Debt Office with the acknowledgment of the Treasury Officer by return of post. The promissory notes and the payment orders, if any, should, on receipt, be delivered promptly to the applicants and their acknowledgments filed in the treasury. Stock certificates of the new loan, together with the relevant payment orders, if any, will be forwarded by the Public Debt Office direct to the applicants.[3]

When a new loan is floated the Officers of the Reserve Bank of India and the Agents of the Imperial Bank of India are given special authority, in modification of the general rule prescribed in paragraph 38 above, to enface or re-enface promissory notes of the new loan issued by them for payment of interest at any treasury or sub-treasury in India. Treasury Officers should act on all such enfacement and cancellation advices received by them from such officers.

1. Para. 85, Government Securities Manual.
2. Para. 86, *ibid.*
3. Para. 87, Government Securities Manual.
4. Para. 88, *ibid.*

Central Government Loans

See lists on pages 21 to 23 *ante*.

Provincial Government Loans

Name of loan.	Half-yearly date of paymment of interest.	Date on which loans are repayable at par.	Place of payment of interest.	
3 per cent. Assam Loan, 1952 (Not. No. 282-W.M. dated the 23rd September 1940)	1st March & 1st Sept.	1st Sept: 1952.	At any treasury or sub-treasury in Assam and at the Public Dept Offices at Calcutta, Bombay, Madras, and Delhi.	Assam.
3 per cent. Bombay Govt. Loan, 1955 (Not.:No. 2484/33/E, dated the 15th September 1942).	18th March & 18th Sept.	On the 18th September 1955.	At any treasury or sub-treasury in the Province of Bombay and at the Public Debt Offices at Bombay, Calcutta, Delhi and Madras.	Bombay.
3 per cent. Bombay Government Loan, 1958 (Not. No. 2484/33-E dated the 8th August 1944).	15th February & 15th August.	On the 15th August. 1958.	Do.	
3 per cent C. P. & Berar Loan, 1955. (Not. No. 3271-B-VI, dated the 15th September 1942).	18th March & 18th September.	18th September 1955.	At any treasury or sub-treasury in the C. P. and Berar and at the Public Debt Offices at Bombay, Calcutta & Madras.	Central Provinces.
3 per cent. C. P. & Berar Loan, 1958 (Not. No.-2544-B-VI, dated the 8th August 1944).	15th February & 15th August.	15th August 1958.	Do.	
3 per cent. C. P. & Berar Loan, 1949. (Not. No. 1137-B-VI, dated the 17th June, 1939).	21st June & 21st December.	21st June 1949.	Do.	
3 per cent. N. W. F. Province Loan, 1937-52. (Not. No. 846-F. A. dated the 24th August 1937).	1st March & 1st September.	1st September 1952.	Any treasury or sub-treasury in the N.W. F.P. and at the Public Debt Offices at Bombay, Calcutta, Delhi and Madras.	N.W.F.P.

	Name of loan.	Half-yearly date of payment of interest.	Date on which loans are repayable at par.	Place of payment of interest
Madras	Madras Government 3 per cent. Loan, 1952 (Not. No. 3 (L) W.M.-1/37, dated the 24th August 1937).	1st March & 1st Sept.	On the 1st Sept. 1952.	Any treasury or subs-treasury in the Province of Madras, at the Central Treasury at Bangalore, Trivendrum and Hyderabad (Deccan) and at the Public Debt Offices at Madras, Bombay and Calcutta.
	2nd issue (Not. No. 4 (L) W. M. 1/40 dated the 23rd September 1940.)			
	Madras Government 3 per cent Loan, 1953 (Not. No. 3 (L) W.M.-1/38, dated the 7th September 1938.)	15th March & 15th Sept.	On the 15th Sept. 1953.	Do also at the Public Debt Office, Delhi.
	Madras Government 3 per cent Loan, 1959 (Not. No. 3 (L) W.M. 1/39, dated the 17th June 1939).	21st June & 21st Dec.	On the 21st June 1959.	Do.
	Madras Government 3 per cent Loan, 1955 (Not. No. 5 (L) W.M.-1/42, dated the 15th September 1942.)	18th March & 18th Sept.	On the 18th Sept. 1955.	Do.
	Madras Government 3 per cent Loan, 1958 (Not. No. 7 (L) W.M.-1/44, dated the 8th August 1944.)	15th February & 15th Aug.	On the 15th August 1958.	Do.
	Madras Government 3 per cent. loan, 1960 (Not. No. 8 (L) W.M.-1/45, dated the 5th September 1945).	14th March & 14th September.	On the 14th Sept. 1960.	Do.
Punjab	4 per cent Punjab Bonds, 1948 (Not. No. t B. special, dated the 7th August, 1933).	1st March & 1st September.	1st Sept. 1948.	Imperial Bank of India, Public Debt Office, Calcutta and Delhi or at any treasury or sub-treasury in the Punjab at which the promissory note may be enfaced.
	3 per cent Punjab Bonds 1952 (Not. No. 1-W.M. Special, dated the 24th August 1937.	1st March & 1st Sept.	1st Sept. 1952.	Any treasury or sub-treasury in the Punjab and at the Public Debt Offices, Bombay, Calcutta, Delhi and Madras.
	2nd Issue—Not. No. 1 W.M. Special, dated 23rd September 1940.			
	3 per cent Punjab Bonds 1958 (No. No. 1-W.M. Special dated the 29th July, 1938.	15th August & 15th Feb.	15th August 1958.	Do.

Name of loan.	Half-yearly date of payment of interest.	Date on which loans are repayable at par.	Place of payment of interest.	
2nd Issue—Not. No. 1 W.M. Special, dated the 8th August 1944.				
3 per cent. Punjab Bonds 1949 (Not. No. 1-W.M. Special, dated the 11th August 1939.)	15th Feb. & 15th August.	15th August 1949.	Do.	Punjab
3 per cent Punjab Bonds 1955 (Not. No. 1-W.M. Special, dated the 15th September 1942.)	18th March & 18th September.	18th September 1955.	Do.	
3 per cent. Punjab Bonds 1956 (Not. No. 1-W.M. Special, dated the 8th September 1943.)	14th March & 14th September.	14th September 1956.	Do.	
3 per cent. Punjab Bonds 1960 (Not. No. 1-W.M. Special, dated the 5th September 1945).	Do.	14th September 1960.	Do.	
3 per cent Sind Government Loan, 1958 (Not. No. 1119-D, dated 8th August 1944).	15th February & 15th Aug.	15th August 1958.	Treasury or sub-treasury in the Province of Sind and Public Debt Offices at Bombay, Calcutta, Delhi, and Madras.	Sind
3 per cent. U. P. Loan 1961-66 (Not. No. F.N. 450/X, dated the 4th September 1936).	15th March & 15th Sept.	On September 15, 1966, or on or after September 15, 1961, on giving 3 calendar months, notice in U. P. Gazette.	Any treasury or sub-treasury in U.P. or at the Public Debt Offices at Delhi, Bombay, Calcutta.	U.P.
3 per cent. U. P. Loan, 1952 (Not. No. 1866/X-186, dated the 24th August 1937.)	1st March & 1st Sept.	On September 1, 1952.	Any treasury or sub-treasury in the U.P. or at the Public Debt Offices at Delhi, Bombay, Calcutta, and Madras.	
2nd issue .Not. No. B—1866/X—185, dated the 23rd September, 1940.				
3 per cent U. P. Loan 1958 (No. S-3373 /X-97, dated 8th August, 1944).	15th February & 15th August	15th August 1958.	Do.	
3 per cent. U. P. Loan 1960 (Not. No. S-3340/X-64, dated 5th September 1945).	March 14th & 14th Sept.	14th September 1960.	Do.	

APPENDIX G

PROCEDURE FOR PAYMENT OF INTEREST[1]

Income-tax on interest on Government securities.

Under section 8 of the Indian Income-tax Act (XI of 1922) income-tax is payable on the interest on all Government securities except those issued or declared to be income-tax free. Under section 18 (3) *ibid*, the officer paying the interest on any such security is required to deduct income-tax on the amount of interest payable at the maximum rate fixed from time to time by the Indian Finance Act. If, however, the total income of the person receiving the interest on securities is less than the minimum taxable income or is less than the income to which the maximum rate applies, or if the income is altogether exempt from the tax under the provisions of section 4(3) of the Act, or has been exempted from the tax under the provisions of section 60, the person or the institution concerned is entitled, under section 48(3), to claim a refund.

In order to simplify the procedure in connection with refunds, the person deducting income-tax from the interest on securities is required, under section 18(9) of the Income-tax Act, to furnish to the person to whom the interest is paid a certificate in Form No. 29 or 30, as the case may be. This certificate will be accepted by the income-tax authorities as conclusive evidence of the payment of the tax, both where a refund is claimed in cash and where a set-off is claimed against the tax assessed on other income.

In order to reduce the number of claims for refunds, income-tax authorities issue, on application, certificates in the following form to persons receiving interest on securities whose total income is less than the minimum taxable income or is less than the income to which the maximum rate applies, authorising the person paying the interest to make no deduction of tax or to deduct tax at a lower rate than the maximum:

"*Income-tax Officer*,

Dated 194

To

I hereby authorise (name and address of person paying the interest) to deduct income-tax at the rate of (rate of income-tax sanctioned) pies in the rupee when paying the interest on the following securities to their present holder (name of person receiving interest). The authorisation will remain in force until cancelled by me.

Description of Securities

Seal.

Income-tax Officer.

1. Chapter IV, Government Securities Manual.

The officer paying interest on securities should act on such certificates, make the deductions of tax indicated and show the rate and the amount of the tax in the relevant vouchers.

The certificates remain in force until they are cancelled and withdrawn and are operative only in regard to the securities described therein for such time as they stand in the name of the persons mentioned in them. Exemptions from, or abatement of tax cannot be allowed if the security in respect of which a certificate has been issued is transferred to a person other than the holder in whose favour the certificate was issued, or if the security is changed from one form to another, or is renewed, or if any advice of cancellation or modification of the certificate has been received from the Income-Tax Officer. If, however, the holder of a certificate endorses the securities, in respect of which the certificate was issued, to his bank for collection of interest the person responsible for paying the interest will act on such certificate when presented along with the securities, if, together with the exemption or the abatement certificate, a declaration by the bank to the effect that the securities continue to be the property of the person named in such certificate, is furnished. An exemption or abatement certificate granted by an Income-tax Officer in favour of a person in respect of securities purchased by a bank in its own name but on behalf of such person will also be accepted and acted upon by officers paying interest on securities provided that the bank furnishes a declaration at the time to the effect that the securities, though standing in its name, were purchased by it on behalf of the constituent named in the certificate and continue to be his property.

In the case of bearer bonds, a fresh certificate is required to cover each payment of interest.

In the case where the securities specified in the certificate are endorsed by the holder in favour of his bank or purchased on his behalf by the bank and are held by it in its subsidiary General Ledger Account with a Public Debt Office or with any office of the Reserve Bank of India, the exemption or abatement certificate will be accepted and acted upon by the Officer paying interest if the bank furnishes a declaration at the time to the effect that the Securities, although credited to its Ledger Account, continue to be the property of the person named in the certificate.[1]

Persons claiming exemption from, or abatement of income-tax on the interest on Government securities will be required to produce the certificate issued by the income-tax authorities along with the securities when they are presented for drawal of interest. The person responsible for paying the interest

1. Para. 27, Government Securities Manual.

must satisfy himself that the certificate is still operative. If any advice of modification or cancellation of an exemption or abatement certificate is received from an Income-tax Officer, the Public Debt Office or the Treasury Officer concerned shall act on it. Exemption or abatement certificates pertaining to securities issued in the form of stock will be registered in the books of the Public Debt Office when the certificates are first presented.

On receipt of an advice of cancellation of an exemption or abatement certificate in respect of a promissory note enfaced at his treasury, the Treasury Officer will register it in column 10 of the register in Form 9 with the words "Exemption Abatement certificate cancelled, *vide* Income-tax Officer's advice No.....". If the advice relates to a promissory note enfaced at a sub-treasury, the Treasury Officer will immediately communicate the fact to the Sub-Treasury Officer concerned for registration in a separate column in form 15. If the promissory note mentioned in the advice is not enfaced at the treasury or a sub-treasury subordinate to it, the Treasury Officer should inform the Income-tax Officer immediately and ask him to ascertain the correct place of enfacement of the note from the Public Debt Office. If a cancelled exemption or abatement certificate is produced at the treasury or sub-treasury, the fact should at once be reported to the Income-tax Officer concerned. These devices should be numbered serially in the order in which they are received and filed in the treasury. They should be taken out of the file when they cease to be operative.[1]

Securities belonging to Indian States.

The following special procedure has been laid down in regard to securities belonging to Indian States, the interest on which is not taxable under the law, and to securities held by, or on behalf of ruling chiefs and princes of Indian States not as the property of the State but as the property of individuals, the interest on which has been exempted from income-tax under section 60 of the Indian Income-tax Act.

No exemption certificate is required in the case of Government promissory notes in the special form *vide* paragraph 60(2). In other cases, the exemption certificate will be issued in duplicate in the case of securities in the form of stock certificates or promissory notes and in triplicate in the case of securities in the form of bearer bonds. The original will be given to the State or the ruler concerned; the duplicate will be sent direct by the income-tax authorities to the officer responsible for payment of interest, and the triplicate to the

1. Para. 28, Government Securities Manual.

Public Debt Office within whose jurisdiction the treasury at which the bearer bond is registered for payment of the coupons, is situated.

On receipt of an exemption certificate from the income-tax authorities, the Treasury Officer will register it,

(i) in the case of promissory notes, in column 10 of the register in form 9 against the relevant securities; and,

(ii) in the case of bearer bonds, in column 7 of the register in form 5 in the relevant payment cages.

If the exemption certificate relates to a security effaced at a sub-treasury, the Treasury Officer will immediately communicate the fact to the Sub-Treasury Office concerned for registration. The Sub-Treasury Officer will make the necessary entry in the advice of enfacement in form 4 or 15, as the case may be, under his initials, quoting the number of the Treasury Officer's forwarding letter as authority.

An exemption certificate in respect of a bearer bond as also the relevant entry in form 5 or form 4 relating thereto should be cancelled as soon as the interest coupon in respect of which the certificate was granted has been paid or when an advice of payment thereof has been received from the Public Debt Office in terms of paragraph 36.

Similar action should also be taken in regard to exemption certificates pertaining to securities in other forms when they cease to be operative.

The exemption certificates should be numbered serially in the order in which they are received and filed in the treasury. They should be taken out of the file when they cease to be operative.[1]

(A) *Stock Certificates*

Method and place of payment.

Interest on stock certificates is paid on warrants, issued by the Public Debt Office on whose books the stock certificate is registered, for the time being and payable at the local office of the Reserve Bank of India. Stock may be transferred from the books of one Public Debt Office to those of another on surrender of the certificate at the Public Debt Office to whose books it is desired to be transferred. If so desired by the proprietor of the stock, the interest warrants will be made payable at any other Indian office of the Reserve Bank of India or at any Indian branch of the Imperial Bank of India conducting Government treasury business and acting for the time being as the agent of the Reserve Bank of India, or at any treasury or sub-treasury in British India where

1. Para. 29, Government Securities Manual.

there is no such office or branch, or, in a State in India, at the Head Post Office, if there is no British Indian treasury, or, if there is no Head Post Office, at any Post Office designated by the Central Government by order in writing in this behalf: in such cases the proprietor should intimate, in a written application to the Public Debt Office, the place at which he desires his interest warrants to be made payable, and such a request will continue to be acted upon, at each half-year, until it is revoked or altered. Stock certificates may be held by two or more persons jointly (but not severally), and any one or more of the joint-holders can receive interest thereon under a joint-holders' power of attorney which is free from stamp duty. The presentation of the stock certificate is not required at the time of either the issue of the interest warrants or their encashment. Unless the stock relates to a loan the interest on which is not liable to income-tax or unless an income-tax exemption certificate has been produced before, and registered in the books of the Public Debt Office, these warrants are issued for the net amount payable after deduction of income-tax in terms of paragraph 27 above. In such circumstances, however, the Public Debt Office encloses an income-tax deduction certificate with each interest warrant in order that the holder may obtain a refund of the tax, if admissible, in accordance with the procedure mentioned in the paragraph cited above.

Ordinarily, interest warrants will be sent direct to the place at which they are made payable, but if payable at a sub-treasury they will be sent to the treasury to which such sub-treasury is subordinate. If, however, the proprietor so prefers, his warrants will be sent by post to himself, or to his bank or agent, at any address desired, on his intimating in time the necessary particulars to the Public Debt Office concerned.

Note.—The Central Government have directed that warrants for the payment of interest on stock certificates may be made payable at the following Post Offices situated in Indian States, namely, Gangtok, Gwalior Railway Station and Pudukotah-Trichinopoly.

For the conditions governing transfer and retransfer of securities to and from Burma see note under paragraph 2.[1]

Procedure at Treasuries.

In either case, *viz.*, whether the warrant has been sent direct to the place of its payment or is presented for payment by the proprietor or his agent, payment will be made in the usual way, and with the same precautions, as on any duly authorised pay order or cheque, *i.e.*, the officer making the payment will be responsible for seeing that payment

1. Para. 30, Government Securities Manual.

is made to the proper person. If the payment is made at an office of the Reserve Bank of India or at a branch of the Imperial Bank of India, the paying officer will be further responsible for seeing that the amount is debited to the Government account and that the paid warrant in support of the debit is forwarded to the accounts office or the treasury, as the case may be, with his daily-sheet.

When a Treasury Officer or an officer in charge of an office of the Reserve Bank of India or a branch of the Imperial Bank of India receives a warrant direct from the Public Debt Office, he will adopt the following procedure :—

(a) He will enter the details of the warrant in the Register of Interest Warrants (Form 3).

(b) He should then advise the payee of the arrival of his interest warrant, but if the warrant is payable at a sub-treasury subordinate to his treasury, the Treasury Officer should send it to the Sub-Treasury Officer asking him to issue a similar advice to the payee direct.

(c) As soon as a warrant is paid, the fact should be noted in the relevant column of the Register in Form 3. If seven months elapse without the payee having taken payment, a reminder should be issued to him saying that he has not cashed his warrant, and that, if he does not do so within three weeks, the warrant will be returned to the Public Debt Office. Should the reminder have no effect the warrant, together with the next following one which must have been received by this time, should be returned to the Public Debt Office concerned, the fact being noted in the relevant column of the Register referred to above. The Public Debt Office will retain them for one year and, if they are not paid during this period, destroy them and issue fresh ones when subsequently claimed.

NOTE.—Stock interest warrants will be current for eight months only from the dates of their issue. Any warrant which is not cashed within this period will require to be revalidated by the Public Debt Office before it can be cashed.

Whenever the Public Debt Office issues a stock interest warrant it sends an advice of the fact to the officer by whom it will be payable. In the case of warrant payable at sub-treasury, the advice is, however, sent to the Treasury Officer and the Treasury Officer should at once send intimation of the advice to the Sub-Treasury Officer.

NOTE.—The rule in paragraph 41, note (vi), applies to the payment of interest on Stock Certificates as well as to the payment of interest on promissory notes.[1]

(*B*) *Bearer Bonds.*

Method and place of payment.

Bearer bonds have attached to them a number of interest coupons which are detachable. Each coupon relates to the interest for one half-year, and bears on its face the date on which it is payable. Interest for each half-year is payable, without presentation of the bond itself, to any person who presents the relevant coupon at the Public Debt Office or at the treasury at which the bond is for the time being registered for payment of the coupons.[2]

Change of place of payment.

(a) Each bond is regarded as domiciled at one of the Public Debt Offices, and, in the absence of any other arrangement, the coupons relating to that bond are payable at that Public Debt Office only. Any holder can, however, by applying to the Public Debt Office of domicile (either direct or through the Treasury Officer concerned) arrange for his bond to be registered for payment of the coupons at any treasury within the sphere of the Public Debt Office accordingly. Should the holder subsequently desire the coupons to be made payble at a different treasury, within the sphere of the same Public Debt Office, transfer of registration will be permitted on application being made therefor to the Public Debt Office (either direct or through the Treasury Officer).

(b) The domicile of a bond may be transferred from one Public Debt Office to another, on application (which may be made direct or through the Treasury Officer concerned) to the Public Debt Office to which it is desired to transfer it. Thereafter, the coupons will be payable at the latter Public Debt Office, or, at the holder's option, at any treasury within its jurisdiction which he may select.

(c) Notwithstanding any arrangement made under the preceding paragraphs, payment of coupons on the due date will never be refused at the Public Debt Office of domicile, even thongh the bond to which they belong may be registered for payment of coupons at a treasury.[3]

rocedure at reasuries.

The following particulars are printed on each coupon:—

(a) The loan to which the bond relates;

(b) The amount of interest due on the coupon;

(c) The number of the half-yearly dividend;

(d) The amount of the bond;

(e) The date on which the coupon is due for payment;

1. Para. 31, Government Securities Manual.
2. Para. 32, Government Securities Manual.
3. Para. 33, *bid.*

(f) The number of the bond to which the coupon relates.

The above particulars are sufficient to identify completely the bond to which the coupon appertains, and the production of the bond itself is therefore not required. Before paying a coupon, the Treasury Officer has to satisfy himself on three points only:—

(i) That the bond to which the coupon belongs is registered for payment of coupons at his treasury;
(ii) That the date, as printed on the coupon, on which the latter is due for payment, has arrived; and
(iii) That the bond is not shown as stopped.

The Treasury Officer should remember that coupons are payable to bearer; it is no concern of his to see or to enquire who is the holder of the bond or who is the person presenting the coupon for payment, and it is unnecessary, therefore, to take any receipt from the payee. When a coupon is paid, the particulars mentioned in paragraph 36 should be entered in the registers referred to therein; the coupon should then be stamped 'paid', and should be forwarded in the usual way to the accounts office, as in the case of other vouchers, with the list of payments. In paying the coupons the instructions contained in paragraph 27 should, however, be borne in mind. [1]

Payment at sub-treasuries.

When a bond has been registered for payment of interest at a treasury, the coupons relating to that bond may, on application being made to the Treasury Officer, be made payable at any sub-treasury subordinate to such treasury. The Treasury Officer will issue an order in Form 4 to the Sub-Treasury Officer, giving the particulars of the bond. On presentation of a coupon, the Sub-Treasury Officer should satisfy himself, by reference to the particulars printed on it, that the bond to which it belongs is one regarding which he has received instructions to pay coupons, and that the coupon is due for payment. Having paid the coupon, he should stamp it "Paid" and forward it as a voucher to the Treasury Officer with his daily sheet. The Treasury Officer will then enter the particulars in the register prescribed in the following paragraph, treating the coupon as if it had been paid at the treasury itself. [2]

Register of bonds of which the coupons are payable at a treasury.

For the purpose of recording the registration of bond at a treasury the Treasury Officer will maintain a register in Form 5 a separate section being set apart for each loan. On receipt of advice from the Public Debt Office of the registration of a bond or bonds for payment of coupons at his treasury, the Treasury Officer should at once make the necessary entries in

1. Para. 34, Government Securities Manual.
2. Para. 35, *ibid*

columns 2, 3, 4 and 5 of the register, a serial number being also added in column 1 for each bond. Whenever coupons are paid, the Treasury Officer should make the necessary entry in the relevant column under "Particulars of coupons paid", stating the half-year or half-years and the number or numbers of the dividend shown in the coupons and the date of payment of coupons. The fact of payment should also be recorded in the register maintained, in Form 6 from which register a schedule should be copied to accompany the list of payments and the coupons for submission to the accounts office. When coupons relating to a bond registered at a treasury are paid at the Public Debt Office of domicile [*vide* paragraph 33 (c) above], the Public Debt Office will send immediate advice of such payment to the Treasury Officer concerned, and on receipt of such advice the Treasury Officer should at once note the fact in the register of bonds in the proper sub-column under column 7, and initial the entry.

On receipt of advice of cancellation of a bond registered for local payment of coupons, the necessary particulars should be entered in column 8 of Form 5 and the entry cancelled.[1]

(c) *Promissory Notes.*

Place of payment.

According to the wording of the promissory notes, the Central Government are legally liable to pay interest on them only at "The General Treasury at Fort William," *i. e.*, at the Office of the Reserve Bank of India at Calcutta. Interest can, however, be made payable (a) at the Office of the Reserve Bank of India at a place where a Public Debt Office is situated, or (b) at any treasury or sub-treasury. In such cases, enfacements are made lengthwise across the face of the note to the effect that interest is payable at the place named, and, when such an enfacement has been made, the holder can obtain payment of interest at that place, upon presentation of the note. Arrangements are made in accordance with paragraph 43 to transfer the payment of interest on a promissory note between a district treasury and sub-treasuries subordinate thereto.[2]

Enfacement of notes or payment of interest.

(a) Except in the case of loans which have not been decentralised (see paragraph 124) a Public Debt Office will enface notes for payment of interest at any treasury or sub-treasury under its jurisdiction only and will re-enface notes for payment of interest at itself.

(b) Notes enfaced for payment of interest at any treasury or sub-treasury may be re-enfaced by the Treasury Officer for payment of interest at the Public Debt Office in whose jurisdiction the treasury is situated (see paragraphs 2 and 124).

1. Para. 36, Government Securities Manual.
2. Para. 37, *ibid.*

(c) Notes may be transferred from one Public Debt Office to another if they are tendered at the Public Debt Office to which it is desired to transfer them.

(d) In case of doubt, a reference hould be made to the Public Debt Office, Calcutta. The promissory note in question should be sent along with the reference *uncut* and insured as of the value of Rs. 100.

(e) Before enfacing or re-enfacing a promissory note which has been received at a Public Debt Office for the purpose, the Public Debt Office examines the chain of endorsements on the note and re-enfaces it only if the endorsements are found in order and the note is not shown as stopped. If any of the endorsements is found to be defective, the Public Debt Office refuses to enface the note unless the defect is rectified or the note is receipted for renewal.[1]

Treasury procedur for rec ding e facement and for making enface- ments.

(a) For the purpose of recording enfacements Treasury Officer will maintain a register in Form 9, a separate section being set apart for each loan. On receiving advice from the Public Debt Office of the enfacement of a note for the payment of interest at his treasury or a sub-treasury snbordinate thereto, the Treasury Officer will make the requisite entry in columns 2, 3, 4, 5 and 6 of this register. A serial number should be given to each note in column 1 of the register, and for facility of future reference this serial number should be noted on the note itself when presented for payment of interest at the treasury. If the note is enfaced for payment of interest at a sub-treasury, the Treasury Officer will follow the procedure prescribed in paragraph 43 (c).

(b) If the interest on any note entered in this register remains undrawn for 10 years or more, the note should be struck off the register, the reason for doing so being recorded in column 11 of the register.

(c) Before making a re-enfacement under clause (b) oi paragraph 38, the Treasury Officer should see—

(i) that the note is enfaced for payment of interest at his treasury or a sub-treasury subordinate thereto and is borne on his register; if, however, the note bears an enfacement on his treasury or a sub-treasury subordinate thereto, but no advice of the enfacement has been received by him he should refer the matte: to the Public Debt Office and make the re-enfacement only after receipt of instructions;

(ii) that the application is made by or on behalf of the holder;

1. Para. 38, Government Securities Manual.

(iii) that there are vacant spaces on the back of the note for endorsements and for noting interest payments;

(iv) that there is space on the face of the note for recording the new enfacement; if the note already bears more than two enfacements the holder should be told that he must get it renewed, and

(v) that the note is not shown as stopped.

(d) If satisfied on the above points, the Treasury Officer will write the words "Enfacement cancelled" with his signature and official designation across the existing enfacement on the note and under it fill up the new enfacement authenticating it with his signature and making the interest payable at the Public Debt Office in whose sphere his treasury is situated. He should send immediately, by registered post, an advice of the re-enfacement in form 10 to the Public Debt Office, in question.

NOTE.—In the case of the loans which have not been decentralised (see paragraph 124) an additional advice of re-enfacement should be sent to the Public Debt Office, Calcutta.

(e) On receipt of advice from the Public Debt Office of cancellation of an enfacement, or after himself making a re-enfacement as in clause (b) above, the Treasury Officer will at once note the fact in column 9 of the register mentioned above and will not thereafter pay interest on such note. If an exemption certificate has been registered at the treasury in respect of the promissory note (*vide* paragraph 39) the Treasury Officer will immediately forward the certificate or a certified extract thereof, to the treasury or to the Public Debt Office at which the promissory note has been re-enfaced.

(f) In cases where, under paragraph 38 the Treasury Officer is not authorised to make an enfacement, the application should be made to the Public Debt Office either direct or through the treasury at which the interest is payable or through the treasury at which payment of interest is desired. The promissory note or notes should be sent by the Treasury Officer along with the application *uncut* and insured as of the value of Rs. 100.[1]

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Government is responsible for the payment of interest to the actual owner of a note. As the ownership of a note is transferable merely by endorsement and delivery, it is of great importance that, before paying interest, Treasury Officers should scrutinise endorsements carefully, in order to satisfy themselves that the person by whom or on whose behalf, payment of interest is claimed, is the lawful owner of he note. It is not merely the last endorsement which needs scrutiny; the note may have changed ownership several times.

1. Para. 39, Government Securities Manual.

and although the last endorsement may itself be in proper form, and the last endorsee's title good as against that of the next preceding owner, the latter's title may itself be defective, by reason of some legal defect in an earlier endorsement. Treasury Officers should therefore be careful to satisfy themselves, as laid down in clauses (2) and (3) of paragraph 41, that all the endorsements are in order, and they, as well as all other Government Officers who have to handle Government securities in their official capacities, should familiarise themselves with main facts, regarding the legality of various kinds of endorsements, set forth in Chapter V. If, however, in the chain of endorsements there is an endorsement in favour of the Reserve Bank of India, the Controller of the Currency, or an Account Officer, Posts and Telegraphs, and the subsequent endorsement purports to be that of the previous endorsee, the endorsements up to that stage may be accepted as correct without further scrutiny. In all doubtful cases, or in cases which do not appear to be fully covered by these instructions, Treasury Officers should refuse to pay interest, and should refer the case to the Public Debt Office, enclosing the note or notes which should be sent *uncut* and *insured* for Rs. 100.[1]

Condition to be fulled before interest can be paid at Treasury

Payment of interest on promissory notes at a treasury is subject to the following conditions:—

(1) That the note has been duly enfaced for payment of interest at that treasury and that the relative enfacement advice has been properly recorded in its registers.

(2) That the person to whose receipt, or to whose agent's receipt, payment is asked for, is either the person in whose name the note was originally issued, or one who derives his title from the said person by a chain of endorsements;

(a) each of which is in one or other of the forms enumerated in paragraphs 49 to 52 inclusive as being qualified legally to transfer the note.

(3) That, if the person claiming payment of interest is not the last endorsee, but claims as heir, executor, administrator of the estate, guardian, or attorney, of the last endorsee, the necessary documents in support of such claim, as set forth in paragraphs 54 to 56, have been produced and registered in the manner described in paragraph 57.

1. Para. 40, Government Securities Manual.

NOTE.—In the case of a claim for payment of interest on the authority of a certificate obtained from a District Magistrate in terms of paragraph 66, payment should not be made until the note has been renewed by the Public Debt Office.

(4) That all endorsements are clear and distinct; that there is no intermediate blank endorsement ; that at least one endorsement cage, as well as the renewal cage, has been left blank; that no word or words are written upon the note across any existing endorsement; and that there are no cross-endorsements.

(5) That the note itself is not mutilated or torn; or in any way damaged or defective. (Division into an upper and lower half is not reckoned as mutilation if the two halves are firmly rejoined).

(6) That interest has not been left undrawn for ten years or more.

(7) That the note has no stoppage recorded against it.

(8) That the interest cages on the reverse of the note have not been completely filled and that the vacant printed cages on the reverse of the note correspond with the half year for which interest has become due on the date when the note is presented for drawal of interest.

NOTE.—(i) If condition (1) is not fulfilled, the Treasury Officer should inform the person presenting the note how to get it enfaced for payment of interest at that treasury. If, however, it is found that the note bears an enfacement on the treasury but the relative enfacement advice has not actually been received at the treasury, the Treasury Officer should at once call for it from the Public Debt Office which made the enfacement.

(ii) If any one of conditions (2), (4), (5) and (8) is not fulfilled, or, if the Treasury Officer has reason to consider, on other grounds, that the title of the person presenting the note is irregular or not fully proved, he should refuse payment of interest until the note has been renewed by the Public Debt Office.

(iii) If condition (3) is not fulfilled, the Treasury Officer should, unless the case falls under note (vi) below, inform the presenter what documents are necessary for the admission of his claim to receive interest. If the Treasury Officer has any doubts in the matter he should refer it to the Public Debt Office, enclosing the promissory note or notes which should be sent *uncut* and insured as of the value of Rs. 100.

(iv) If condition (6) is not fulfilled, the Treasury Officer should forward the note *uncut* and insured as of the value of Rs. 100 to the Public Debt Office with a statement of fact and any explanation that the claimant for interest may wish to give. A note appertaining to

a loan which is not due for discharge should be receipted for renewal before despatch to the Public Debt Office.

(v) If condition (7) is not fulfilled, the Treasury Officer should inform the presenter that interest cannot be paid as a stop has been recorded against the note and should then dispose of the security in the manner prescribed in paragraph 44 (2).

(vi) When notes stand in the name of a minor or a lunatic who is incapable of managing his affairs, the following relaxations of condition (3) are permitted: —

(1) When the nominal value of the notes standing in the name of the minor or the lunatic does not in the aggregate exceed Rs. 5,000 and when the person who wishes to draw interest is the father, or if the father be dead, the mother of the minor or the lunatic, interest may be paid without question, so long as the officer paying the interest is satisfied as to the identity of the father or the mother. In the case of payment at a place other than that at which such minor or lunatic and his father or mother ordinarily reside, a certificate of identity signed by any magistrate may be accepted.

(2) When the applicant for interest is neither the father nor the mother and when the face value of the notes standing in the name of the minor or the lunatic does not in the aggregate exceed Rs. 5,000, a certificate by the District Magistrate of the district in which the interest on the securities is payable, to the effect that the applicant is the actual guardian of the minor or the lunatic should be accepted. In the case of a minor the certificates should state the date on which the minor will attain majority.

(3) Where the value of the notes exceeds Rs. 5,000 no relaxation of the ordinary rule is permissible *vide* paragraph 54 (3) and the note thereunder. In such a case, a formal declaration by the guardian certifying that his ward is alive and is still a minor, or, in the case of a lunatic, continues to be insane, as the case may be, should be produced when interest is claimed.

(4) When payment of interest is made to the guardian of a minor under conditions (1) and (2) above, the Treasury Officer should record in the Register in Form 9, and also on the back of the note, the name of the guardian and the date on which the minor will attain majority. Up to that date interest may be paid to the guardian without proof of the fact that the minor is alive. If, however, notice is independently brought to the Treasury Officer that the child is dead, such notice shall not be disregarded and the successor shall be required to prove his title. When payment of interest is permitted to the guardian of a lunatic under these conditions, periodical proof that the person is alive and that he continues to be a lunatic will not be required; but if notice is brought to the Treasury Officer that the lunatic (i) is dead, such notice shall not be disregarded and the successor shall be required to prove his title, (ii) has recovered his sanity, the case shall be referred to the Public Debt Office for orders enclosing the promissory note or notes which should be sent *uncut* and insured as of the value of Rs. 100.[1]

1. Para 41, Government Securities Manual.

Method o payment of interest.

(a) It is very important that no avoidable delay is allowed to occur in the payment of interest, which should invariably be made on the due dates or as soon thereafter as possible. Consequently, at treasuries where the payments to be made are numerous, holders who can do so without inconvenience should be encouraged to send in their notes a week or so before the interest actually falls due, so that any preliminary examination required may not operate to prevent payment being promptly made. A receipt should be given for notes so presented.

(b) At each treasury will be kept a supply of the prescribed form of receipt of interest (*See* form IV at page 120) which will be given to any person proposing to draw interest. In filling in the receipt the following instructions should be observed :—

(i) A separate receipt must be given for the notes of each loan ; but any number of notes of the same loan may be entered in the same receipt if the interest is payable to the same person.

(ii) The whole of the interest due on a note must always be taken ; partial payments are not allowed. When the interest cages on the reverse of a Government promissory note have been completely filled, or if the vacant printed cages on the reverse of the note do not correspond with the half years for which interest has become due on the date when the note is presented for drawal of interest, payment of any interest on the note should be refused and the presenter informed accordingly and asked to receipt the note for renewal. After the note has been receipted for renewal, payment of all interest due up to the half-yearly date immediately preceding the date of presentation of the note may be made and the fact of payment endorsed prominently on the back of the note over the Treasury Officer's initials. If the presenter refuses to receipt the note for renewal, payment of interest for any period should also be refused.

(ii) Receipts for interest on Government securities are exempt from stamp duty.

(iv) A signature in any Indian vernacular must be transliterated, and a vernacular signature of a woman must be attested by some respectable person as to whose identity the Treasury or the Sub-treasury Officer is satisfied. Signature by a mark or thumb impression of a person unable to write should also be similarly attested.

(c) The personal attendance of the holder is not necessary; it is sufficient for the Treasury Officer to satisfy himself, as in the case of any other payment, that the receipt is a valid quittance, *i. e.*, has been signed by the person to whom payment is due, or by a duly authorised agent.

(d) The Treasury Officer should record the fact of payment as follows:—

(i) In the interest cage (printed on the back of the note) appertaining to the half-year on account of which interest is paid he should record the name of the treasury and the date of payment over his initials.

(ii) In column 8 of the register of enfaced notes referred to in paragraph 39 (Form 9) with his initials.

(iii) In a register in Form 14, subordinate to the cash book. From this register is copied a schedule which, with receipts attached, should accompany the list of payments forwarded bi-monthly to the accounts office.

(e) It is particularly desirable that, in the preparation of interest receipts and registers, all details, especially the numbers and amounts of the receipts, the numbers of the half-years, or the periods for which interest is paid should be carefully filled in. Experience has shown that inattention to this causes much unnecessary correspondence with the Public Debt Office.[1]

Payment of interest at sub-treasuries.

(a) When a note is enfaced for payment of interest at a treasury and the holder desires interest to be paid at a sub-treasury subordinate thereto, or when a note is enfaced for payment of interest at a sub-treasury and the holder desires interest to be paid at the district treasury or another sub-treasury in the same district, he should make an application to the Treasury Officer to that effect.

(b) If the note is enfaced for payment of interest at a sub-treasury, the enfacement will read—

"Interest payable at the..... sub-treasury of the.....district."

"The Treasury Officer will cancel the name of the sub-treasury and the prefix "sub" in this enfacement and sign the correction. The note will then stand enfaced at the district treasury and can be dealt with in accordance with sub-paragraph (c) below.

(c) When the holder of a promissory note enfaced for payment of interest at the treasury desires interest to be paid at a sub-treasury, or when an advice of enfacement on a sub-treasury is received from the Public Debt Office in

1. Para. 42, Government Securities Manual.

accordance with paragraph 39 (a), the Treasury Officer will issue an order in Form 15 giving the number and other particulars of the note and will make an entry against the note in the register of enfaced notes that payment of interest has been authorised at the sub-treasury.

(d) Columns are provided on the back of the above-mentioned form to record the payments of interest for the various half-years and all the forms will be retained in a special file in the sub-treasury. On the presentation of a note at the sub-treasury with the usual receipt for interest payment, the officer in charge will see that the note stands in the name of and has not been endorsed to any other person by the holder named by the Treasury Officer and will agree the number and the other particulars of the note with the advice from the Treasury Officer. Having satisfied himself on these points, the Sub-treasury Officer will pay the interest due, will record the payment in the proper cage in the promissory note and will forward the payment voucher to the Treasury Officer with his daily sheet.

(e) On receipt of the voucher in the treasury it will be examined to see that it is in order and that the details of the note correspond with those entered in the register of enfaced notes and the payment will then be recorded in the register of promissory notes and in the register of interest payments under the Treasury Officer's initials (Forms 9 and 14).

(f) If the Sub-treasury Officer finds that the ownership of a note, presented for payment of interest, has changed, and if he has not received a fresh authorisation from the Treasury Officer to make payment to the new owner, he should forward the note or notes *uncut* and insured as of the value of Rs. 100 to the Treasury Officer for orders. On receipt of the note the Treasury Officer will examine the transfer endorsement and, if it is in order, issue a fresh authorisation to the Sub-treasury Officer in the prescribed form.[1]

Procedure for recording and communicating stop notices.

(1) A "stop" should be recorded by a Treasury Officer against a Government promissory note, in the manner described in sub-paragraph (3) below, only on receipt of instructions to that effect from the Public Debt Office of the sphere in which his treasury is situated or from the Public Debt Office, Calcutta. Similarly, a recorded stop should be removed only on receipt of instructions from either of these two offices.

All notices of stop, or of removal thereof, should be carefully recorded at the treasury and filed together and given serial numbers.

(2) If a party makes a claim at a treasury in respect of a Government promissory note which is not in his possession

1. Para. 43, Government Securities Manual.

but which is enfaced for payment of interest at the treasury or a sub-treasury subordinate thereto, the Treasury Officer should ask him to state the particulars of his claim in Form 31. If he furnishes correct particulars of the note, the Treasury Officer should immediately record an interim stop against it by an entry in column 9 of the Register in Form 9 and report the matter simultaneously to all the Public Debt Offices, the report to the Public Debt Office in whose jurisdiction his treasury is situated being accompanied by the Statement in Form 31. Similarly, if a claim is received direct at a Public Debt Office the Public Debt Office will report it to all other Public Debt Offices and to the Treasury Officer concerned. No delay must be allowed to occur in the disposal of such cases as it is possible that the note may, in the meantime, be presented at some Public Debt Office. No claim or notice of stop received at a sub-treasury direct from a party should be entertained by the Sub-treasury Officer. He should direct the party to take the matter up with the Treasury Officer.

On receipt of a notice of claim as above, the Public Debt Office may either decide that the claim has no foundation or order the Treasury Officer to record a stop notice against the note. In the former case the Treasury Officer will remove the interim stop, while in the latter case he will record a stop in the manner indicated in the following sub-paragraph. When a note against which a stop, either interim or final, has been recorded in the treasury registers is presented at the treasury, the Treasury Officer should forward it to the Public Debt Office for disposal, *uncut* and insured for Rs. 100 together with any statement which the presenter wishes to make.

NOTE :--If a notice of stop is received at a treasury direct from a court of law, the Treasury Officer should follow the procedure prescribed in sub-paragraph (2) above except that the court should not be required to state the particulars of the claim in Form 31.

(3) All stop notices received in a treasury from a Public Debt Office should be recorded by making a cross in red ink in the first vacant interest cage shown against the note in the Register in Form 9 with the date and the number of the notice.

(4) If a note, against which a stop has been recorded by a Treasury Officer on receipt of either a notice from a Public Debt Office or a claim from a party, happens to be enfaced at a sub-treasury the Treasury Officer should communicate the fact immediately to the Sub-treasury Officer. The latter should record a stop against the number of the note in Form 15 and on presentation of the note

should forward it, *uncut* and insured for Rs. 100, to the Treasury Officer who will then follow the procedure indicated in sub-paragraph (2) above.

(5) When a loan is due for discharge on maturity or Government offers to convert it to some other loan, the Public Debt Office, Calcutta, prepares a consolidated list of the securities of the loan against which notices of stop stand recorded in its registers and distributes copies of the list to all Treasury Officers. Immediately on receipt of this list, the Treasury Officer should examine it to see whether the stops recorded in it correspond with those already recorded at the treasury. Subsequent advices to stop, or of removals thereof, received from the Public Debt Office, Calcutta, should also be similarly examined. Any omissions or discrepancies noticed should be reported at once to the Public Debt Office, Calcutta.[1]

Note—For 'Forms' referred to above, *See* pages 181 to 215 of the Government Securities Manual.

1. Para. 44, Government Securities Manual.

APPENDIX H

PROCEDURE FOR REPAYMENT OF TERMINABLE LOANS[1]

Place of payment.

The Central Government are legally liable to repay the principal of their terminable loans only at the "General Treasury at Fort William, that is to say, at the office of the Reserve Bank of India at Calcutta, but for the convenience of the holders of these loans arrangements are also made to repay the principal either at a Public Debt Office or at the treasury or sub-treasury where interest is payable. The subsequent paragraphs of this chapter describe the procedure which should be followed in paying the principal of any loan when it falls due, but Treasury Officers and Sub-Treasury Officers should take no action to repay the principal of any security of any loan until they have received special instructions to that effect from the Public Debt Office, Calcutta. On receipt of such instructions, Treasury Officers will note in the Registers in Forms 5 and 9 the date on which the loan will be redeemed and draw a line in red ink after the relevant column for recording payment of interest citing the number and date of the circular letter. Treasury Officers will also instruct Sub-Treasury Officers to take similar action.

NOTE :—At places where interest on stock certificates is paid at an office of the Reserve Bank of India or a branch of the Imperial Bank of India, the principal of the stock certificates is repaid direct at the Bank. In such cases the Bank will follow *mutatis mutandis* the procedure prescribed in this Chapter for Treasury Officers.[2]

No payment at treasuries on stopped securities.

No payment should be made on a Government promissory note which has been stopped either temporarily or permanently in the manner described in paragraph 44. Any security which is shown on the consolidated list prepared by the Public Debt Office, Calcutta, in terms of clause (5) of the paragraph quoted above, should be considered as stopped even though it may not be shown as such in the Register in Form 9, and if interest on it is payable at a sub-treasury, intimation should be sent to the Sub-Treasury Officer concerned immediately. Stop notices may also be received in connection with bearer bond or stock certificates. They should be entered in the Register of bearer bonds (Form 5), or in the last advices of issue of stock interest warrants payable in the district received from the Public Debt Office in accordance with paragraph 31. Whenever any security which is included in

1. Chapter VIII, Government Securities Manual.
2. Para. 89, Government Securities Manual.

the list of stopped securities, is presented at the treasury for payment of the principal, the Treasury Officer should follow the procedure indicated in clause (2) of paragraph 44.

NOTE:—Notice of stoppage in respect of stock certificates will be sent to the Branches of the Imperial Bank of India or the offices of the Reserve Bank of India where interest is payable.[1]

Bearer Bonds

The principal of bearer bonds will be payable either at the treasury or sub-treasury at which they are registered for payment of interest or at the Public Debt Office in whose books they stand. When any such bonds are tendered for payment at the treasury or sub-treasury at which they are registered for payment of interest the Treasury or the Sub-Treasury Officer should make payment of the principal (and premium, if any), and also of the unpaid coupons, which have fallen due, if any, irrespective of the amount of the bond. No receipt need be taken from the presenter, the bonds being payable to the bearer without regard to any endorsement that may appear thereon. After payment, the bonds and the coupons should be stamped 'Paid' immediately, the date of payment being noted thereon. The bonds should then be removed from the register of bearer bonds (Form 5) maintained at the treasury.[2]

Stock Certificates

Each Public Debt Office will issue, along with the last interest warrants due on the loan, an intimation that no further interest warrant will be issued and that the principal will be repaid on surrender of the stock certificate either at a Public Debt Office or at the office of the Reserve Bank of India, the branch of the Imperial Bank of India, the treasury, sub-treasury or post office at which the interest warrant is payable. Payment of principal should be made on the surrender of the stock certificate at the place specified above. The surrender of the certificate must be insisted on in every case, and should the owner of the stock have lost his certificate he must obtain a duplicate from the Public Debt Office before discharge of the security. In such a case, payment should be made on the duplicate and not on the original certificate, unless the stop recorded against it on receipt of the report of the loss has been formally withdrawn by the Public Debt Office, Calcutta. Before payment, a discharge receipt should be taken on the certificate itself which should read as "Received the principal (and premium,

1. Para. 90, Government Securities Manual.
2. Para. 91, *ibid.*

if any due on the certificate." The signature to this receipt must be of the person entitled to sign a similar receipt under paragraph 81 (a); the conditions as well as the relaxations referred to therein being applicable in this case also. The stock certificates should be stamped, "paid" at the time of payment, the date of payment being noted thereon.

Note.—A discharge should be accepted at a sub-treasury only when signed by the registered holder himself. All other cases should be referred by the Sub-Treasury Officer to the Treasury officer.[1]

Promissory Notes.

The principal of promissory notes will be paid at any Public Debt Office, or at the treasury or sub-treasury where interest thereon is payable. In making payment Treasury Officers and Sub-Treasury Officers should observe the following rules :—

On presentation of a promissory note at a sub-treasury for discharge, a Sub-Treasury Officer may make payment without any limit of amount, only

(i) if the applicant is the person in whose name the note was originally issued, *i.e.*, if the applicant is the person whose name appears on the face of the note and there are no transferring endorsements on its back ; or

(ii) if he is the person to whom the Controller of the Currency, an Accounts Officer, Posts and Telegraphs, or an officer of the Reserve Bank of India has endorsed the note ;

Cases in which these conditions are not fulfilled, or, in which the examination of any documents regarding the power of the signatory of the receipt for discharge given on behalf of a Bank, a Body Corporate, Firm, etc., is involved should be referred before payment by the Sub-Treasury Officer to the Treasury Officer, the notes being sent uncut and insured for Rs. 100.[2]

When a promissory note is received at a treasury for discharge, whether from a Sub-Treasury Officer subordinate to him, under paragraph 93 or direct from an applicant, the Treasury Officer should deal with it in the manner indicated below :—

(a) When any of the conditions mentioned in paragraph 93 above is fulfilled, the Treasury Officer may pay the discharge value of the note without any limit as to amount, even if the applicant is not the holder himself of the

1. Para. 92, Government Securities Manual.
2. Para. 93, *ibid.*

note but his legal representative, or his duly authorised agent.

Note.—For purposes of this clause the word, "person" occurring in paragraph 93 should be understood to include an individual, Bank, Company, Body Corporate, Firm or Society and the holder of an office mentioned in Appendix III (*See Notification under Section* 6 at page 45 *ante*) singly or jointly.

(b) In other cases, a Treasury Officer may make payment of a note on his own authority only when, subject to the explanation given in note (2) below, the following conditions are all fulfilled :—

(i) the face value of the securities of the particular loan presented by the holder does not in the aggregate exceed Rs. 5,000 ;

(ii) the applicant is an individual in whose name the note stands last endorsed or the legal representative in interest of such holder or his duly authorised agent ;

(iii) the chain of endorsements is in order ;

(iv) the endorsements are all by names and not by office; and

(v) the holders have all been single individuals.

(c) Cases which are not completely covered by either clause (a) or clause (b) above should be referred, before payment, to the Public Debt Office in whose jurisdiction the treasury is situated, the notes being forwarded uncut and insured for Rs. 100.

NOTE 1.—Conditions (iv) and (v) above are not fulfilled in cases such as the following:—

(1) When an endorsement is in favour of a corporate body such, for example; as a district board or a port trust;

(2) When an endorsement is in favour of a firm or society.

NOTE 2.—Conditions (iv) and (v) should, however, be deemed to have been fulfilled if there is, at some stage, an endorsement on the back of the note by one of the officers named in condition (ii) of paragraph 93 and such endorsement, and all the subsequent endorsements fulfil all the conditions prescribed above; that is to say, in such a case, the Treasury Officer should altogether ignore the endorsements preceding such an endorsement, as the case may be, and need not see whether the above conditions have been fulfilled in the case of the earlier endorsements.[1]

Duties of Treasury Officer or Sub-Treasury Officer

(a) Before making payment of the principal of a promissory note, a Treasury Officer should see that the conditions laid down in paragraph 41 for payment of interest are satisfied. The Treasury Officer or the Sub-Treasury Officer, as the case may be, should also see that note bears a discharge receipt validly given. The receipt, which must be on the note itself, should read "Received the principal of (and the premium, if any, on) the note, or words conveying

1. Para. 94, Government Securities Manual.

the same meaning and the signature below this receipt should be of the person entitled to sign a similar receipt under paragraphs 49 to 52 the conditions as well as the relaxations prescribed in those paragraphs being applicable in this case also.

(b) The promissory notes discharged should be stamped "Paid" at the time of payment, the date of payment being noted thereon, and simultaneously removed from the "Register of Promissory Notes" (Form 9).[1]

General.

Relaxation of formalities.

The following relaxations of the usual formalities should be observed where the nominal value of securities, including those presented for repayment, standing in the name of an individual does not in the aggregate exceed Rs. 5,000:—

(a) When the owner is a minor or a lunatic, the discharge of the father, or if the father be dead, of the mother, may be accepted without question, so long as the officer paying the principal is satisfied as to the identity of the father or mother, either from personal knowledge or from a certificate of identity signed by a magistrate. If the person discharging the scrip on behalf of the minor or lunatic is neither father nor mother, the certificate of the District Magistrate, to the effect that such person is the actual guardian of the minor or lunatic, should be accepted.

(b) When the last endorsee (or in the case of stock the person named in the stock certificate) is dead, the discharge should be accepted of the person certified by the District Magistrate to be the actual heir of the deceased, or entitled to administer the latter's estate.

In either case the fact of the production of the magistrate's certificate should be noted on the back of the securities tendered over the Treasury Officer's signature. All certificates so produced should be retained by the Treasury Officer and filed. In cases where the discharge of the father or mother of a minor or lunatic is accepted without production of a certificate the fact of such relationship should be certified by the Treasury Officer on the back of the scrip.

NOTE.—In this paragraph District Magistrate has the meaning given in the explanation to Section 18 of the Indian Securities Act.[2]

1. Para. 95, Government Securities Manual.

2. Para. 96, Government Securities Manual.

Discharge by illiterate persons, etc.

(a) In the case of illiterate persons the manner of discharge is provided for in Rule 39 of the Rules under the Securities Act (*vide* Appendix A). In such cases the receipt for discharge should be signed by a magistrate (the Treasury or Sub-Treasury Officer may sign it if he is a magistrate) on behalf of and in the presence of the holder, and a certificate should be given by the magistrate below his signature to the effect that the receipt for discharge was signed by him at the request of the holder after having been previously read over to the latter and that he is satisfied that the effect of such discharge is fully understood by the holder.

(b) The provisions in Rule 39 *ibid*, however, do not exclude the acceptance of the discharge effected in the manner admissible under the general law. Accordingly, the signature by thumb impressions or marks affixed in presence of or verified by a magistrate under his office seal or a Justice of the Peace in the manner laid down in the concluding portion of the first sub-paragraph of paragraph 58 should be accepted.

(c) The discharge in vernacular by Indian ladies should be verified or authenticated in the manner laid down in paragraph 58.[1]

1. Para. 97, Government Securities Manual.

APPENDIX I

SECURITIES HELD BY GOVERNMENT OFFICERS IN THEIR OFFICIAL CAPACITIES AND DEPOSIT OF PROMISSORY NOTES FOR SAFE CUSTODY AT TREASURIES.[1]

Rules applicable

(1) Centi

Securities are frequently held by Government officers, either as security for the performance of some contract, or in trust for some public or *quasi*-public purpose, or on behalf of Government or in safe custody on behalf of members of the public. In all cases (subject to the exceptions mentioned below) securities held by an officer serving under the Central Government must be dealt with in accordance with the rules laid down in Chapter IX of the Government Securities Manual. *In no case may bearer bonds be so held.*[2]

Exceptio

(1) Securities deposited in the Indore Residency treasury by Indian Chiefs of Central India.

(2) Securities deposited with a Controller of Military Accounts by a Bank as security for the amount of regimental funds held by the Bank.[2]

(2) Provi

Subject to the exceptions noted below, securities held by officers under the administrative control of the Provincial Governments of the Governors' provinces will also be dealt with in accordance with these rules unless any such Government otherwise directs or makes a separate arrangement in respect of the securities held by such officers.[3]

Exceptio

(1) Securities deposited with a Bishop or Archdeacon.

(2) Securities deposited with Administrators General.[3]

(3) High Court.

Securities deposited with a High Court are not dealt with in accordance with these rules unless the court so directs.[3]

(4) Muni palities, Port Tri etc.

Securities held by Municipalities, Port Trusts and other public corporations may at their discretion be deposited with the Reserve Bank of India and dealt with under these rules.[3]

Caution

It is of great importance that a Government officer should not receive or in any way deal with a promissory note in his official capacity if the title of the presenter, depositor or

1. Chapter IX, Government Securities Manual.
2. Para. 98, Government Securities Manual.
3. Para. 99, *ibid.*

any other person from whom it is received, is not absolutely clear or is in any way defective. Before therefore accepting such a note, he should carefully scrutinise the endorsements on it in the light of the instructions given in Chapter V of the Manual (*See notes under section 29 at pages 29 to 43 ante*). If he has reason to think that any of the endorsements (*i. e.* not only the last endorsement) is irregular, or, if, for any other reason, he is not satisfied as to the title of the person presenting a note, he should refuse to accept it and should instruct the presenter to get it renewed by the Public Debt Office.[1]

Central Government

Officers entitled to hold securities by the name of their office.

A list of officers entitled to hold securities by the name of their office under section 6(1) of the Indian Securities Act, 1920 is given at pages 45 to 54 *ante*. Similar lists for Provincial Governments are given below:—

Assam

Not. No. 5967 — F. (a), dated the 29th October 1940 — (as amended up-to-date). In pursuance of sub-section (1) of section 6 of the Indian Securities Act, 1920 (X of 1920), the Governor of Assam is pleased to declare that the said sub-section shall apply to the following offices in respect of the securities issued by the Government of Assam, namely :—

Offices in British India

The same as in the list at pages 45 to 49 *ante* with the following changes, namely :—

From the said list *delete*.	To the said list *add*.
Administrative Officer, Cochin Harbour.	Administrator-General, Assam.
Assistant Collector of Salt Revenue, Kharaghoda.	Advocate-General, Assam.
Chief Accountant Vizagapatam Port, Vizagapatam.	Assistant Directors of Public Health, Assam.
Chief Accounts Officer, Central Excise Collectorates Bombay.	Assistant to the Political Agent in Bundelkhand and Baghelkhand in charge Excise, Nowgong.
Chief Conservator of Forests, United Provinces.	Chief Auditor, Indian Stores Department.
Chief Engineer for Electricity, Madras.	Audit Officer, Vizagapatam, Harbour Construction.
Chief Engineers, Public Works Department, Madras.	Chief Account Officer of Salt Department, Bombay.
Chief Medical Officer, N.W.F.P.	Chief Accounts Officers, State Railways.
Collector of Central Excise, Madras.	Chief Engineer, Public Works Department, Assam.
Collector of Central Excises and Salt, North Eastern and North Western, India.	Chief Inspector of Boilers, Assam.
Controller, Coal Account.	Chief Inspector of Factories and Electrical Adviser to the Government of Assam.
Controller of Broadcasting.	
Controller of Naval Accounts.	

1 Para. 100, Government Securities Manual.

From the said list *delete*

Controller of Military Accounts and Pensions, Lahore.
Controller of Provincial Stationery Office, Punjab.
Controller of Supply Accounts.
Deputy Chief Accounts Officers, American Purchases, Department of Supply.
District or Divisional Forest Officers.
District Judges.
Divisional Accounts Officer, Chittagong, Bengal and Assam Railway.
Electrical Adviser to the Government of Sind.
Examiner of Local Fund Accounts, Madras.
Export Trade Controller, Bombay.
Export Trade Controller, Calcutta.
Financial Advisers and Chief Accounts Officers, State Railways.
General Superintendent, Public Works Workshops and Stores, Madras.
Judicial Officer-in-Charge, Excise, Mhow.
Local Excise Authority, Nowgong.
Political Officer, Khasi States.
Registrar Co-operative Societies C. P. & Berar.
Registrars of Public and Parsi Public Trusts in the Bombay Presidency.
Secretary, Imperial Council of Agricultural Research.
Special Officer and Protector of Emigrants, Madras.
Sub-Divisional Officers, Punjab P.W.D., Electricity Branch.
Superintendent of Salt Revenue for Sind.
Utilisation Officer, Forest Research Institute and College, Dehra Dun.

To the said list *add*.

Superintendent of Stamps, Assam.
Superintendent, Berry-White Medical School, Dibrugarh.
Superintendent, Mental Hospital, Tezpur.

To the said list *add*

Superintendents of Jails.
Inspector-General of Civil Hospitals N.W.F.P.
Commandant, Assam Rifles.
Commissioner of Excise, Assam.
Commissioner, Northern India Salt Revenue.
Controller of Marine Accounts.
Deputy Commissioner of Salt Revenue, Madras.
Deputy Coservators of Forests.
Director of Agriculture, Assam.
Director of Industries, Assam.
Director of Land Records, Assam.
Director of Veterinary Dept., Assam.
Directors of Public Health.
Director, Pasteur Institute and Medical Research Institute Shillong.
District and Sessions Judges.
Divisional Forest Officers.
Divisional Officers, Public Works Department.
Examiner Local Accounts, Assam.
Executive Officer-in-Charge, Excise, Mhow.
Forest Economist, Forest Research Institute and College, Dehra Dun.
Forest Utilisation Officer, Assam.
Head Mistress, Pinemount School, Shillong.
Inspector General of Civil Hospitals.
Inspector General of Prisons.
Legal Remembrancer, Punjab.
Member, Revenue Tribunal, Assam.
Military Secretary to the Governor of Assam.
Official Trustee, Assam.
Principals of Govt. Colleges.
Registrar of Co-operative Societies, Assam.
Secretary, Cantonment Board.
Secretary, Legislative Assembly, Assam.
Secretary Legislative Council, Assam.
Secretary, Public Service Commission, Assam.
Secretary to the Governor of Assam.

ANNEXURES A and B.

Same as at pages 51 & 52 *ante*.

Not. No. M—226/X—75, dated the 19th January, 1940. U. P. (as brought up to date) amended by Not. No. M—927/X—537 dated the 7th July 1943. In pursuance of sub-section (1) of section 6 of the Indian Securities Act, 1920 (X of 1920), the Governor is pleased to declare that the said sub-section shall

apply to the following officers in respect of the securities issued by the Government of the United Provinces, namely:

A—OFFICES IN BRITISH INDIA.

The same as in the list at pages 45 to 49 *ante* with the followng *changes*, namely:—

From the said list *delete*

Administrative Officer, Cochin Harbour.
Assistant Collector of Salt Revenue, Kharaghoda.
Chief Accountant, Vizagapatam Port, Vizagapatam.
Chief Accounts Officer, Central Excise Collectorate, Bombay.
Chief Conservator of Forests, United Provinces.
Chief Engineer for Electricity, Madras.
Collector of Central Excise, Madras.
Collectors of Central Excises and Salt, North Eastern and North Western India.
Controller, Coal Account.
Controller of Broadcasting.
Controller of Food Accounts.
Controller of Naval Accounts.
Controller of Provincial Stationery Office, Punjab.
Deputy Chief Accounts Officers, American Purchases, Department of Supply.
District or Divisional Forest Officers.
Divisional Accounts Officer, Chittagong, Bengal and Assam Railway.
Electrical Engineer to the Government of Sind.
Examiner of Local Fund Accounts, Madras.
Export Trade Controller, Bombay.
Export Trade Controller, Calcutta.
Financial Advisers and Chief Accounts Officers, State Railways.
General Superintendent, Public Works Workshops and Stores, Madras.
Judicial Officer-in-Charge, Excise, Mhow.
Local Excise Authority, Nowgong.
Political Officer, Khasi State.
Registrar, Co-operative Societies, Central Provinces and Berar.
Registrars of Public and Parsi Public Trusts in the Bombay Presidency.
Secretary, Imperial Council of Agricultural Research.
Special Officer and Protector of Emigrants, Madras.

To the said list *add*

Assistant to the Political Agent in Bundelkhand and Baghelkhand in charge Excise, Nowgong.
Audit Officer, Vizagapatam Harbour Construction.
Chief Auditor, Indian Stores Department.
Chief Account Officer of Salt Department, Bombay.
Chief Accounts Officers, State Railways.
Commissioner, Northern India Salt Revenue.
Controller of Marine Accounts.
Deputy Commissioner of Salt Revenue, Madras.
Director of Agriculture, United Provinces.
District Forest Officers.
Executive Officer in charge, Excise, Mhow.
Forest Economist, Forest Research Institue and College, Dehra Dun.
Inspectors General of Prisons.
Military Secretary to His Excellency the Governor, United Provinces, *vide Not. No. M-225/X-725/1939, dated 30th March 1944.*
Secretary, Cantonment Board.
Superintendent, Printing and Stationery, United Provinces.

From the said list *delete*

Sub-Divisional Officers, Punjab Public Works Department, Electricity Branch.
Superintendent of Salt Revenue for Sind.
Utilisation Officers, Forest Research Institute and College, Dehra Dun.

B—OFFICES IN BURMA.

The same as in the list at pages 49 and 50 *ante*.

ANNEXURES—A, B AND C.

The same as at pages 51 and 52 *ante*.

Not. No. 6887—F/15/44 dated the 23rd/27th February 1940. N.W.F.P.
In pursuance of sub-section (1) of section 6 of the Indian Securities Act 1920 (X of 1920), the Governor, North-West Frontier Province, is pleased to declare that the said sub-section shall apply to the following offices, namely:—

A—OFFICES IN BRITISH INDIA.

The same as in the list at pages 45 to 49 with the following *changes*, namely:—

From the said list *delete*

dministrative Officer, Cochin Harbour.
ssistant Collector of Salt Revenue, Kharaghoda.
hief Accountant, Vizagapatam Port, Vizagapatam.
hief Accounts Officer, Central Excise Collectorate, Bombay.
hief Conservator of Forests, United Provinces.
hief Engineer for Electricity, Madras.
hief Engineers, Public Works Department, Madras.
hief Medical Officer, N. W. F. P.
ollector of Central Excise, Madras.
ollectors of Central Excises and Salt, North Eastern and North Western, India.
ontroller Coal Account.
ontroller of Broadcasting.
ontroller of Food Accounts.
ontroller of Naval Accounts.
ontroller of Military Accounts and Pensions, Lahore.
ontroller of Provincial Stationery Office, Punjab.
ontroller of Supply Accounts.
eputy Chief Accounts Officers, American Purchases, Department of Supply.
ivisional Accounts Officer, Chittagong, Bengal and Assam Railway.
lectrical Adviser to the Government of Sind.
xaminer of Local Fund Accounts, Madras.
xport Trade Controller, Bombay.
xport Trade Controller, Calcutta.

To the said list *add*

Assistant to the Political Agent in Bundelkhand and Baghelkhand in charge Excise, Nowgong.
Chief Auditor, Indian Stores Department.
Audit Officer, Vizagapatam Harbour Construction.
Chief Accounts Officer of Salt Department, Bombay.
Chief Accounts Officer, State Railways.
Commissioner, Northern India Salt Revenue.
Controller of Marine Accounts.
Deputy Commissioner of Salt Revenue, Madras.
Deputy Conservators of Forests.
Executive Officer in Charge Excise, Mhow.
Forest Economist, Forest Research Institute and College, Dehra Dun.
Inspector-General of Civil Hospitals, N. W. F. P.
Inspector-Generals of Prisons.
Secretary, Cantonment Board.

From the said list *delete*

Financial Advisers and Chief Accounts Officers, State Railways.
General Superintendent, Public Workshops and Stores, Madras.
Judical Officer-in-Charge, Excise, Mhow.
Local Excise Authority, Nowgong.
Political Officer, Khasi States.
Registrar, Co-operative Societies, C. P. & Berar.
Registrars of Public and Parsi Public Trusts in the Bombay Presidency.

From the said list *delete*

Secretary, Imperial Council of Agricultural Research.
Special Officer & Protector of Emigrants, Madras.
Sub-Divisional Officers, Punjab P. W. D., Electricity Branch.
Superintendent of Salt Revenue for Sind.
Utilization Officer, Forest Research Institute and College Dehra Dun.

Punjab.

Notification No. 3480 W. M. . 40/37514/ 625 S, dated the 18th September 1940, as amended up to date.—In pursuance of sub-section (1) of section 6 of the Indian Securities Act, 1920 (X of 1920), the Governor of the Punjab is pleased to declare that the said sub-section shall apply to the following offices in respect of the securities issued by the Government of the Punjab, namely :—

A—Offices in British India.

The same as in the list at pages 45 to 49 with the following changes, namely :—

From the said list *delete*

Administrative Officer, Cochin Harbour.
Assistant Collector of Salt Revenue, Kharaghoda.
Chief Accountant, Vizagapatam Port, Vizagapatam.
Chief Accounts Officer, Central Excise Collectorate, Bombay.
Chief Conservator of Forests, United Provinces.
Chief Engineer for Electricity, Madras.
Chief Engineer P. W. D., Madras.
Chief Medical Officer, N. W. F. P.
Collector of Central Excise, Madras.
Collector of Central Excises and Salt, North Eastern and North-Western, India.
Controller, Coal Account.
Controller of Broadcasting.
Controller of Food Accounts.
Controller of Naval Accounts.
Controller of Military Accounts and Pensions, Lahore.
Controller of Supply Accounts.
Deputy Chief Accounts Officers, American Purchases, Department of Supply.
District or Divisional Forest Officers.
Divisional Accounts Officer, Chittagong, Bengal and Assam Railway.

To the said list *add*

Administrative Sub, Judges, Punjab.
Administrator General, Punjab.
Assistant Directors of Public Health, Punjab.
Assistant Secretary to the Financial Commissioners, Punjab.
Assistant to the Political Agent in Bundhelkhand and Baghelkhand in charge Excise, Nowgong.
Chief Auditor, Indian Stores Department.
Audit Officer, Vizagapatam Harbour Construction.
Chief Account Officer of Salt Department, Bombay.
Chief Accounts Officers, State Railways.
Chief Conservator of Forests, Punjab.
Chief Engineers, Punjab.
Inspector General of Civil Hospitals, N. W. F. P.
Colonization Officers, Punjab.
Commissioner, Northern India Salt Revenue.
Controller of Marine Accounts.
Deputy Commissioner for Criminal Tribes and Reclamation Officer, Punjab.
Deputy Commissioner of Salt Revenue, Madras.

From the said list *delete*

Electrical Adviser to the Government of Sind.
Examiner of Local Fund Accounts, Madras.
Export Trade Controller, Bombay.
Export Trade Controller, Calcutta.
Financial Adviser and Chief Accounts Officers, State Railways.
General Superintendent, Public Workshops and Stores, Madras.
Judicial Officer-in-Charge, Excise, Mhow.
Local Excise Authority, Nowgong.
Political Officer, Khasi States.
Registrar Co-operative Societies, C.P. and Berar.
Registrars of Public and Parsi Public Trusts in the Bombay Presidency.
Secretary, Imperial Council of Agricultural Research.
Special Officer and Protector of Emigrants, Madras.
Sub-divisional Officers, Punjab, P.W.D., Electricity Branch.
Superintendent of Salt Revenue for Sind.
Utilization Officer, Forest Research Institute and College, Dehra Dun.

To the said list *add*

Director, Anti-Erosion Circle, Punjab.
Director, Information Bureau, Punjab.
Director of Agriculture, Punjab.
Director of Industries, Punjab.
Director of Land Records, Punjab.
Director of Panchayats, Punjab.
Director of Public Heath, Punjab.
Director Veterinary Services, Punjab.
District Forest Officers.
Divisional Forest Officers, Punjab.
Divisional Inspectors of Schools, Punjab.
Executive-Officer-in-Charge, Excise, Mhow.
Forest Economist, Forest Research Institute & College, Dehra Dun.
Game Warden, Punjab.
Guardianship Sub-Judges, Punjab.
Headmaster, Central Model School, Lahore.
Insolvency Sub-Judges, Punjab.
Inspector General of Prisons.
Inspector of European Schools, Punjab.
Inspector of Training Institutes, Lahore.
Judges and Additional Judges, Small Cause Courts, Punjab.
Legal Remembrancer, Punjab.
Medical Officer of Health, Factories and Statistical Officer, Punjab.
Medical Superintendent, Mayo Hospital, Punjab.
Official Trustees, Punjab.
Principal, Central Training College, Punjab.
Principal, Punjab Agricultural College.
Principal, Punjab Health School.
Principal, Punjab Veterinary College.
Principal, Punjab Arts Colleges (Maintained by the Punjab Education Department).
Secretary, Punjab and N.W.F.P. Joint Public Service Commission.
Secretary, Cantonment Board.
Senior Sub-Judges, Punjab.
Superintendent, Central Workshops, Amritsar.
Superintendent, Govt. Cattle Farms, Hissar.
Superintendents of Jail, Punjab.

B. OFFICERS IN BURMA.

The same as in the list at pages 49, 50 *ante*.

ANNEXURES—A, B AND C.

The same as at pages 51 and 52 *ante*.

Notification No.127, F (W & M), dated the 30th April 1940 (as brought up to date) — In pursuance of sub-section (1) of section 6 of the Indian Securities Act, 1920 (X of 1920), His Excellency the Governor of Madras is hereby pleased to declare that the said sub-section shall apply to the following offices in respect of the securities issued by the Government of Madras, namely:— Madras

A—OFFICES IN BRITISH INDIA.

The same as in the list at pages 45 to 49 with the following changes, namely:—

From the said list *delete*	To the said list *add*
Administrator Cochin Harbour.	Audit Officer, Vizagapatam Harbour Construction.
Assistant Collector of Salt Revenue. Kharaghoda.	Chief Accounts Officer, Salt Department, Bombay.
Chief Accountant, Vizagapatam Port, Vizagapatam.	Collector of Salt Revenue, Madras.
Chsef Accounts Officer, Central Excise Collectorate, Bombay.	Commissioner of Coorg.
Chief Medical Officer, North-West Frontier Province.	Director, Cinchona Department, Madras.
1. Para. 100, Government Securities Manual.	Director of Agriculture, Madras.
Collector of Central Excise, Madras.	Director of Fisheries, Madras.
Controller, Coal Account.	District Agricultural Officer, Madras.
Controller of Food Accounts.	District Medical Officers, Madras Province.
Controller of Provincial Stationery Office, Punjab.	Inspector General of Civil Hospitals, N.W.F.P.
Deputy Chief Accounts Officers, American Purchases, Department of Supply.	Inspector Generals of Prisons.
Electrical Engineer to the Govt. of Sind.	Paymaster, Carnatic Stipends, Madras.
Sub-Divisional Officers, Punjab Public Works Department, Electricity Branch.	Port Officers, Madras Province.
Superintendent of Salt Revenue for Sind.	Principals of Government Schools and Colleges.
	Superintendents, Central Jails.
	Superintendents, Government Hospitals, Madras Province.
	Superintendent of Stamps and Stationery, Madras.

B—OFFICES IN BURMA.

Same as in the list at pages 49, 50 *ante*.

C—OFFICES IN INDIAN STATES.

Chief Secretary to the Government of Cochin.

ANNEXURES—A, B and C

The same as at pages 51 and 52 *ante*.

Notes deposited for five years or more.

When promissory notes are to be deposited with a Government officer for five years or more and the depositor desires to draw interest on them during the period of the deposit, the latter should be required to draw all interest due on them at the time and to endorse them as follows :—

(a) If the officer with whom the notes are to be deposited is in the Posts and Telegraphs Department—"Pay to the Accountant General, Posts and Telegraphs". The officer will then forward them uncut and insured of the value of Rs. 100 for safe custody to the Accountant General, Posts and Telegraphs.

(b) In other cases—

(i) If the officer with whom the notes are to be deposited wishes to keep them in his own custody, the depositor should be asked to endorse them in his favour, or, if he is not authorised to hold securities by the name of his office under section 6 (1) of the Indian Securities Act, X of 1920, in favour of such officer as is so authorised. The notes should then for the purpose of conversion into stock certificate be endorsed in favour of the Governor General in Council by the officer in whose favour the securities have been thus endorsed and sent to the nearest Public Debt Office or to the treasury on which they have been enfaced for payment of interest, in the manner laid down in paragraph 16.

(ii) If the officer with whom the notes are to be deposited wishes to entrust them to the Reserve Bank of India for safe custody, he should ask the depositor to endorse them in favour of the Bank as follows, "Pay to the Reserve Bank of India". When he receives the notes so endorsed, he will forward them uncut and insured as of the value of Rs. 100 for custody to the officer mentioned below together with a covering list in duplicate in Form 18 :—

(a) If the officer is stationed in the Bombay Presidency, Sind or the Central Provinces and Berar—Manager, Reserve Bank of India, Bombay.

(b) If the officer is stationed in the Madras Presidency—Manager, Reserve Bank of India, Madras.

(c) If the officer is stationed in the Punjab, United Provinces, Bengal, Bihar, Orissa, Assam, or North-West Frontier Province or is under the audit of the Accountant General, Central Revenues—Manager, Reserve Bank of India, Calcutta.

Note 1.—Officers serving under the Central Government have the option of keeping the securities with them in their own custody as described in clause (i) or entrusting them to the Reserve Bank of India for safe custody as described in Clause (ii). Officers under the administrative control of the Provincial Governments must send the securities held by them to the Reserve Bank of India for safe custody unless any such Government directs otherwise in a particular case.

Note 2.—If the officer is in the Naval or the Military Department, the notes should be sent to the Reserve Bank of India through the Controller of Naval Accounts, Bombay, or the Controller of Military Accounts, as the case may be ; similarly in the case of notes deposited by employees of a State Railway, they should be sent through the Chief Accounts Officer of the Railway.[1]

Procedural instructions —payment of interest.

The notes received in accordance with paragraph 101 (b) (i) of the Manual (*see* above) will be converted into stock certificate and interest thereon will be paid by the Public

1. Para. 101, Government Securities Manual.

Debt Office in whose books the certificate is registered in the manner described in paragraph 30 (*see* page 205). On receipt of the interest warrants the amount should be distributed among the depositors. In cases in which the stock is registered in the name of an officer other than the officer with whom the securities were originally deposited owing to the latter not being authorised to hold securities by the name of his office, the former will make the interest warrant payable to the latter who will make the distribution to the respective depositors.

Securities in the safe custody of Reserve Bank of India.

The interest falling due on securities in the safe custody of the Reserve Bank of India will be remitted by the Bank after deducting income-tax and surcharge to the officers with whom the securities were originally pledged for distribution to the pledgers, by means of Government Drafts in lieu of Remittance Transfer Receipts, if the officers are stationed at a place where there is an office of the Reserve Bank of India or a branch of the Imperial Bank of India and by Security Deposits Interest Payment Drafts on treasuries in other cases.

Although there is no time limit for the currency of Government Drafts, it is very desirable that the depositors should be asked to present them for payment as soon as possible to avoid any amount being left outstanding after one month from the date of issue of the drafts. Interest Payment Drafts are current for six months ; if any such draft is presented for payment after that period, the presenter should be advised to have the draft revalidated by the office of issue.

Note.—When notes are received by the Reserve Bank of India from Accounts Officers, interest falling due thereon will be remitted as above without deduction of income-tax to the Accounts Officer concerned by whom it will be distributed (after deducting the proper income-tax and surcharge) by payment orders among the depositors. The Accounts Officers, while deducting income-tax, will grant a certificate as nearly as may be in Form 30 of the Manual. Any Exemption or Abatement Certificates granted by Income-tax Officers in respect of securities deposited with Accounts Officers should be retained and dealt with by them.[2]

Income-tax.

Under the provisions of the Indian Income-tax Act, income-tax (and surcharge) at the maximum rate will be deducted from the interest paid on securities entrusted for safe custody under the foregoing paragraphs. If any depositor is entitled to exemption or abatement of the tax, he should be asked to obtain a certificate to that effect from the Income-tax authorities and furnish the same to the officer with whom the relative securities were originally pledged. On receipt of such an exemption or abatement certificate

1. Para 102. Government Securities Manual.
2. Para 103, *ibid.*

the officer mentioned in paragraph 101 (b) (ii) of the Manual (*see* above) should forward it immediately to the office of the Reserve Bank of India concerned and the officer mentioned in paragraph 101 (b) (i) of the Manual (*see* above) to the Public Debt Office. The Public Debt Office will act on such an exemption or abatement certificate even if the relative securities have been transferred and stock certificates issued in favour of the administrative officer in terms of paragraph 102 of the Manual (*see* above), provided the particulars of the stock certificates concerned in respect of which the exemption is required are disclosed in the forwarding letter.[1]

Securities held in the form of stock.

If the securities held in the form of stock are required to be returned or sold, the officer in whose name the stock is held should in the first instance have the stock certificate converted into promissory notes in the manner prescribed in paragraph 14. Thereafter on receipt of the promissory notes he should endorse them in the name of the depositor to whom they are to be returned, or, if they are to be sold, he should send them to the respective office of the Reserve Bank of India duly endorsed in favour of the Bank. The Bank will thereafter arrange for the sale and remittance of the sale proceeds.

Note.—The form of endorsement on the reverse of the stock certificate which is to be filled in by the officer for conversion into promissory notes in terms of paragraph 14 should disclose the number of pieces and denominations of promissory notes required and the value of the stock certificate to be issued for the balance, if any, of the security tendered for conversion.[2]

If the securities entrusted to the Reserve Bank of India for safe custody are required for return to the depositor or for sale, the office of the Bank holding the securities will, on application of the officer who forwarded them, arrange for the return or sale. The Bank, save where orders have been received by it from the Central or a Provincial Government that the securities pertaining to any endowment are not to be sold or given up without the orders of the Government, will act purely as the agent of the officers from whom it received the securities, the latter are responsible for the sale, realisation or return of the securities in accordance with the conditions of the endowment.

Note 1.—It will be observed that when a note is returned, it may not be the identical note which was sent for custody, but only another note of the same loan or of the loan into which the original note was transferred.

Note 2.—An officer applying for the delivery of a note should always specify at which treasury or sub-treasury he wishes it to be enfaced for payment of interest.

1. Para. 104, Government Securities Manual.
2. Para. 105, *ibid.*

Note 3.—If a depositor desires that the securities to be returned to him should be in the form of a stock certificate, the Public Debt Office or the office of the Reserve Bank of India concerned will arrange for the issue of the stock.[1]

Securities entrusted to the Reserve Bank of India.

(a) When promissory notes are to be deposited with a Government officer for more than twelve months but less than five years and the depositor desires to draw the interest on them during the period of the deposit, the latter should be required to endorse them in favour of the Accountant General, Posts and Telegraphs, if the Government Officer is in the Posts and Telegraphs department and in favour of the Treasury Officer of the nearest treasury in all other cases. The Government officer receiving the deposit will then forward the notes to the office of the Deputy Accountant General, Posts and Telegraphs, Calcutta, or to the treasury as the case may be.

(b) On receipt of the promissory notes from a Government officer in accordance with sub-paragraph (a), the Treasury Officer will follow the procedure laid down in paragraphs 115 to 117 in connection with the deposit of notes by the public for safe custody, except that he will release the promissory notes from safe custody only at the request of the Government officer who sent them for deposit and will obtain that officer's receipt for them when they are delivered to him.

Note. - In the towns of Calcutta, Bombay and Madras such notes will, however, be received for custody at the offices of the Reserve Bank of India at these places, who will deal with them in the same manner as notes received under paragraph 101 (b) (ii).[2]

Notes deposited for more than twelve months and less than five years.

(a) When Promissory notes are to be deposited with a Government officer for twelve months or less or when they are deposited for any period exceeding twelve months but a depositor does not desire to draw any interest during the period of the deposit, they will remain in the name of the depositor and should not be endorsed by him to any Government officer. The Government officer receiving the deposit will see that the notes stand in the name of the depositor and that the contract or other document executed by the depositor conveys authority to Government to appropriate or cancel the notes if the contract is not fulfilled. After satisfying himself on these points the Government officer receiving the notes for deposit will lodge the notes for safe custody at the nearest treasury, except in the towns of Calcutta, Bombay and Madras where the notes will be lodged with the local office of the

1. Para. 106, Government Securities Manual.

2. Para. 107, Government Securities Manual.

Reserve Bank of India. If however the officer accepting the deposit is in the Posts and Telegraphs Department, he should lodge the notes with the Deputy Accountant General, Posts and Telegraphs, Calcutta. The depositor may be allowed, in exceptional circumstances, to draw the interest on the notes by tendering receipts in the usual form countersigned by the officer with whom he deposited them.

Notes deposited for twelve months or less.

(b) If the promissory notes so deposited at a treasury are forfeited for failure of contract, they should be forwarded, insured as of the value of Rs. 100, to the Office of the Reserve Bank of India under whose jurisdiction the officer is stationed as indicated in paragraph 101 (b) (ii) (a), (b) and (c). The Reserve Bank of India will thereafter arrange for the renewal of the notes in favour of the Government officer concerned if he is authorised to hold securities by the name of his office under Section 6 (1) of the Indian Securities Act, otherwise in favour of such officer of the Department as is so authorised. The Bank will also arrange for the sale of the renewed notes if so desired. The sale proceeds will be remitted by drafts payable to the Government officer concerned.[1]

Procedure

Procedure.

(a) Notes received in a treasury for safe custody under the preceding article must at once be entered in a register in Form 19 but no record need be made in it of interest payments.

(b) A receipt should be given for all notes so deposited in the same form as the register, the column giving particulars of the return being omitted. The receipt should be reclaimed when the notes are returned.

(c) The return of a note should be noted at once in the register in the column provided for the purpose.

Sale or purchase.[2]

Sale or purchase.

(a) If it is desired to sell a security held in safe custody of a Treasury Officer in terms of paragraphs 107 and 108, the Government officer who forwarded it should proceed in the manner indicated in paragraph 105.

(b) When a Government officer desires to purchase a security on account of any fund which he holds in trust, he should remit to the office of the Reserve Bank of India in the jurisdiction of which he is stationed, a sum equivalent to the market value of the security which he wishes to purchase *plus* 5 per cent to cover any payment that may be necessary on account of the interest due on the security and other incidental charges. If the officer is stationed in the mofussil the remittance should be made by means of a Re-

1. Para. 108, Government Securities Manual.
2. Para. 109, *ibid.*

mittance Transfer Receipt to be obtained from the Treasury, or, if the Government treasury business at the place is conducted by a branch of the Imperial Bank of India by a draft from that Bank payable to the Reserve Bank of India. He should also send an application for the purchase of the security to the office of the Reserve Bank of India concerned. On receipt of the remittance and the application, the Reserve Bank will effect the transaction and furnish to the Government officer an account thereof, a payment draft for the balance if any, and either a safe custody receipt in respect of the security or the security itself according as the security is desired to be retained or returned to the Government officer.

NOTE 1. An officer applying for the purchase of a security should always specify the loan to which the security desired to be purchased will appertain.

NOTE 2. When a security deposit is held in the Post Office Savings Bank, the officer to whom the Savings Bank pass book is pledged may, if the depositor so desires, invest the amount of the deposit in Government securities through the Accountant General, Posts and Telegraphs. If desired, the notes after purchase may also be kept in the custody of the Accountant General, Posts and Telegraphs, in the name of pledgee and interest on them credited to the depositors Savings Bank account.[1]

Commission

Commission.

In addition to any actual outlay on brokerage, a commission of one-eighth per cent is charged by the Reserve Bank for the purchase and sale of promissory notes. A commission of annas two on every sum of Rs 50 or part therof subject to a minimum charge of annas four for drawing and remitting the interest on securities held by the Reserve Bank of India is also charged by that Bank, provided that this rate shall not apply to reduce any amount payable below Rs. 10.

NOTE 1. Security deposits of Government servants will be exempt from the commission charged by the Reserve Bank for drawing and remitting interest.

NOTE 2. Security deposits of Banks holding regimental funds under Financial Department Resolution No. 3956-A. dated the 22nd July 1902 are exempt from commission for drawing interests.

NOTE 3. Such exemption will also apply to investments made through the Post Office Savings Bank referred to in paragraph 110 (Note 2) [2].

Publication of Accounts

The offices of the Reserve Bank of India which accept notes for safe custody in terms of paragraph 101 (b) (ii) are required to publish at the end of each calendar year a list of the notes in their respective custody, showing the names of the depositors, the Government officers through whom the deposits were received and the amount of securities distributed by loans, held on account of each depositor. Every Government officer with whom a note has been deposited *ex-officio*

1. Para. 110, Government Securities Manual.
2. Para. 111, *ibid.*

should watch for this publication, and bring to notice any omission or error with which he is concerned. If no discrepancy is pointed out by such an officer within a reasonable time, it will be assumed that, so far as he is concerned, he has accepted the list as correct. These lists will be made up in Form 20 and published as soon after January 1st of each year as they can be made up.[1] Publication of Accounts.

Municipal Debentures and Port Trust Bonds

Municipal Debentures and Port Trust Bonds deposited with a Government officer *ex-officio* will also be dealt with in exactly the same way as the Government Securities so deposited are required to be dealt with under the rules in the foregoing paragraphs of this Chapter.[2] Municipal Debentures and Port Trust Bonds.

Investments by public officers

Investment in securities of funds held in trust by public officers for some public or *quasi*-public purpose or on behalf of Government will be regulated by the following rules: Investments by public officers.

(I) Subject to the exception referred to in Rule III, all investments in securities of trust funds held by a Government officer for a public or *quasi*-public purpose, such as the maintenance of a dispensary, school or the like, shall be made in promissory notes only, and, if a security in some other form comes into the possession of any Government officer in virtue of his office to be held in trust for such purposes, it shall be converted into promissory notes.

(II) All trusts for such purposes as those indicated in Rule I shall, subject to the exception stated in Rule III, stand in two names and instead of the personal name of an officer of Government, his official designation shall, if possible, be employed. All securities held under such trusts will, subject to the same exception, be dealt with in accordance with paragraphs 101 and 102 above. The Provincial Government will declare what trusts represent permanent endowments and will issue orders to the office of the Reserve Bank of India concerned that securities appertaining to such permanent endowments are not to be sold or given up without the orders of Government. The Provincial Government will also, in the case of any trust standing in the name of one officer only, issue instructions declaring what second officer should be associated in the trust.

(III) If in any case the orders prescribed in Rules I and II cannot be carried out owing to any legal or other difficulty

1. Para. 111, Government Securities Manual.

2. Para. 113, *ibid.*

or if, in any case, it is not considered desirable to carry them out, the facts of the case should be reported to the Provincial Government, and the Provincial Government will then, by special orders, make such arrangements as may be necessary to protect the interests of Government as well as to secure the safety of the trust funds or securities[1].

Notes deposited by the public for safe custody with Treasury Officers.

Notes deposited by the public for safe custody with Treasury Officers.

(a) Holders of promissory notes may, if they so desire, deposit them at a treasury for safe custody. Such notes should be enfaced for payment of interest at that treasury and should be endorsed by the holder in favour of the Treasury Officer. All arrear interest due on the notes should be drawn before the notes are tendered at the treasury.

Note:—This facility will not be allowed in the Presidency towns or in districts in the headquarters of which there is either an office of the Reserve Bank of India or a branch of the Imperial Bank of India acting for the time being as the agent of the Reserve Bank of India.

(b) Application for such deposits should be made by the holder in the prescribed form (Form 21) which should be kept in stock at all district treasuries and sub-treasuries and should be distributed freely to applicants.

(c) On receipt of an application with securities at the treasury, the application should be carefully checked to see that the details entered therein agree with those of the promissory notes tendered for safe custody. The notes should be examined to see that the applicant is either their original holder or one who derives his title to them by a regular and valid chain of endorsements (*vide* Chapter V of the Manual) and that they have been duly endorsed by him in favour of the Treasury Officer. If the application is found to be in order and the notes are free from any defects, the former should be registered and the latter accepted for deposit, an acknowledgment of their receipt in their prescribed form (Form 22) being granted to the applicant. If the notes are in any way defective or the applicant's title is not free from doubt, they should be returned to the applicant who should be asked to get the defects or the irregularities removed, or, if the defects are such as to require the renewal of the notes, to have them renewed.

(d) A register of receipts and disposals of notes held in safe custody should be maintained at each treasury in Form 25 and the necessary entries in this register should first be completed before the acknowledgment receipt referred to in the preceding clause is granted by the Treasury Officer. This register should be balanced monthly.

1. Para. 114, Government Securities Manual.

(e) The receipts and issues in the register of receipts and disposals should be posted in a ledger in Form 23 in which a separate account will be opened on behalf of each individual depositor. A balance should be struck in the ledger after each transaction. The balances at the credit of the several depositors at the end of the month should be extracted in a balance-sheet in details of loans and the total of all these should be agreed with the net total as worked out in the register of receipts and disposals. This agreement should be verified by the Treasury Officer himself and should bear his initials with date.[1]

Return of notes held in safe custody with Treasury Officers.

Return of notes held in safe custody with Treasury Officers.

(a) When it is desired to withdraw notes held in safe custody, the holder should submit an application in the prescribed form (Form 24) enclosing the original receipt of acknowledgment granted by the Treasury Officer.

(b) On receipt at the treasury, the application should be checked with the accompanying acknowledgment receipt and with the corresponding entries in the ledger account. Entries should then be made in the issue side of the register of receipts and disposals (Form 25) and the date of return of the securities noted in column 11 of that register against the original entries on the receipt side. The notes should be endorsed by the Treasury Officer in favour of the depositor.

Note (*i*). When promissory notes are wanted back by a depositor through the post, the prescribed form (Form 28 in foil and counterfoil) should be used. The notes should be sent uncut and insured as of the value of Rs. 100, the charges for registration and insurance being borne by Government. When, however, delivery is taken direct at the treasury, an acknowledgment of the return of the notes should be given on the back of the original acknowledgment receipt in the following form.

"Received back the securities specified on the reverse."

Note (*ii*).—When the interest cages on such notes are exhausted the Treasury Officer will forward them to the Public Debt Office for renewal, the renewal endorsement being made by him. No fee will be charged by the Public Debt Office for such renewal.[2]

Realisation of interest on notes deposited for safe custody.

Realisation of interest on notes deposited for safe custody.

Interest on promissory notes held in safe custody at the treasury should be drawn, when required for payment to the depositor, on receipts in Form IV (Appendix II) under the signature of the Treasury Officer. In the case of depositors having a Personal Ledger Account at the treasury, such as Wards Estates, etc., interest should, however, be drawn on the due date and credited to such account.

1. Para. 115, Government Securities Manual.
2. Para. 116, *ibid.*

If a depositor has no Personal Ledger Account, interest will be paid in cash, or, if he so desires, by the issue of a cash order on a sub-treasury; or it may be remitted to him by money order after deduction of the money order commission from the interest due.

A register should be maintained in Form 26 for the record of the particulars of each transaction. Columns 1—11 should be filled in before the interest is drawn, column 12 at the time when the payment is made, and Column 14 when the payee's acknowledgment is received. The acknowledgments should be filed at the treasury in serial order and should be available for inspection by the Inspecting Officers.

Note.—The payment of interest under this paragraph will be subject, as regards deduction of income-tax, to the terms and conditions prescribed in paragraph 104 of the Manual — (see above).[1]

1. Para. 117, Government Securities Manual.

APPENDIX J

PROVINCIAL GOVERNMENT SECURITIES RULES

(1) ASSAM

Not. No. 2735-F (a), dated the 27th August 1937.[1]—The following rules after previous publication are framed by the Governor of Assam in exercise of the powers conferred on him by section 24 of the Indian Securities Act, 1920 (X of 1920), as adapted by the Government of India (Adaptation of Indian Laws) Order, 1937.

RULES

Short title and application.

1. (1) These rules may be called the Assam Government Securities, Rules, 1937.

(2) They shall apply only in the case of securities issued by the Governor of Assam.

Definitions.

2. In these rules, unless there is anything repugnant in the subject or context—

(a) "the Act" means the Indian Securities Act, 1920 (X of 1920) ;

(b) "District Magistrate" has the same meaning as in the explanation to sub-section (2) of section 13 of the Act ;

(c) "Bank" means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934;

(d) "Form" means a Form as set out in the Schedule to these rules;

(e) "Proper demand" means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules ;

(f) "Public Debt Office" means the office of the Reserve Bank of India on the books of which a Government security is registered ; and

(g) "Treasury" means any treasury located in the Province of Assam and includes a sub-treasury.

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt Office, be made payable at any other Indian Office of the Bank or any agency thereof conducting treasury business for the Government of Assam, or at any treasury. The presentation of the stock certificate shall not be required at the time

1. As amended by Not. No. 209-F (a), dated the 15th January 1938, and Not. No. 1310-F (a), dated the 28th March 1940.

of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

4. *Same as Rule 4 of the Indian Securities Rules, 1935* (page 101).

Procedure of conversions.

5. Subject to any general or special instructions of the Bank, the Public Debt Office may, on the application of the holder of the relevant stock certificate or stock certificates, and on his receipting the same in Form I, II, or III, as the case may be, issue converted, consolidated or sub-divided securities in place thereof.

6, 7 & 8. *Same as Rules 6, 7 and 8 respectively of the Indian Securities Rules, 1935* (pages 101, 102) with the words "or bearer bonds" wherever they occur *omitted*.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

Payment for interest.

9. Interest on a Government promissory note shall be paid at any treasury for payment of interest at which the note has been enfaced, but only on presentation of the note itself and on signature by the payee of a receipt in Form IV. Where, however, interest on a Government promissory note is payable at a place where a Public Debt Office is located, the note shall be presented at that Public Debt Office which shall issue interest warrants in favour of the holder payable at the local office of the Bank.

10. *Same as Rule 10 of the Indian Securities Rules, 1935* (page 103).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* (page 103) with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e), (f) and (g) respectively.

Notification in Gazette.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following *substituted* for "The loss, theft or destruction etc ..... circumstances permit" namely:—

"The loss, theft or destruction of a Government promissory note shall be further notified by the applicant in three successive issues of the *Assam Gazette* and if the loss, theft or destruction occurs at a place outside the Province of Assam also in the official *Gazette*, if any, of the place where the loss, theft, or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit.

13 & 14. *Same as Rules 13 and 14 of the Indian Securities Rules, 1935* (pages 105, 106), with sub-Rule (3) of Rule 13 *omitted.*

15. *Same as Rule 15 of the Indian Securities Rules, 1935* (page 106), with the following *substituted* for sub-Rule (2), namely: Indemnity Bonds.

"(2) The Bank may direct that such indemnity bond shall be executed by the applicant alone or by the applicant and one or two sureties as he may think fit, or that in lieu of furnishing personal sureties the applicant shall furnish collateral security in the shape of Government securities to be deposited with the office of the Bank at Calcutta for such amount and period as he may think fit."

(b) *Rules relating to Treasury Bills.*

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "office of the Bank which issued it" *substituted* for the words "office or agency of the Bank" in the first sentence.

17. *Same as Rule 17 of the Indian Securities Rules, 1935* (page 107) with the following *substituted* for "The loss, theft .....circumstances permit," namely:— Notification in Gazette.

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue each of the Assam Gazette, and if the loss, theft or destruction occurs at a place outside the Province of Assam also in the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following or as nearly in such form as circumstances permit."

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the following changes, namely: Payment of amount due.

In sub-rule (2), *substitute* the words "with the office of the Bank at Calcutta" for the word "it" occursing between "with" and "collateral security," and the wordr "or the Government of Assam" *added* after the words "Central Government."

(c) *General.*

19. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 108) with the words "Assam Gazette" *substituted* for the words "Gazette of India".

20. *Same as Rule 20 of the Indian Securities Rules, 1935* (page 109) with the following changes, namely:—

(i) *Substitute* "Governor of Assam" for "Governor-General of India in Council",

(ii) *Omit* clause (c) under sub-rule (1)

21. *Same as Rule 21 of the Indian Securities Rules, 1935 (page 109).*

22. *Same as Rule 22 of the Indian Securities Rules, 1935* (page 109) with the following substituted for sub-rule (2), namely:—

"(2) Any declaration made under clause (c) of sub-section (1) of that section shall be published, as soon as possible after the date on which the declaration is made in three successive issues of the *Assam Gazette* and, if the note was enfaced for payment of interest at any office of the Bank of the official *Gazette* of the place where the interest on the note was payable."

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

General

24. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the words "or a bearer bond" in clause (a) *omitted* and the following *substituted* for clause (b), namely:— "(b) in respect of the renewal of a note which bears no endorsement other than an endorsement by the Reserve Bank of India, the Imperial Bank of India or the Comptroller Assam, his Deputy or Assistant, and the renewal endorsement, when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest.

25. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 116) *with* "Form IX" *substituted* for "Form X."

Special procedure in certain cases.

26. *Same as Rule 37 of the Indian Securities Rules, 1935* (page 116).

Small holdings of deceased.

27. The Financial Secretary shall exercise the powers and perform the duties referred to in section 19 of the Act.

28. *Same as Rule 39 of the Indian Securities Rules, 1935* (page 117).

28 A. *Same as Rule 40 of the Indian Securities Rules, 1935* (page 117) with "Governor" *substituted* for "Central Government".

29 & 30. *Same as Rules 40 and 41 respectively of the Indian Securities Rules, 1935* (pages 117, 118).

Fees.

31. (1) Every applicant shall before any information is supplied to him under rule 29 or rule 30 pay a fee of Re. 1 for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in Form X for twice the value of the security or securities involved and the interest paid thereon since the date of issue.

(2) A fee of Re. 1 shall be paid for each certified copy granted under rule 30.

THE SCHEDULE.

[*See rule 2 (b).*]

FORM I—Same as FORM I at page 119, with the words "bearer bonds" *omitted.*

FORMS II, III, IV, V, VI, VII, VIII—Same as Forms II, III, IV, V, VI, VII, & VIII at pages 119 to 122 *ante.*

FORM IX—Same as FORM X at pages 122 to 124 *ante* with "Government of Assam" *substituted* for "Government of India", "Governor of Assam" *substituted* for "Governor General of India in Council", and the words "for and on behalf of the Governor of Assam" *added* between the words "were drawn" and "by the order" in the preamble.

FORM X—Same as FORM XII at p. 125 *ante*, with "Governor of Assam" *substituted* for "Governor-General of India in Council," and for "Secretary of State in Council".

FORM XI—Same as Form XI at page 124 *ante* with "Assam Government" *substituted* for "Government" "Governor of Assam" for "Governor General of India in Council," *and "Raja / Maharaja / Nawab"* for "Raja". This is to be signed on behalf of the Governor of Assam.

(2) BENGAL

Notification No. 13372 F.B., dated the 27th September, 1938.[1]

In exercise of the powers conferred by section 24 of the Indian Securities Act, 1920 (X of 1920), as adapted by the Government of India (Adaptation of India Laws) Order, 1937, the Governor is pleased to make the following rules, the same having been previously published as required by sub-section (1) of the said section, namely :—

Short title and application.

1. (1) These rules may be called the Bengal Government Securities Rules, 1938.

(2) They shall apply only in the case of securities issued by the Provincial Government of Bengal.

Definitions.

2. In these rules, unless there is anything repugnant in the subject or context—

(a) "the Act" means the Indian Securities Act, 1920 (X of 1920);

(b) "Bank" means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934;

1. As amended by Not. No. 4154 F.B., dated the 2nd May 1940.

(c) "District Magistrate" has the same meaning as in the explanation to sub-section (2) of section 13 of the Act;

(d) "Form" means a Form as set out in the schedule to these rules;

(e) "proper demand" means a demand in writing to the Public Debt Office in accordance with the provisions of these rules;

(f) "Public Debt Office" means the office of the Reserve Bank of India on the books of which a Government security is registered; and

(g) "Treasury" means any treasury located in the Province of Bengal and includes a sub-treasury.

Rules relating to stock.

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrants may, at the request of the holder of the stock certificate, to be p eferred in writing to the Public Debt Office, be made payable at any other Indian office of the Bank or any agency thereof conducting treasury business for the Provincial Government of Bengal or at any treasury.

The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

4, 5, 6, 7 & 8. *Same as Rules 4, 5, 6, 7 and 8 respectively of the Indian Securities Rules, 1935* (pages 101, 102) with the words "or bearer bonds" *omitted* wherever these occur.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

9. *Same as Rule 9 of the Indian Securities Rules, 1935* (page 102) with the words "or sub-treasury in India or Burma" *omitted.*

10. *Same as Rule 10 of the Indian Securities Rules, 1935* (page 102).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* (page 103), with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e), (f) and (g) respectively.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following *substituted* for "The loss, theft etc ..... circumstances permit", namely :— Notification in Gazette.

"The loss, theft or destruction of a Government promissory note shall be further notified by the applicant in three successive issues of the *Calcutta Gazette* and if the loss, theft or destruction occurs at a place outside the Province of Bengal also in the official *Gazette,* if any, of the place where the loss, theft or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit:—"

13 & 14. *Same as Rules 13 and 14 of the Indian Securities Rules, 1935* (page 106), with sub-rule (3) of Rule 13 *omitted.*

15. *Same as Rule 15 of the Indian Securities Rules, 1935* (page 106) with the words "the office of the Bank at Calcutta" substituted for "it" occurring after the words "deposited with" in sub-rule 2.

(b) *Rules relating to Treasury Bills.*

16. *Sams as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "office of the Bank which issued it" *substituted* for the words "office or agency of the Bank which issued it", in the first sentence.

17. *Same as Rule 17 of the Indian Securities Rules, 1935* (page 107) with the following *substituted* for "The loss, theft.....circumstances permit", namely:—

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue each of the *Calcutta Gazette*, and if the loss, theft or destruction occurs at the place outside the Province of Bengal also in the official *Gazette*, if any of the place where the loss, theft or destruction occurred. Such notification shall be in the form following; or as nearly in such form as circumstances permit:—"

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the words "with the office of the Bank at Calcutta" *substituted* for the word "it" occurring between the words "with" and "collateral security," and the words "or the Provincial Government of Bengal" *added* after the words "Central Government." Payment of amount due.

(C) *General*

19. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 108) with the words "Calcutta Gazette" *substituted* for the words "Gazette of India."

20. *Same as Rule 20 of the Indian Securities Rules, 1935* (page 109) with the following changes, namely:—

(*i*) *Substitute* "Governor of Bengal" for Governor General of India in Council."

(*ii*) *Omit* clause (*c*) under sub-rule (1).

21. *Same as Rule 21 of the Indian Securities Rules, 1935* (page 109).

22. *Same as Rule 22 of the Indian Securities Rules, 1935* (page 109) with the following *substituted* for sub-rule (2), namely:—

"Any declaration made under clause (c) of sub-section (1) of that section shall be published, as soon as possible after the date on which the declaration is made in three successive issues of the *Calcutta Gazette* and, if the note was enfaced for payment of interest at any office of the Bank outside the province of Bengal, of the official *Gazette* of the place where the interest on the note was payable.

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

General

24. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the words "or a bearer bond" in clause (*a*) *omitted* and the following *substituted* for clause (*b*), namely:—

"(*b*) in respect of the renewal of a note which bears no endorsement other than an endorsement by the Reserve Bank of India, the Imperial Bank of India or the Accountant-General, Bengal, his Deputy or Assistant, and the renewal endorsement, when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest."

25. *Same as Rule 26 of the Indian Securities Rules, 1935* (page 116) with 'Form IX' *substituted* for 'Form X."

Special procedure in certain cases

26, 27, 28, 29, & 30. *Same as Rules, 37, 38, 39, 41 and 42, respectively of the Indian Securities Rules, 1935* (pages 116 to 118), with sub-rule (2) of Rule 38 *omitted.*

28-A.—*Same as Rule 40 of the Indian Securities Rules, 1935* (page 117), with "Provincial Government of Bengal" substituted for "Central Government" and "Form XI-A" for "Form XI".

Fees.

31. (1) Every applicant shall, before any information is supplied to him under rule 29 or rule 30, pay a fee of Re. 1 for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in

Form X for twice the value of the security or securities involved and the interest paid thereon since the date of issue.

(2) A fee of Re. 1 shall be paid for each certified copy granted under rule 30.

THE SCHEDULE

[*See rule 2 (d)*]

FORM I. Same as FORM I at page 119 *ante* with the words "bearer bonds" *omitted.*

FORMS II, III, IV V, VI, VII, VIII. Same as FORMS II, III, IV, V, VI, VII and VIII at pages 119 to 122 *ante.*

FORM IX. Same as FORM X at pages 122 to 124 *ante*, with "Government of Bengal" *substituted* for "Government of India", "Governor of Bengal" for "Governor General of India in Council," and the words "for and on behalf of the then Governor of Bengal" *added* between the words "were drawn" and "by the order" in the preamble.

FORM IX-A. Same as FORM XI at page 124 *ante* with "Governor of Bengal" substituted for "Governor General of India in Council" and the word "General" omitted. It is to be signed for and on behalf of the Governor of Bengal, Governor of the Reserve Bank of India."

FORM X. Same as FORM XII at page 125 *ante* with "Governor of Bengal" *substituted* for "Governor General of India in Council," and for "Secretary of State in Council."

(3) BIHAR

Notification No. 6453—F, dated the 15th September, 1937.[1]

In exercise of the powers conferred by section 24 of the Indian Securities Act, 1920 (X of 1920), as amended by the Government of India (Adaptation of Indian Laws) Order, 1937, the Governor of Bihar is pleased to make the following rules, the same having been previously published in notification No. 4164-F., dated the 15th May 1937, as required by sub-section (1) of the said section.

RULES

1. (1) These rules may be called the Bihar Government Securities Rules, 1937. Short title and application.

(2) They shall apply only in the case of securities issued by the Government of Bihar.

2. In these rules unless there is anything repugnant to the subject or context, Definitions.

1. As amended by Not. No. 240—F. R., dated the 28th May 1940.

(a) "the Act" means the Indian Securities Act, 1920 ;

(b) "District Magistrate" has the same meaning as in the explanation to sub-section (2) of section 13 of the Act.

(c) "Financial Secretary" means the Secretary to the Government of Bihar in the Finance Department.

(d) "Form" means a Form as set out in the Schedule to these rules ;

(e) "proper demand" means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules ;

(f) "Public Debt Office" means the office of the Reserve Bank of India on the books of which a Government security is registered ; and

(g) "Treasury" means any treasury located in the Province of Bihar and includes a sub-treasury.

Rules relating to Stock.

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Reserve Bank of India. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt Office, be made payable to any other Indian Office of the Reserve Bank of India or any agency thereof conducting treasury business for the Government of Bihar, or at any treasury. The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

4, 5, 6, 7, and 8. *Same as Rules 4, 5, 6, 7, and 8 respectively of the Indian Securities Rules, 1935* (pages 101, 102) with the words "Financial Secretary" *substituted* for the word "Bank" in Rule 5, and the words "or bearer bonds" *omitted* wherever these occur.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

Payment of interest.

9. Interest on a Government promissory note shall be paid at any treasury for payment of interest at which the note has been enfaced, but only on presentation of the note itself and on signature by the payee of a receipt in Form IV. Where, however, interest on a Government promissory note is payable at a place where a Public Debt Office is located, the note shall be presented at that Public Debt Office which shall

issue interest warrant, in favour of the holder payble at the local office of the Reserve Bank of India.

10. *Same as Rule 10 of the Indian Securities Rules, 1935* (page 103).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* (page 103), with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e), (f) and (g) respectively.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following *substituted* for "The loss. theft, etc.....circumstances permit', namely :— Notification in Gazette.

"The loss, theft or destruction of a Government promissory note or portion of a Government promissory note shall be further notified by the applicant in three successive issues of the *Bihar Gazette* and if the loss, theft, or destruction occurs at a place outside the Province of Bihar also in the official *Gazette*, if any, of the place where the loss, theft or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit :"

13 & 14. *Same as Rules 13 and 14 of the Indian Securities Rules, 1935* (page 106) with the words "Financial Secretary" *substituted* for the word "Bank" in the first sentence of Rule 13 and in Rule 14, and sub-rule (3) of Rule 13 omitted.

15. *Same as Rule 15 of the Indian Securities Rules, 1935* (page 106) with the following *substituted* for sub-section (2), namely :— Indemnity Bond.

"(2) The Financial Secretary may direct that such indemnity bond shall be executed by the applicant alone or by the applicant and one or two sureties as he may think fit, or that in lieu of furnishing personal sureties the applicant shall furnish collateral security in the shape of Government securities including those issued by the Central Government to be deposited with the office of the Reserve Bank of India at Calcutta for such amount and period as he may think fit."

(b) *Rules relating to Treasury Bills.*

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "office of the Reserve Bank of India which issued" it *substituted* for the words "office or agency of the Bank which issued it", in the first sentence.

17. *Same as Rule 17 of the Indian Securities Rules, 1935* Notification in Gazette

(page 107) with the following *substituted* for "The loss, theft ..... circumstances permit." namely :—

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue each of the *Bihar Gazette*, and if the loss, theft or destruction recurs at a place outside the Province of Bihar also in the official *Gazette*, if any of the place where the loss, theft, or destruction occurred. Such notification should be in the form following ; or as nearly in such form as circumstances permit :—"

Payment of amount due.

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the following changes, namely :—

(i) For "Bank" *read* "Financial Secretary" except where the reference is to the Post Office Savings Bank which should read as it is

(ii) In sub-rule (2), *substitute* the words "with the office of the Reserve Bank of India at Calcutta" for the word "it" occurring between the words "with" and "collateral security."

(iii) *Add* the word "by the Governor of Bihar or" before the words "by the Central Government".

(c) *General*

19. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 108) with the words "Bihar Gazette" *substituted* for the words" Gazette of India" and the words "Financial Secretary" for the word "Bank".

20. *Same as Rule 20 of the Indian Securities Rules, 1935* (page 109), with the following changes, namely :—

(i) *Substitute* "Financial Secretary" for "Bank", and "Governor of Bihar" for "Governor General of India in Council."

(ii) *Omit* clause (c) under sub-rule (1),

21. *Same as Rule 21 of the Indian Securities Rules, 1935* (page 109).

22. *Same as Rule 22 of the Indian Securities Rules, 1935* (page 109) with "Financial Secretary" *substituted* for "Bank" and the following *substituted* for sub-rule (2), namely :—

"(2) Any declaration made under clause (c) of sub-section (1) of the section shall be published, as soon as possible after the date on which the declaration is made in three successive issues of the *Bihar Gazette* and, if the note was enfaced for payment of interest at any office of the Reserve Bank of India outside the province of Bihar, of the official *Gazette* of the place where the interest on the note was payable."

23 *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

General

24. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the words "or a bearer bond" in clause (a) *omitted* and the following *substituted* for clause (b), namely:—

"(b) in respect of the renewal of a note which bears no endorsement other than an endorsement by the Reserve Bank of India, the Imperial Bank of India, or the Accountant General, Bihar, his Deputy or Assistant, and the renewal endorsement, when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest.

25. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 116) with "Form IX" *substituted* for "Form X".

Special procedure in certain cases

26. *Same as Rule 37 of the Indian Securities Rules, 1935* (page 116).

27. The Financial Secretary shall exercise the powers and perform the duties referred to in section 19 of the Act. Small holdings of deceased person.

28. *Same as Rule 39 of the Indian Securities Rules, 1935* (page 117).

28-A. *Same as Rule 40 of the Indian Securities Rule, 1935* (page 117) with "Governor" *substituted* for "Central Government" in clause (a) under sub-rule (1).

29 & 30. *Same as Rules 40 and 41 of the Indian Securities Rules, 1935* (page 117, 118) respectively, with "Financial Secretary" *substituted* for "Bank."

31. (1) Every applicant shall before any information is supplied to him under rule 29 or rule 30 pay a fee of Re. 1 for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in Form X for twice the value of the security or securities involved and the interest paid thereon since the date of issue. Fees.

(2) A fee of Re. 1 shall be paid for each certified copy granted under rule 30.

THE SCHEDULE

[*See rule (2d)*]

FORM I—Same as Form I at page 119 *ante* with the words "bearer bonds" *omitted.*

FORMS II, III, IV, V, VI, VII, VIII—Same as Forms II, III, IV, V, VI, VII, and VIII at pages 119 and 122 *ante.*

FORM IX—Same as Form X at pages 122 and 124 *ante* with "Government of Bihar" *substituted* for "Government of India," "Governor of Bihar" *substituted* for "Governor General of India in Council" and the words "for and on behalf of the then Governor of Bihar" *added* between the words "were drawn" and "by the order" in the preamble.

FORM X—Same as Form XII at page 125 *ante* with "Governor of Bihar" *substituted* for "Governor General of India in Council," and for "Secretary of State in Council," "Financial Secretary" for "Reserve Bank of India" and "High Court of Judicature at Patna" for "High Court of Judicature at Fort William in Bengal."

FORM XI—Same as Form XI at page 124 *ante* with "Governor of Bihar" *substituted* for "Governor General of India in Council," and "on behalf of the Governor of Bihar" for "Superintendent, Public Debt Office, etc."

(4) BOMBAY.

Not. No. 489-E, dated the 22nd February 1938.—In exercise of the powers conferred by section 24 of the Indian Securities Act, 1920 (X of 1920) and in supersession of the Bombay Government Securities Rules, 1921, the Government of Bombay is pleased to make the following rules, namely:—

Short title and application.

1. (1) These rules may be called the Bombay Government Securities Rules, 1938.

(2) They shall apply only in the case of securities issued by the Government of Bombay.

Definitions.

2. In these rules, unless there is anything repugnant in the subject or context—

(a) "The Act" means the Indian Securities Act, 1920;

(b) "District Magistrate" has the same meaning as in the explanation to sub-section (2) of section 13 of the Act;

(c) "Financial Secretary" means the Secretary to the Government of Bombay in the Finance Department and includes a Deputy Secretary in the same Department;

(d) "Form" means a Form as set out in the Schedule to these rules;

(e) "Proper demand" means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules;

(f) "Public Debt Office" means the office of the Reserve Bank of India on the Books of which a Government security is registered; and

(g) "Treasury" means any treasury located in the Provinces of Bombay and includes a sub-treasury.

Rules relating to Stock.

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Reserve Bank of India. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt Office, be made payable at any other Indian Office of the Reserve Bank of India or any agency thereof conducting treasury business for the Government of Bombay, or at any treasury. The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

4. *Same as Rule 4 of the Indian Securities Rules, 1935* (page 101).

5. *Same as Rule 5 of the Indian Securities Rules, 1935* (page 101) with "Financial Secretary" *substituted* for "Bank".

6. 7 & 8—*Same as Rules 6, 7 and 8 of the Indian Securities Rules,1935* (pages 101, 102) with the words "or bearer bonds" *omitted* wherever they occur.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

9. *Same as Rule 9 of the Indian Securities Rules, 1935* page 102) with the words "or sub-treasury in India or Burma" *omitted,* and "Reserve Bank of India" *substituted* for "Bank".

10. *Same as Rule 10 of the Indian Securities Rules, 1935* page 103).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* page 103), with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e), (f) and g) respectively.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* page 104) with the following *substituted* for "The loss, theft, tc..... circumstances permit", namely:—

"The loss, theft or destruction of a Government promissory note or portion of a Government promissory ote shall be further notified by the applicant in three uccessive issues of the Bombay Government Gazette nd if the loss, theft or destruction occurs at a place

outside the Province of Bombay also in the Official Gazette, if any, of the place where the loss, theft, or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit:"

13 & 14. *Same as Rules 13 and 14 of the Indian Securities Rules, 1935* (page 106) with the word " Financial Secretary" *substituted* for the word "Bank" in the first sentence of Rule 13 and in Rule 14, and sub-Rule (3) of Rule 13 *omitted.*

Indemnity Bond.

15. *Same as Rule 15 of the Indian Securities Rules, 1935* (page 106) with the following *substituted* for sub-section (2) namely:—

"(2) The Financial Secretary may direct that such indemnity bond shall be executed by the applicant alone or by the applicant and one or two sureties as he may think fit or that in lieu of furnishing personal sureties the applicant shall furnish collateral security in the shape of Government securities to be deposited with the office of the Reserve Bank of India at Bombay for such amount and period as he may think fit."

(b) *Rules relating to Treasury Bills*

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "office of the Reserve Bank of India which issued it" *substituted* for the words "office or agency of the Bank which issued it", in the first sentence.

Notification in Gazette.

17. *Same as Rule 17 of the Indian Securities Rules, 1935* (page 107) with the following *substituted* for "The loss, theft etc..... circumstances permit," namely:—

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue each of the *Bombay Government Gazette*, and if the loss, theft or destruction occurs at a place outside the Province of Bombay also in the Official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following or as nearly in such form as circumstances permit:—"

Payment of amount due.

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the following changes, namely:—

(i) For "Bank" *read* "Financial Secretary", except where the reference is to the Post Office Savings Bank which should read as it is.

(ii) In sub-rule (2) *substitute* the words "with the office of the Reserve Bank of India at Bombay" for the word "it" occurring between the words "with" and "collateral security".

(iii) *Add* the words "or the Government of Bombay" after "Central Government."

(c) *General*

19. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 108) with the words "Bombay Government Gazette" *substituted* for the words "Gazette of India" and the words "Financial Secretary" for the word "Bank".

20. *Same as Rule 20 of the Indian Securities Rules, 1935* (page 109) with the following changes namely :—

(i) *Substitute* "Financial Secretary" for "Bank" and "Governor of Bombay" for "Governor General of India in Council."

(ii) Omit clause (c) under sub-rule (1).

21. *Same as Rule 21 of the Government Securities Rules*, 1935 (page 109).

22. *Same as Rule 22 of the Government Securities Rules*, 1935 (page 109) with "Financial Secretary" *substituted* for "Bank" and the following *substituted* for sub-rule (2), namely:—

"(2) Any declaration made under clause (c) of sub-section (1) of that section shall be published, as soon as possible after the date on which the declaration is made in three successive issues of the Bombay Government Gazette and, if the note was enfaced for payment of interest at any office of the Reserve Bank of India, outside the Bombay Presidency, of the Official Gazette of the place where the interest on the note was payable."

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

General

24. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the words "or a bearer bond" in clause (a) *omitted* and the following *substituted* for clause (b), namely :—

"(b) in respect of the renewal of a note which bears no endorsement other than an endorsement by the Reserve Bank of India, the Imperial Bank of India or the Accountant General, Bombay, his Deputy or Assistant, and the renewal endorsement, when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest.

25. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 116) with "Form IX" *substituted* for "Form X".

26. *Same as Rule 37 of the Indian Securities Rules, 1935* (page 116).

Small holdings of deceased persons.

27. The Financial Secretary shall exercise the powers and perform the duties referred to in section 19 of the Act.

28. *Same as Rule 39 of the Indian Securities Rules, 1935* (page 117).

[1]**28-A.** *Same as Rule 40 of the Indian Securities Rules, 1935* (page 117) with "Provincial Government" *substituted* for "Central Government" in clause (a) under sub-rule (1) and "FORM IX-A" for "FORM XI".

29 and 30. *Same as Rules 40 and 41 of the Indian Securities Rules, 1935* (pages 117, 118) respectively, with "Financial Secretary" *substituted* for "Bank".

Fees.

31. (1) Every applicant shall, before any information is supplied to him under rule 29 or rule 30, pay a fee of Re. 1 for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in Form X for twice the value of the security or securities involved and the interest paid thereon since the date of issue.

(2) A fee of Re. 1 shall be paid for each certified copy granted under rule 30.

THE SCHEDULE.

[*See rule 2 (d).*]

FORM I—Same as FORM I at page 119 *ante* with the words "bearer bonds" omitted.

FORMS II, III, IV, V, VI, VII, VIII—Same as FORMS II, III, IV, V, VI, VII, and VIII at pages 119 to 122 *ante.*

FORM IX—Same as FORM X at pages 122 to 124 *ante*, with "Government of Bombay" *substituted* for "Government of India", "Governor of Bombay" for "Governor General of India in Council", "Bombay" for "Calcutta", and "for by the order and under the authority of the then Governor General of India in Council" the words "for and on behalf of the Governor of Bombay" *substituted.*

FORM IX-A—Same as FORM XI at page 124 *ante* with "Governor of Bombay" *substituted* for "Governor

1. Not. No. 489-E, dated the 15th February 1940.

General of India in Council", and "Government of Bombay" for "Government of India".

FORM X—Same as FORM XII at page 125 *ante* with "Governor of Bombay" *substituted* for "Governor General of India in Council" and for "Secretary of State in Council", "Financial Secretary" for "Reserve Bank of India" and "High Court of Judicature at Bombay" for "High Court of Judicature at Fort William in Bengal".

(5) C. P. AND BERAR.

Not. No. 773-518--B. VI, dated the 13th March 1940.

Short title and application.

1. (1) These rules may be called the Central Provinces and Berar Government Securities Rules, 1940.

(2) They shall apply only in the case of securities issued by the Government of the Central Provinces and Berar.

Definitions.

2. In these rules, unless there is anything repugnant in the subject or context,—

(a) "the Act" means the Indian Securities Act, 1920 (X of 1920);

(b) "District Magistrate" has the same meaning as in the explanation to sub-section (2) of section 13 of the Act;

(c) "the Bank" means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934;

(d) "Form" means a Form as set out in the Schedule to these rules;

(e) "proper demand" means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules;

(f) "Public Debt Office" means the office of the Reserve Bank of India on the books of which a Government security is registered; and

(g) "treasury" means any treasury located in the Central Provinces and Berar and includes a sub-treasury.

Rules relating to Stock.

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt Office, be made payable at any other Indian Office of the Bank or any agency thereof conducting treasury business for the Government of the Central Provinces and Berar or at any treasury. The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

4, 5, 6, 7 & 8. *Same as Rules 4, 5, 6, 7 & 8 respectively of the Indian Securities Rules, 1935* (pages 101, 102) with the words "or bearer bonds" *omitted* wherever these occur.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

9. *Same as Rule 9 of the Indian Securities Rules, 1935* (page 102) with the words "or Sub-treasury in India or Burma" *omitted.*

10. *Same as Rule 10 of the Indian Securities Rules, 1935* (page 103).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* (page 103) with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e), (f) and (g) respectively.

Notification in Gazette.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following substituted for "The loss, theft etc.....circumstances permit", namely :—

"The loss, theft or destruction of a Government promissory note or portion of a Government promissory note shall be further notified by the applicant in three successive issues of the Central Provinces and Berar Gazette, and if the loss, theft or destruction occurs at a place outside the Central Provinces and Berar also in the Official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit :—"

13 and 14. *Same as Rules 13 and 14 of the Indian Securities Rules, 1935* (page 105) with sub-rule (3) of Rule 13 omitted.

15. *Same as Rule 15 of the Indian Securities Rules, 1935* (page 106) with "the office of the bank at Bombay" *substituted* for "it" after the words "deposited with".

(b) *Rules relating to Treasury Bills.*

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "office of the bank" *substituted* for the words "office or agency of the bank" in the first sentence.

17. *Same as Rule 17 of the Indian Securities Rules, 1935* (page 107), with the following *substituted* for "The loss, theft etc.....circumstances permit", namely :—

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue each of the *Central Provinces and Berar Gazette*, and

if the loss, theft or destruction occurs at a place outside the Central Provinces and Berar also in the Official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following; or as nearly in such form as circumstances permit :—"

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the words "office of the bank at Bombay" *substituted* for the word "it" occurring between "with" and "collateral security", and the words "or of the Government of the Central Provinces and Berar" *added* after the words "Central Government."

(c) *General*

19. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 108) with the words "Central Provinces and Berar Gazette" *substituted* for the words "Gazette of India".

20. *Same as Rule 20 of the Indian Securities Rules, 1935* (page 109) with the following changes, namely :—

(1) *Substitute* "Governor of the Central Provinces and Berar" for "Governor General of India in Council".

(2) *Omit* clause (c) in sub-rule (1).

21. *Same as Rule 22 of the Indian Securities Rules, 1935* (page 109).

22. *Same as Rule 22 of the Indian Securities Rules, 1935* (page 109) with the following *substituted* for sub-rule (2), namely :—

"(2) Any declaration made under clause (c) of sub-section (1) of that section shall be published, as soon as possible after the date on which the declaration is made in three successive issues of the *Central Provinces and Berar Gazette* and, if the note was enfaced for payment of interest at any office of the Bank outside the Central Provinces and Berar or the official Gazette of the place where the interest on the note was payable."

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

General

24. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the words "or a bearer bond" in clause (a) *omitted* and the following *substituted* for clause (b), namely :—

"(b) in respect of the renewal of a note which bears no endorsement other than an endorsement by the Reserve Bank of India, the Imperial Bank of India, or the Accountant-General, Central Provinces and Berar, his Deputy or Assistant, and the renewal endorsement, when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest."

25. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 116) with "Form IX" *substituted* for "Form X".

Special procedure in certain cases.

26. *Same as Rule 37 of the Indian Securities Rules, 1935* (page 116).

27. *Same as Rule 38 of the Indian Securities Rules, 1935* (page 116) with sub-rule (2) *omitted.*

28. *Same as Rule 39 of the Indian Securities Rules, 1935* (page 117).

29. *Same as Rule 40 of the Indian Securities Rules, 1935* (page 117) with "Form X" *substituted* for "Form XI" and "Governor" for "Central Government".

30 and 31. *Same as Rules 41 and 42 respectively of the Indian Securities Rules, 1935* (page 118).

Fees.

32. (1) Every applicant shall before any information is supplied to him under Rule 30 or Rule 31 pay a fee of Re. 1 for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in Form XI for twice the value of the security or securities involved and the interest paid thereon since the date of issue.

(2) A fee of Re. 1 shall be paid for each certified copy granted under Rule 31.

THE SCHEDULE.

[*See Rule 2 (d).*]

FORM I—Same as FORM I at page 119 *ante*, with the words "bearer bonds" *omitted.*

FORMS II, III, IV, V, VI, VII, VIII—Same as FORMS II, III, IV, V, VI, VII, and VIII respectively at pages 119 to 122 *ante.*

FORM IX—Same as FORM X at pages 122 to 124 *ante* with "Bombay" *substituted* for "Calcutta", "Government of the Central Provinces and Berar" for "Government of India", and "Governor of the Central Provinces and Berar" for "Governor General of India in Council".

FORM X—Same as FORM XI at page 124 *ante* with "The Central Provinces and Berar Government" *substituted* for "Government" and "Governor of the Central Provinces" for "Governor General of India in Council". It is signed "on behalf of the Governor of the Central Provinces and Berar."

FORM XI—Same as FORM XII at pages 125 *ante* with the following changes, namely :—

(i) *Substitute* "Governor of the Central Provinces and Berar" for "Governor General of India in Council" and for "Secretary of State in Council".

(ii) *Substitute* "High Court of Judicature at Nagpur" for "High Court of Judicature at Fort William."

(6) MADRAS.

Not. No. D./2098-F., dated the 18th March 1937 (as corrected up to date).—In exercise of the powers conferred by section 24 of the Indian Securities Act, 1920 (X of 1920), the Governor General in Council is pleased to make the following rules, the same having been previously published as required by sub-section (1) of the said section, namely :—

Short title and application.

1. (1) These rules may be called the Madras Government Securities Rules, 1937.

(2) They shall apply only in the case of securities issued by the Government of Madras.

Definitions.

2. In these rules, unless there is anything repugnant in the subject or context—

(a) " the Act " means the Indian Securities Act, 1920 ;

(b) " Bank " means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934 ;

(c) " District Magistrate " has the same meaning as in the explanation to sub-section (2) of section 13 of the Act ;

(d) " Form " means a Form as set out in the Schedule to these rules ;

(e) " proper demand " means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules :

(f) " Public Debt Office " means the office of the Reserve Bank of India on the books of which a Government security is registered ; and

(g) " Treasury " means any treasury or sub-treasury located in the Province of Madras and includes the Central treasuries at Bangalore, Trivandrum and Hyderabad (Deccan).

Rules relating to Stock.

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt Office, be made payable at any other Indian office of the Bank or any agency thereof conducting treasury business for the Government of Madras, or at any treasury. The presentation of the stock certificate shall not be required at the time of payment of interest but the payee shall acknowledge receipt on the back of the warrant.

4, 5, 6, 7 & 8. *Same as Rules 4, 5, 6, 7 and 8 respectively of the Indian Securities Rules, 1935* (pages 101, 102), with the words " or bearer bonds " omitted wherever these occur.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

9. Same as Rule 9 of the Indian Securities Rules, 1935 (page 102) with the words " or sub-treasury in India or Burma " *omitted.*

10. *Same as Rule 10 of the Indian Securities Rules, 1935* (page 103).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* (page 103) with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e), (f), and (g) respectively.

Notification in Gazette.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following substituted for " The loss, theft etc..... circumstances permit," namely :—

" The loss, theft or destruction of a Government promissory note or portion of a Government promissory note shall be further notified by the applicant in three successive issues of the *Fort St. George Gazette* and if the loss, theft or destruction occurs at a place outside the Province of Madras also in the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit :—"

13, 14 & 15. *Same as Rules 13, 14 and 15 respectively of the Indian Securities Rules, 1935* (pages 105, 106) with sub-rule (3) of Rule 13 *omitted.*

(b) *Rules relating to Treasury Bills.*

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "or agency" *omitted.*

17. *Same as Rule 17 of the Indian Securities Rules, 1935* (page 107) with the following *substituted* for "The loss, theft.. circumstances permit," namely: Notification in Gazette.

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue of the *Fort St. George Gazette*, and if the loss, theft or destruction occurs at a place outside the Province of Madras also in the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following or as nearly in such form as circumstances permit."

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the words "or the Government of Madras" *added* after the words "Central Government" in sub-rule (1).

(C) *General.*

19. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 108) with the words "Fort St. George" *substituted* for the words "Gazette of India."

20. *Same as Rule 20 of the Indian Securities Rules, 1935* (page 109) with the words "Government of Madras" *substituted* for the words "Governor General of India in Council", and clause (c) under sub-rule (1) *omitted.*

21. *Same as Rule 21 of the Indian Securities Rules, 1935* (page 109).

22. *Same as Rule 22 of the Indian Securities Rules, 1935* (page 109) with the following *substituted* for sub-rule (2), namely:

"(2) Any declaration made under clause (c) of sub-section (1) of that section shall be published, as soon as possible after the date on which the declaration is made in three successive issues of the Fort St. George Gazette and, if the note was enfaced for payment of interest at any office of the Bank outside the Madras Presidency, of the official Gazette of the place where the interest on the note was payable.

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

General.

24. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the words "or a bearer bond" in clause (a) *omitted* and the following *substituted* for clause (b), namely:

"in respect of the renewal of a note which bears no indorsement other than an indorsement by the Reserve Bank of India, the Imperial Bank of India or the Accountant-General Madras, his Deputy or Assistant, and the renewal indorsement, when such renewal is required only on account of there being no further space on the note on which to record payment or enfacement for payment of interest."

25. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 116) with "Form IX" *substituted* for "Form X."

Special Procedure in certain cases.

26, 27 & 28. *Same as Rules 37, 38 and 39 respectively of the Indian Securities Rules, 1935* (pages 116, 117) with sub-rule (2) of rule 38 *omitted.*

28A. *Same as Rule 40 of the Indian Securities Rules 1935* (page 117) with "Form IX-A" *substituted* for "Form XI" and "Government of Madras" for "Central Government."

29 & 30. *Same as Rules 41 and 42 respectively of the Indian Securities Rules, 1935* (page 118).

Fees.

31. (1) Every applicant shall before any information is supplied to him under rule 29 or rule 30 pay a fee of Re. 1 for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in Form X for twice the value of the security or securities involved and the interest paid thereon since the date of issue.

(2) A fee of Re. 1 shall be paid for each certified copy granted under Rule 30.

THE SCHEDULE.

[*See Rule 2(d)*].

FORM I—Same as Form I at page 119 *ante* with the words "bearer bonds" *omitted.*

FORMS II, III, IV, V, VI, VII and VIII—Same as Forms II, III, IV, V, VI, VII and VIII at pages 119 to 122 *ante.*

FORM IX—Same as Form X at pages 122 to 124 *ante*, with "Madras" *substituted* for "Calcutta", and "Government of Madras" for "Governor General of India in Council."

FORM IX-A—Same as Form XI at page 124 *ante* with "Government of Madras" *substituted* for "Government" and "Governor of Madras" for "Governor-General of India in Council."

FORM X—Same as Form XII at page 125 *ante* with "Government of Madras" *substituted* for "Governor General of India in Council" and "Secretary of State for Council," and "High Court of Judicature at Madras" for "High Court of Judicature at Fort William in Bengal."

(7) NORTH-WEST FRONTIER PROVINCE

Not. No. 14398-F, dated the 19th April 1938—In exercise of the powers conferred by section 24 of the Indian Securities Act, 1920 (X of 1920), the Government of the North-West Frontier

Province is pleased to make the following rules, the same having been previously published as required by sub-section (1) of the said section. The Rules published with the North-West Frontier Province Gazette Notification No. 148-F. A., 15/44, dated the 5th June 1937 are hereby cancelled.

Short title and application.

1. (1) These rules may be called the North-West Frontier Province Government Securities Rules, 1938.

(2) They shall apply only in the case of securities issued by the Governor of the North-West Frontier Province.

Definitions.

2. In these rules unless there is anything repugnant in the subject or context—

(a) "the Act" means the Indian Securities Act, 1920 (X of 1920)

(b) "District Magistrate" has the same meaning as in the explanation to sub-section (2) of section 13 of the Act;

(c) "Bank" means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934;

(d) "Form" means a form set out in the Schedule to these rules.

(e) "Proper Demand" means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules.

(f) "Public Debt Office" means the office of the Reserve Bank of India on the books of which a Government security is registered; and

(g) "Treasury" means any treasury located in the North-West Frontier Province and includes a sub-treasury.

Rules relating to Stock.

Notification in Gazette.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt Office, be made payable at any other Indian office of the Bank or any agency thereof conducting treasury business of the Government of the North West Frontier Province or at any treasury. The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

4, 5, 6, 7 & 8. *Same as Rules 4, 5, 6, 7 and 8 respectively of the Indian Securities Rules 1935* (pages 101, 102), with the words "or bearer bonds" *omitted* wherever these occur.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

9. *Same as Rule 9 of the Indian Securities Rules, 1935* (page 102) with the words "or sub-treasury in India or Burma" *omitted.*

10. *Same as Rule 10 of the Indian Securities Rules, 1935* (page 103).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* (page 103) with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e), (f) and (g) respectively.

Notification in Gazette.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following substituted for "The loss, theft etc..... circumstances permit," namely :—

"The loss, theft or destruction of a Government promissory note or portion of Government promissory note shall be further notified by the applicant in three successive issues of the "North-West Frontier Province Gazette" and if the loss, theft or destruction occurs at a place outside the North-West Frontier Province; also in the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit:—"

13, 14 & 15. *Same as Rules 13, 14 & 15, respectively of the Indian Securities Rules, 1935* (pages 105, 106) with sub-rule (3) of Rule 13 *omitted.*

(b) *Rules relating to Treasury Bills.*

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "office of the Bank which issued it" *substituted* for the words "office or agency of the Bank which issued it", in the first sentence.

Notification in Gazette.

17. *Same as Rule 17 of the Indian Securities Rules, 1935* (page 107) with the following *substituted* for "The loss, theft.. circumstances permit," namely :—

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue of the "North-West Frontier Province Government Gazette," and if the loss, theft or destruction occurs at a place outside the North-West Frontier Province, also in the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following, or as nearly in such form as circumstances permit :—"

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the words "or the Government of the North-West Frontier Province" *added* after the words "Central Government" in sub-rule (1).

(c) *General.*

19. *Same as Rule 19 of the Indian Securities Rules 1935* (page 108) with the words "North-West Frontier Province Government Gazette" *substituted* for the words "Gazette of India."

20. *Same as Rule 20 of the Indian Securities Rules 1935* (page 109) with the following changes, namely :—

(*i*) *Substitute* "Governor of the North-West Frontier Province" for "Governor General of India in Council."

(ii) *Omit* clause (c) under sub-rule (1).

21. *Same as Rule 21 of the Indian Securities Rules, 1935* (page 109).

22. *Same as Rule 22 of the Indian Securities Rules 1935* (page 109) with the following *substituted* for sub-rule (2), namely :—

"Any declaration made under clause (c) of sub-rule (1) of that section shall be published in three successive issues of the '*North West Frontier Province Government Gazette*,' as soon as possible after the date on which the declaration is made, and if the note was enfaced for payment of interest at any office of the Bank outside the North-West Frontier Province, of the official Gazette of the place where the interest on the note was payable."

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page *109*).

24. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the words "or a bearer bond" in clause (a) *omitted* and the following *substituted* for clause (b), namely :—

"(b) in respect of the renewal of a note which bears no indorsement other than an indorsement by the Reserve Bank of India, the Imperial Bank of India or the Comptroller, North West Frontier Province, his Deputy or Assistant, and the renewal indorsement, when such renewal is required only on account of there being no further space on the note on which to record payment or enfacement for payment of interest."

25. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 116) with "Form X" *substituted* for "Form X."

Special procedure in certain cases.

26, 27, 28, 29 & 30. *Same as Rules 37, 38, 39, 41 and 42 respectively of the Indian Securities Rules, 1935* (pages 116 to 118) with sub-rule (2) of Rule 38 *omitted.*

31. (1) Every applicant shall, before any information is supplied to him under Rule 29 or Rule 30, pay a fee of one

Fees.

rupee for each security in respect of which any information is supplied, and shall execute a bond of indemnity as nearly as may be in Form X for twice the value of the security or securities involved and the interest paid thereon since the date of issue.

(2) A fee of one rupee shall be paid for each certified copy granted under Rule 30.

32. *Same as Rule 40 of the Indian Securities Rules, 1935* (page 117).

THE SCHEDULE.

[*See Rule 2 (d)*].

FORM I—Same as Form I at page 119 *ante* with the words "bearer bonds" *omitted.*

FORMS II, III, IV, V, VI, VII, VIII.—Same as Forms II, III, IV, V, VI, VII, and VIII at pages 119 to 122 *ante.*

FORM IX.—Same as Form X at pages 122 to 124 *ante*, with "Government of the North-West Frontier Province" *substituted for* "Government of India," " Governor of the North-West Frontier Province " for " Governor General of India in Council," and the words "for and on behalf of the then Government of the North-West Frontier Province " *added* between the words " drawn " and " by the order" in the preamble.

Form X—Same as Form XII at page 125 *ante* with " Government of the Nort-West Frontier Province " *substituted* for " Governor General of India in Council" and for " Secretary of State in Council," and " officer or servant of the Crown " for " officer and servant of the Government " and the portion " and, each of us the said .... Extraordinary original civil Jurisdiction " *deleted.*

[1]Form XI—Same as Form XI at page 124 *ante* with " Governor of the North-West Frontier Province " *substituted* for " The Governor General of India in Council," and the words " the General Treasury at Fort William " *omitted.* The form is to be signed by " For Manager (Public Debt Office) for and on behalf of the Governor of the North-West Frontier Province " and by the Governor, Reserve Bank of India.

1. Added by Not. No. 45597-F15-44, dated the 7th December, 1939.

(8) ORISSA

Not. No. 4245-F., dated the 11th May 1938 (as amended by Not. No. 47-F., dated the 5th January 1939). In exercise of the powers conferred by section 24 of the Indian Securities Act 1920 (Act X of 1920), the Governor is pleased to make the following rules to apply to the Securities that may be issued by the Government of Orissa, the same having been previously published as required by sub-section (1) of the said section.

Short title and application.

1. (1) These rules may be called the Orissa Government Securities Rules, 1938.

(2) They shall apply only in the case of securities issued by the Government of Orissa.

Definitions.

2. In these rules, unless there is anything repugnant in the subject or context—

(a) " the Act " means the Indian Securities Act, 1920 ;

(b) " Bank " means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934 ;

(c) " District Magistrate " has the same meaning as in the explanation to sub-section (2) of section 13 of the Act ;

(d) " Form " means a Form as set out in the Schedule to these rules ;

(e) " Proper demand " means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules ;

(f) " Public Debt Office " means the office of the Bank on the books of which a Government security is registered ; and

(g) " Treasury " means any treasury located in the Province of Orissa and includes a sub-treasury.

Rules relating to Stock.

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt Office, be made payable at any other India office of the Bank or any agency thereof conducting treasury business for the Government of Orissa, or at any treasury. The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

4, 5, 6, 7 & 8. *Same as Rules 4, 5, 6, 7 and 8 respectively of the Indian Securities Rules, 1935* (pages 101, 102) with the words " or bearer bonds " omitted wherever these occur, and the word " in " *substituted* for the word " into " in rule 6.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

9. *Same as Rule 9 of the Indian Securities Rules, 1935* (page 102) with the words "or sub-treasury in India or Burma" *omitted.*

10. *Same as Rule 10 of the Indian Securities Rules, 1935* (page 103).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* (page 103), with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e) (f) and (g) respectively.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following *substituted* for "The loss, theft, etc ..... circumstances permit", namely :— "The loss, theft or destruction of a Government promissory note or portion of a Government promissory note shall be further notified by the applicant in three successive issues of the Orissa Gazette and if the loss, theft or destruction occurs at a place outside the Province of Orissa also in the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit :—"

13 and 14. *Same as Rules 13 and 14 of the Indian Securities Rules, 1935* (page 106) with sub-rule (3) of Rule 13 *omitted.*

Indemnity Bond.

15. *Same as Rule 15 of the Indian Securities Rules, 1935* (page 106) with the words "the office of the Bank at Calcutta" *substituted* for the word "it" after the word "deposited with".

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "or agency" *omitted.*

Notification in Gazette.

17. *Same as Rule 17 of the Indian Securities Rules, 1935* (page 107) with the following *substituted* for "The loss, theft .....circumstances permit," namely :—

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue of the *Orissa Gazette,* and if the loss, theft or destruction occurs at a place outside the Province of Orissa also in the Official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following ; or as nearly in such form as circumstances permit :—"

Payment of interest.

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the following changes, namely :—

(i) Add the words "or the Government of Orissa" after the words "Central Government".

(ii) In sub-rule (2) *substitute* the words "with the office

of the Bank of Calcutta" for the word "it" occurring between the words "with" and "collateral security."

(C) General

19. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 108) with the words "Orissa Gazette" *substituted* for the words "Gazette of India".

20. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 109), with the following changes, namely :—

(i) *Omit* the words "or agency" and *substitute* "Governor of Orissa" for "Governor General of India in Council."

(ii) *Omit* clause (c) under sub-rule (1).

21. *Same as Rule 21 of the Indian Securities Rules, 1935* (page 109).

22. *Same as Rule 21 of the Indian Securities Rules, 1935* (page 109) with the following substituted for sub-rule (3), namely :—

"(2) Any declaration made under clause (c) of sub-section (1) of that section shall be published, as soon as possible after the date on which the declaration is made in three successive issues of the *Orissa Gazette* and, if the note was enfaced for payment of interest at any office of the Bank outside the Province of Orissa, of the official Gazette of the place where the interest on the note was payable."

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

General

24. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 115) with the words "or a bearer bond" in clause (c) *omitted* and the following substituted for clause (b), namely—

(b) " in respect of the renewal of a note which bears no indorsement other than an indorsement by the Bank, the Imperial Bank of India, or the Comptroller, Orissa or his Assistant, and the renewal indorsement, when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest.

25. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 186) with "Form IX" substituted for "Form X".

Special Procedure in certain cases.

26. *Same as Rule 37 of the Indian Securities Rules, 1935* (page 116). Small holdings of deceased person.

27. Bank shall exercise the powers and perform the duties referred to in section 19 of the Act.

28. *Same as Rule 29 of the Indian Securities Rules, 1935* (page 117).

29 & 30. *Same as Rules 40 and 41 of the Indian Securities Rules, 1935* (pages 117, 118) respectively.

Fees.

31. (1) Every applicant shall before any information is supplied to him under rule 29 or rule 30 pay a fee of Re. 1 for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in Form X for twice the value of the security or securities involved and the interest paid thereon since the date of issue.

(2) A fee of Re. 1 shall be paid for each certified copy granted under rule 30.

THE SCHEDULE.

[*See Rule 2(d).*]

FORM I—Same as Form I at page 119 *ante*, with the words "bearer bonds" *omitted.*

FORMS II, III, IV, V, VI, VII and VIII—Same as Forms II, III, IV, V, VI, VII and VIII respectively at pages 119 to 122 *ante.*

Form IX—Same as Form X at pages 122 to 124 *ante* with "Government of Orissa" *substituted* for "Government of India" and "Governor of Orissa" for "Governor General of India in Council"

FORM X—Same as Form XII at pages 125, 126 *ante* with the following changes, namely:—

Substitute "Governor of Orissa" for "Governor General of India in Council" and for "Secretary of State in Council" and "High Court of Judicature at Patna" for "High Court of Judicature at Fort William in Bengal."

(a) PUNJAB

Not. No. 2-W. M.-38/1067, dated the 11th January 1938 (as amended by Not. No. 2956-W.M.-39/38388, dated the 17th November, 1939). In exercise of the powers conferred by section 34 of the Indian Securities Act, 1920, as modified by the Government of India (Adaptation of Indian Laws) Order, 1937, and in supersession of the Punjab Government Securities Rules, 1923, the Punjab Government is pleased to make the following rules, the same having been previously published as required by sub-section (1) of the said section, namely:—

Short title and application.

(1) These rules may be called the Punjab Government Securities Rules, 1938.

(2) They shall apply only in the case of securities issued by the Government of the Punjab.

Definitions.

2. In these rules unless there is anything repugnant in the subject or context:—

(a) "the Act" means the Indian Securities Act, 1920;

(b) "District Magistrate" has the same meaning as in the explanation to sub-section (2) of section 13 of the Act;

(c) "Bank" means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934;

(d) "Gazette" means the *Punjab Government Gazette;*

(e) "Form" means a Form as set out in the Schedule to these rules;

(f) "Proper demand" means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules;

(g) "Public Debt Office" means the office of the Reserve Bank of India on the books of which a Government security is registered; and

(h) "Treasury" means any treasury located in the Punjab and includes a sub-treasury.

Rules relating to Stock.

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt Office, be made payable at any other Indian office of the Bank or any agency thereof conducting treasury business for the Government of the Punjab or at any treasury. The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

4, 5, 6, 7 & 8. *Same as Rules, 4, 5, 6, 7 & 8 respectively of the Indian Securities Rules, 1935* (pages 101, 102), with the words "or bearer bonds" *omitted* wherever these occur.

Rules relating to Promissory Notes.

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

9. *Same as Rule 9 of the Indian Securities Rules, 1935* (page 102) with the words "or sub-treasury in India or Burma" *omitted.*

10. *Same as Rule 10 of the Indian Securities Rules, 1935* (page 103).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* (page 103), with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e), (f) and (g) respectively.

Notification in Gazette.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following substituted for "The loss, theft .... permit" namely.

"The loss, theft or destruction of a Government promissory note shall be further notified by the applicant in three successive issues of the *Gazette* and if the loss, theft or

destruction occurs at a place outside the province of the Punjab also in the official Gazette, if any, of the place where the loss theft or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit".

13, 14 & 15. *Same as Rules 13, 14 & 15 respectively of the Indian Securities Rules 1935* (pages 105, 106) with sub-rule (3) of Rule 13 *omitted.*

(b) *Rules relating to Treasury Bills.*

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "or agency" *omitted.*

17. Same as Rule 17 of the Indian Securites Rules, 1935 (page 107) with the following substituted for "The loss..permit" namely :—

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue each of the *Gazette* and, if the loss, theft or destruction occurs at a place outside the province of the Punjab, also of the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following, or as nearly in such form as circumstances permit;"

18. *Same as Rule 18 of the Indian Securities Rules 1935* (page 107) with the words "or the Government of the Punjab" added after the words "Central Government" in sub-rule (1).

(c) *General*

19. *Same as Rule 19 of the Indian Securities Rules* (page 108) with the words "Gazette" *substituted* for the words "Gazette of India."

20. *Same as Rule 20 of the Indian Securities Rules, 1935* (page 109) with the words "Government of the Punjab" *substituted* for the words "Governer General of India in Council" and clause (c) under sub-rule (1) *omitted.*

21. *Same as Rule 21 of the Indian Securities Rules, 1935* (page 109)

22. *Same as Rule 22 of the Indian Securities Rules, 1935* (page 109) with the following *substituted* for sub-rule (2), namely:—

"Any declaration made under clause (c) of sub-section (1) of that section shall be published in three successive issues of *Gazette*, as soon as possible after the date on which the declaration is made, and, if the note was enfaced for payment of interest at any office of the Bank outside the Punjab, of the official Gazette of the place where the interest on the note was payable."

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

General.

24. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the words "or bearer bond" in clause (a) *omitted* and the following *substituted* for clause (b), namely:—

"(b) in respect of the renewal of a note which bears no indorsement other than an indorsement by the Reserve Bank of India, the Imperial Bank of India, or the Accountant-General, Punjab, his Deputy or Assistant, and the renewal indorsement, when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest."

25. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 116) with "Form IX" *substituted* for "Form X".

26, 27 & 28. *Same as Rules 37, 38 and 39 respectively of the Indian Securities Rules 1935*, (pages 116, 117) with sub-rule (2) of Rule 38 *omitted.*

28-A. *Same as Rule 40 of the Indian Securities Rules* with "Governor" *substituted* for "Central Government."

29 & 30. *Same as Rules 41 and 42 respectively of the Indian Securities Rules, 1935* (page 118).

32. Every applicant shall, before any information is supplied to him under rule 30, pay a fee of one rupee for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in Form X for twice the value of the security or securities involved and the interest paid thereon since the date of issue.

(2) A fee of one rupee shall be paid for each certified copy granted under rule 30.

THE SCHEDULE

[*See Rule 2 (e)*]

FORM I. Same as FORM I at page 119 *ante* with the words 'bearer bonds' *omitted.*

FORMS II, III, IV, V, VI, VII & VIII—Same as FORMS II, III IV, V, VI, VII, VIII at pages 119 to 122 *ante.*

FORM IX.

[*See Rule 25*]

Form of Indemnity Bond.

KNOW all men by these presents that $\frac{\text{I}}{\text{We}}$

Applicant.
(*) Surety No. 1.
(*) Surety No. 2.

(hereinafter referred to respectively as the Applicant or Sureties respectively and conjunctively as the obligors)

(*)References to sureties may be struck out if not required.

are held and firmly bound to the Reserve Bank of India, Public Debt Office, Delhi, in the sum of Rupees of lawful money of British India to be paid to the said Reserve Bank of India, Public Debt Office, Delhi, or to the said Bank's certain attorneys successors or assigns for which payment to be well and truly made we bind ourselves and each of us our and each of our heirs executors administrators and representative and every of them jointly and severally by these presents sealed with our respective seals. Dated this day of 19 .

WHEREAS a certain promissory note or security of the Government of the Punjab No. of the per cent. loan of Rs. dated the day of 19 was drawn for

*To be used if the security in question was issued before the 1st April, 1937. Here recite facts and defects in indorsements.

(* for and on behalf of the then Secretary of State for India in Council by the order and under the authority of the then Governor of the Punjab in Council)

by the order and under the authority of the Government of the Punjab)

in favour of one

AND WHEREAS the applicant has applied to the said Reserve Bank of India, Public Debt Office, Delhi, to renew the said promissory note or security in favour and in proper name which the said Reserve Bank of India, Public Debt Office, Delhi, have consented and agreed to do on the applicant with two good and sufficient sureties entering into and executing the above written bond or obligation subject nevertheless to the condition hereunder written AND WHEREAS the sureties at the request of the applicant have agreed to become securities for and to join with in executing the above written bond or obligation. NOW the condition of the above written bond or obligation is such that if the obligors and each of them their and each of their heirs executors administrators or representatives or any or either of them shall from time to time and at all times hereafter well and effectually save, defend, keep harmless and indemnified the Government of the Punjab and the said Reserve Bank of India, Public Debt Office, Delhi, from or against all claims, demands and suits and all costs (as between client and attorney) and every other expense, damage and loss incurred or accruing or arising directly or otherwise owing to or in consequence of the issue of the renewed note or security in lieu and in place of the said promissory note or security of the Government of the Punjab or anything done or omitted incidental thereto or in connection therewith.

Signed, sealed and delivered

FORM X

(See Rule 31)

Form of Indemnity Bond

*Double the amount of the notes and interest paid thereon since the respective dates of issue.

KNOW all men by these presents that I/we am/are held and firmly bound unto the Government of the Punjab in the sum of* Rupees of lawful money of British India to be paid to the said Government of the Punjab its certain attorneys successors or assigns for which payment well and truly to be made I/we bind myself/ourselves my/our heirs, executors administrators and representatives (jointly and every two of us hind ourselves our heirs executors, administrators and representatives jointly and each of us binds himself/herself his and

her heirs, executors, administrators and representatives severally) firmly by these presents sealed with my respective seal (s). (To be omitted if bond taken from one person only.)

Dated this day of in the Christian year one thousand nine hundred and

WHEREAS the applicant (s) has applied to the Government of the Punjab for an inspection and have for certain other information and particulars respecting the several Government promissory notes specified and set forth in the schedule hereunder written and has caused to be represented to the Government of the Punjab that the said Government promissory notes have been

Here state what capacity the applicant has applied.

AND WHEREAS the Reserve Bank of India (acting in the premises for and on behalf of the said Government of the Punjab) has agreed to give inspection of the said notes and to afford to the said all information and particulars affecting the said notes on condition of the said entering into and executing such bond as above-written with such condition as hereunder is written.

Here set out representation made concerning the notes.

NOW the condition of the above-written bond or obligation is such that if the said heirs, executors, administrators and representatives shall not and will not at any time hereafter sue the said Government of the Punjab its successors or assigns (or* the Secretary of State for India) or any agent employed by or officer or servant of the Crown for or in respect of the said notes or the renewal or sub-division thereof or for the recovery of the value thereto or of any interest thereon or of anything done by the said Government of the Punjab or its agents or servants in relation thereto and also shall and will save harmless and keep indemnified the said Government of the Punjab, its successors or assigns (or* the Secretary of State for India) or any agents employed by or officer or servant of the Crown against all claims, demands or proceedings that may be made or instituted upon or against them or any of them by any person or persons whomsoever in consequence of the said Reserve Bank of India giving inspection of the said note or affording to the said ( ) information and particulars affecting the said notes then the above-written Bond shall be void and of no effect otherwise the same shall be and remain in full force and virtue. Signed, sealed and delivered by

*To be omitted if the security in question was issued on or after the 1st April, 1937.

In presence of

witness

Occupation and address—

THE SCHEDULE REFERRED TO IN THE FOREGOING BOND.

FORM XI.—Same as Form XI at page 124 *ante* with "Punjab Government" substituted for "Government" and "Governor of the Punjab" for "Governor General of India in Council."

(10) SIND

(*Note—Vide* Not. No. 304-C., dated the 15th July, 1940, for the word "Bank" wherever it occurs, the words "Reserve Bank of India" shall be substituted.)

Short title and application.

1. (1) These may be called the Sind Government Securities Rules, 1938.

(2) They shall apply only in the case of securities issued by the Government of Sind.

Definitions.

2. In these rules, unless there is anything repugnant in the subject or context—

(a) " the Act " means the Indian Securities Act, 1920 (X of 1920);

(b) " District Magistrate " has the same meaning as in the explanation to sub-section (2) of section 13 of the Act ;

(c) " The Bank " means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934 ;

(d) " Form " means a Form as set out in the Schedule to these rules ;

(e) " Proper demand " means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules ;

(f) " Public Debt Office " means the office of the Reserve Bank of India on the books of which a Government security is registered ; and

(g) " Treasury " means any treasury located in the province of Sind and includes a sub-treasury.

Rules relating to Stock

Payment to interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrant may, at the request of the holder of the stock certificate, to be preferred in the Public Debt Office, be made payable at any other Indian office of the Bank or any agency thereof conducting treasury business for the Government of Sind, or at any treasury. The presentation of the stock certificate shall not be required at the time of payment of interest , but the payee shall acknowledge receipt on the back of the warrant.

4, 5, 6, 7 and 8. *Same as rules 4, 5, 6, 7 and 8 respectively of the Indian Securities Rules, 1935* (pages 101, 102) with the words " or bearer bonds " *omitted* wherever these occur.

Rules relating to Promissory Notes

(a) *Rules relating to Promissory Notes other than Treasury Bills.*

9. *Same as Rule 9 of the Indian Securities Rules, 1935* (page 102) with the words " of sub-treasury in India or Burma " *omitted.*

10. *Same as Rule 10 of the Indian Securities Rules, 1935* (page 103).

11. *Same as Rule 11 of the Indian Securities Rules, 1935* (page 103) with clause (e) under sub-rule (1) *omitted* and clauses (f), (g) and (h) in the same *re-lettered* as (e) (f) and (g) respectively.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following *substituted* for "The loss, theft ..... circumstances permit," namely :—

"The loss, theft or destruction of a Government promissory note or portion of a Government promissory note shall be further notified by the applicant in three successive issues of the *Sind Government Gazette*, and if the loss, theft or destruction occurs at the place outside the Province of Sind also in the official Gazette, if any, of the place which the loss, theft or destruction occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit:—"

13 and 14. *Same as Rules 13 and 14 respectively of the Indian Securities Rules, 1935* (pages 105, 106) with sub-rule (8) of Rule 13 *omitted.*

15. *Same as Rule 15 of the Indian Securities Rules, 1935* (page 107) with the words "the office of the Bank at Bombay" *substituted* for "it" after the word "deposited" in sub-rule (2).

(*b*) *Rules relating to Treasury Bills*

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "or agency" *omitted.*

17. *Same as Rule 17 of the Indian Securities Rules, 1935* (page 107) with the following *substituted* for the words "The loss, theft.....circumstances permit", namely:— Notification in Gazette.

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue each of the *Sind Government Gazette*, and if the loss, theft or destruction occurs at a place outside the Province of Sind also in the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following; or as nearly in such form as circumstances permit—"

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the words "with the office of the Bank at Bombay" *substituted* for the word "it" occurring between the words "with" and "collateral security," and the words "or of the Government of Sind" *added* after the words "Central Government.

19. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 108) with "Sind Government Gazette" *substituted* for "Gazette of India".

20. *Same as Rule 20 of the Indian Securities Rules, 1935* (page 109) with the words "pay to the Governor General of Sind" substituted for the words "Governor General of India in Council", in clause (b) and clause (c) of sub-section (1) *omitted.*

21. *Same as Rule 21 of the Indian Securities Rules, 1935* (page 109).

22. *Same as Rule 22 of the Indian Securities Rules, 1935* (page 109) with the following *substituted* for sub-rule (2), namely :—

"(2) Any declaration made under clause (c) of sub-section (1) of that section shall be published, as soon as possible after the date on which the declaration is made in three successive issues of the *Sind Government Gazette*, and if the note was enfaced for payment of interest at any office of the Bank outside the Province of Sind, of the Official Gazette of the place where the interest on the note was payable."

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

General.

24. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the words "or a bearer bond" in clause (a) *omitted* and the following *substituted* for clause (b), namely:—

"(b) in respect of the renewal of a note which bears no endorsement other than an endorsement by the Reserve Bank of India, the Imperial Bank of India, or the Comptroller, Sind, or his Deputy, and the renewal endorsement when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest."

25. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 116) with "Form IX" *substituted* for "Form X".

Special procedure in certain cases.

26. *Same as Rule 37 of the Indian Securities Rules, 1935* (page 116).

27. *Same as Rule 38 of the Indian Securities Rules, 1935* (page 116) with sub-rule (2) *omitted.*

28, 29 & 30. *Same as Rules 39, 40, and 41 respectively of the Indian Securities Rules* (pages 117, 118).

30. Every applicant shall before any information is supplied to him under Rule 29 or Rule 30 pay a fee of Re. 1 for each security in respect of which any information is supplied and shall execute a bond of indemnity as nearly as may be in

Form X for twice the value of the security or securities involved and the interest paid thereon since the date of issue.

(2) A fee of Re. 1 shall be paid for each certified copy granted under Rule 30.

THE SCHEDULE.

(*See Rule 2 (d)*).

FORM I—Same as FORM I at page 119 *ante*, with the words "bearer bonds" *omitted*.

FORMS II, III, IV, V, VI, VII, VIII—Same as FORMS II, III, IV, V, VI, VII and VIII respectively at pages 119 to 122 *ante*.

FORM IX—Same as FORM X at pages 122 to 124 *ante* with "Bombay" *substituted* for "Calcutta", "Government of Sind" for "Government of India" and "Governor of Sind" for "Governor General of India in Council".

FORM X—Same as FORM XII at pages 125, 126 *ante* with the following changes, namely:—

(i) *Substitute* "Governor of Sind" for "Governor General of India in Council" and for "Secretary of State in Council".

(ii) *Substitute* "servant of the Crown" for "Officer and servant of the Government" and "his agents or servants of the Crown" for "his agents or servants."

11 UNITED PROVINCES.

Not. No. M-2607 (X-53), dated the 15th February, 1939, as amended by Not. No. M-927/X-537, dated the 7th July 1943. In exercise of the powers conferred by section 24 of the Indian Securities Act, 1920 (X of 1920) and in supersession of the United Provinces Government Securities Rules, 1922, the Government of the United Provinces are pleased to make the following rules, the same having been previously published as required by sub-section (1) of the said section, namely :—

Short title and application.

1. (1) These rules may be called the United Provinces Government Securities Rules, 1939. They shall come into force on 1st April 1939.

(2) They shall apply only in the case of securities issued by the Government of the United Provinces.

Definitions.

2. In these rules, unless there is anything repugnant in subject or context,—

(a) "the Act" means the Indian Securities Act, 1920.

(b) "Bank" means the Reserve Bank of India as constituted by the Reserve Bank of India Act, 1934;

1. As amended by Not. No. 304-C, dated the 15th July 1940.

(c) "District Magistrate" has the same meaning as in the explanation to sub-section (2) of section 13 of the Act;

(d) "Form" means a Form as set out in the Schedule to these rules;

(e) "Proper demand" means a demand made in writing to the Public Debt Office in accordance with the provisions of these rules:

(f) "Public Debt Office" means the office of the Reserve Bank of India on the books of which a Government security is registered; and

(g) "Treasury" means any treasury located in the United Provinces and includes a sub-treasury.

Rules relating to Stock

Payment of interest.

3. Interest on stock shall be paid on warrants issued by the Public Debt Office and payable at the local office of the Bank. Such warrants may, at the request of the holder of the stock certificate, to be preferred in writing to the Public Debt Office, be made payable at any other Indian office of the bank or any agency thereof conducting treasury business of the Government of the United Provinces, or at any treasury. The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

4, 5, 6, 7 and 8. *Same as Rules 4, 5, 6, 7 and 8 respectively of Indian Securities Rules, 1935* (pages 101, 102)

Rules relating to Promissory Notes

(a) Rules relating to Promissory Notes other than Treasury Bills.

9. *Same as Rule 9 of the Indian Securities Rules, 1935* (page 102) with the words "or sub-treasury in India or Burma" *omitted.*

10 & 11. *Same as Rules 10 and 11 of the Indian Securities Rules, 1935* (page 103).

Notification.

12. *Same as Rule 12 of the Indian Securities Rules, 1935* (page 104) with the following *substituted* for "The loss, theft etc.....circumstances permit," namely :—

"The loss, theft or destruction of a Government promissory note or portion of a Government promissory note shall be further notified by the applicant in three successive issues of the *United Provinces Government Gazette* and if the loss, theft or destruction occurs at a place outside the United Provinces also in the official Gazette; if any, of the place where the loss, theft or destruction

occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit:"

13, 14 & 15. *Same as Rules 13, 14 and 15 of the Indian Securities Rules, 1935* (page 106).

(*b*) *Rules relating to Treasury Bills.*

16. *Same as Rule 16 of the Indian Securities Rules, 1935* (page 107) with the words "office of the Bank which issued it" *substituted* for the words "office or agency of the Bank which issued it" in the first sentence.

17. *Same as Rule 17 of the Indian Securities Rules, 1935* (page 107) with the following *substituted* for "The loss, theft ..... circumstances permit", namely :—

"The loss, theft or destruction of a treasury bill shall be further notified by the applicant in one issue of the United Provinces Government Gazette and if the loss, theft or destruction occurs at a place outside the United Provinces also in the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification should be in the form following, or as nearly in such form as circumstances permit."

18. *Same as Rule 18 of the Indian Securities Rules, 1935* (page 107) with the words "or of the Government of the United Provinces" *added* after the words "Central Government."

(*c*) *General*

19. *Same as Rule 19 of the Indian Securities Rules, 1935* (page 108) with the words "United Provinces Government Gazette" *substituted* for the words "Gazette of India."

20. *Same as Rule 20 of the Indian Securities Rules, 1935* (page 109) with "Government of the United Provinces" *substituted* for "Governor General of India in Council."

21. *Same as Rule 21 of the Indian Securities Rules, 1935* (page 109).

22. *Same as Rule 22 of the Indian Securities Rules, 1935* (page 109) with the following *substituted* for sub-rule (2), namely :—

"(2) Any declaration made under clause (c) of sub-section (1) of that section shall be published as soon as possible after the date on which the declaration is made in three successive issues of the United Provinces Government Gazette and, if the note was enfaced for payment of interest at any office of the Reserve Bank of India outside the United Provinces of the official Gazette of the place where the interest on the note was payable.

23. *Same as Rule 23 of the Indian Securities Rules, 1935* (page 109).

Rules relating to Bearer Bonds.

24. *Same as Rule 28 of the Indian Securities Rules, 1935* (page 109), with the words "in India or Burma" *omitted.*

25. *Same as Rule 25 of the Indian Securities Rules, 1935* (page 110).

26. *Same as Rule 26 of the Indian Securities Rules, 1935* (page 110) with the following *substituted* for "The loss, theft..... circumstances permit :—

"The loss, theft or destruction of a bearer bond or coupons, or both, shall be further notified by the applicant in three successive issues of the *United Provinces Government Gazette* and if the loss, theft or destruction occurs at a place outside the United Provinces, also in the official Gazette, if any, of the place where the loss, theft or destruction occurred. Such notification shall be in the form following or as nearly in such form as circumstances permit :—"

27, 28, 29, 30 and 31. *Same as Rules 27, 28, 29, 30 and 31 respectively of the Indian Securities Rules, 1935 (pages* 111, 112).

32. *Same as Rule 32 of the Indian Securities Rules, 1935* (page 112) with "United Provinces Government Gazette" *substituted* for "Gazette of India".

33 and 34. *Same as Rules 33 and 34 of the Indian Securities Rules, 1935* (page 113).

General.

35. *Same as Rule 35 of the Indian Securities Rules, 1935* (page 115) with the following *substituted* for clause (b), namely:—

"(b) in respect of the renewal of a note which bears no indorsement other than an indorsement by the Reserve Bank of India, the Imperial Bnnk of India, or the Accountant General, United Provinces, his Deputy or Assistant and the renewal indorsement, when such renewal is required only on account of there being no further space on the note in which to record payment or enfacement for payment of interest."

36. *Same as Rule 36 of the Indian Securities Rules, 1935* (page 116).

Special procedure in certain cases.

37, 38, 39, 40, 41, 42 & 33. *Same as Rules 37, 38, 39, 40, 41, 42 and 43 respectively of the Indian Securities Rules, 1935* (pages 116 to 119) with sub-rule (2) of Rule 38 omitted and "Form XI" *substituted* for "Form XII" in Rule 43.

THE SCHEDULE

See rule 2(d)

FORMS I, II, III, IV, V, VI, VII, VIII, & IX—Same as FORMS I, II, III, IV, V, VI, VII, VIII, & IX (pages 119 to 122).

FORM X

(See rule 36)

KNOW ALL MEN BY THESE PRESENTS that I (We)_____ (a) son of_____ resident of_____ (and_____ son of_____ resident of_____ and_____ son of_____ resident of_____) (b) hereby bind myself (ourselves jointly and severally) to the Governor of the United Provinces for the payment to the said Governor of the sum of Rs._____

Signed_____

AND I/each of us the said_____ hereby covenant with the Governor of the United Provinces that if any suit shall be brought touching the subject matter of this obligation or the condition hereunder written in any court subordinate to the High Court of Judicature at Allahabad or the Chief Court of Oudh, the same may, at the instance of the Government of the United Provinces or the Reserve Bank of India, Public Debt Office, Delhi, whoever may be a party to such suit, be removed unto tried and determined by, the said High Court in its extraordinary original civil jurisdiction or the said Chief Court, as the case may be.

WHEREAS the said_____ (a) has applied to the Reserve Bank of India, Public Debt Office, Delhi (x) for the renewal of the United Provinces Government (securities) mentioned in the schedule hereto. Originally issued in favour of_____ and last endorsed to_____ who is/are unable to comply with the requirements of the Reserve Bank of India, Public Debt Office, Delhi, due to defects as scheduled hereunder marked "B".

AND WHEREAS the said Reserve Bank of India have consented and agreed to accept the said application on the said (a)_____ with two good and sufficient sureties entering into and executiug the above written bond subject to the condition hereunder written :

AND WHEREAS the above bounden_____ & _____ (a)_____ *at the request of the said_____ (a) has (have) agreed to become surety (sureties) for and to join with the said_____ (a) in executing the above written bond.

Now the condition of the above written bond is such that if the above bounden_____, _____ (b) or either of them or their heirs, executors, administrators or representatives or either of them shall from time to time and at all times hereafter save harmless and keep indemnified the Government of the United Provinces aud the said Reserve Bank of India from and against the claims and demands of all persons

claiming to be entitled to the United Provinces Government security (securities) mentioned in the schedule hereto or to any interest thereon and of all other persons whomsoever in respect of the said security (securities) or the renewal thereof or the payment of any interest thereon and from and against all damages, losses, costs, charges and expenses which the Government of the United Provinces or the said Reserve Bank of India may sustain incur or be liable to for or in consequence of any such claim or demand or by reason of the issue of renewed security (securities) as aforesaid or the payment of any interest due on the said security (securities) or renewed security (securities) then the above written bond shall be void, but otherwise the same shall remain in full force and effect.

Signed by

in the presence of

and of

The Schedule A herein referred to

Nature and description of the security.	Number	Date of issue	Amount.

The schedule 'B' herein referred to. Here state the facts and defects in the endorsement.

FORM XI

(See rule 13)

Form of Indemnity Bond

KNOW ALL MEN BY THESE PRESENTS that I/we

hereby bind myself (ourselves, jointly and severally), to the Governor of the United Provinces for the payment to the said Governor of the sum of Rs. .*

Signed by us

Dated day of

AND I/each of us the said

hereby covenant with the Governor of the United Provinces that if any suit shall be brought touching the subject-matter of the obligation or the condition hereunder written in any court subordinate to the High Court of Judicature at Allahabad or the Chief Court of Oudh, the same may, at the instance of the Government of the United Provinces or the Reserve Bank of India, Public Debt Office, Delhi, whoever may be a party to such suit, be removed unto, tried and determined by the said High Court in its extraordinary original civil jurisdiction or the said Chief Court, as the case may be.

WHEREAS the above bounden

claim (s) to be entitled

Here state in what capacity claim to the securities is made.

to the Government security (several Government securities) specified and set forth in the schedule hereto and has caused to be represented to the Reserve Bank of India, Public Debt Office, Delhi, that the said Government securities have been

AND WHEREAS the said has/have applied to the said Reserve Bank of India for an inspection of the said notes and also for all other information and particulars respecting the said notes.

AND WHEREAS the said Reserve Bank of India has agreed to give inspection of the said notes and to afford so the said all information and particulars affecting the said notes on condition of the said entering into and executing such bond as above written with such condition as hereunder is written.

Now the condition of the above written bond or obligation is such that if the said or his (their) heirs executors administrators and representatives shall not and will not at any time hereafter sue the Government of the United Provinces or the said Reserve Bank of India or any agent employed by or office or servant of the Crown or the said Reserve Bank of India for or in respect of the said securities or the renewal or subdivision thereof or for the recovery of the value thereof or of any interest thereon or for anything done by the said Government or the said Reserve Bank of India or the agents or servants of the Crown or the said Reserve Bank of India in relation thereto and shall and will save harmless and keep indemnified the said Government, the said Reserve Bank of India and any agent employed by or officer or servant of the Crown or the said Reserve Bank of India against all claims, demands or proceedings that may be made or instituted upon or against them or any of them by any person or persons whomsoever in consequence of the said Reserve Bank of India giving inspection of the said securities or affording to the said information and particulars affecting the said notes then the above written bond shall be void otherwise the same shall be and remain in full for and effect.

Signed

In presence of

Witness.

Occupation and address

THE SCHEDULE HEREIN REFERRED TO

APPENDIX K

MISCELLANEOUS MATTERS RELATING TO GOVERNMENT SECURITIES

Sale or transfer of stock

(a) All sales or transfers of stock must be made in even hundreds of rupees and by a transfer deed to be executed by the registered holder, or his duly constituted attorney, and registered in the books of the Public Debt Office concerned. Such transfers are exempt from stamp duty. A blank form of deed of transfer is printed on the back of each stock certificate issued and forms are also kept at all Public Debt Offices for free distribution to applicants. Forms of special powers of attorney for effecting sales or transfers of stock can be obtained free of charge from any Public Debt Office either direct or through any Treasury Officer.

(b) When it is desired to effect a sale or transfer of a stock certificate, the original certificate, together with a deed of transfer duly completed, must be lodged at the Public Debt Office on whose books the stock is registered. When this has been done and when the transfer has been duly registered, the transferee will receive a new certificate. The Public Debt Office may, in cases in which this is considered necessary, require the verification of the transferor's signature before a Treasury Officer or other responsible officer of Government qualified to take and record evidence.

(c) In cases where only a portion of the stock is transferred, the purchaser will receive a certificate for an amount corresponding to the portion transferred, and a new certificate for the balance will be issued to the transferor.

(d) On application to the Public Debt Office, the holder or transferee of a stock certificate may be described on the certificate and in the registers of the Public Debt Office as a trustee in relation to that stock certificate, either as a trustee of a specified trust or as a trustee without any such qualification. Similarly, the holder of an office other than a public office may be entered in the books of the Public Debt Office as the proprietor of stock certificate by the name of his office without mention of his personal name. Thus, the Secretary of a school or dispensary, the Shebait of a deity or the Manager of a temple may be allowed to hold a stock certificate in the name of his office. Promissory notes cannot be held in the capacity of a trustee or by the name of an office other than a public office enumerated in Appendix III. The advantage of the above arrangement is that in the event of a change of the incumbent of the office, the holder of the

office for the time being is able to deal with the stock certificate so held without any difficulty.[1]

When a registered holder of stock dies, the Public Debt Office will ordinarily require probate of his will or letters of administration of his estate or a succession certificate granted under the Indian Succession Act (XXXIX of 1925), before registering the name of his heir in his place. If, however, the nominal or face value of the Government securities, other than bearer bonds, held by the deceased does not in the aggregate exceed Rs. 5,000, section 19 of the Indian Securities Act (*vide* Appendix I) lays down a summary procedure by which his heir can have his name registered without going to the expense and trouble of obtaining any one of the above documents. Application for the registration of the name of the heir under this section should be made six months after the death of the registered holder and should be supported by a certificate in the following form, signed by the District Magistrate having jurisdiction in the place where interest on the stock is payable, or, if interest is payable at a Presidency town or at a place in a State in India, by the Chief Presidency Magistrate or the Political Agent concerned, when the applicant's claim will be recognised:—

"Certified that ———— (the applicant (s) is (are) the only legal heir (s) of the deceased —— ———— the last holder of stock certificate (s) No. (s) ———— of the ———— per cent loan of———————— for Rs.———— who d ed on the————".

"The total holding of the deceased in Government securities in the form of stock certificates and promissory notes at the time of his death did not exceed Rs. 5,000 face value."

NOTE. In the case of a deceased stock holder belonging to a Hindu undivided family governed by the Mitakshara law, a certificate in terms of paragraph 66 (a) may be accepted and acted upon.[2]

Non-transferable deposit receipts

When a promissory note is the property of a minor or a lunatic the powers of whose guardian are limited to the drawal of interests, or belongs to an estate in which administration is limited to interest, the Public Debt Office, upon such note being deposited with it, will arrange for the payment of interest at any treasury or sub-treasury by warrants issued as interest falls due, payable to the guardian or administrator. The Public Debt Office will give a deposit receipt for the promissory note. A deposit receipt is not transferable by endorsement and delivery. On the minor attaining majority, the lunatic being declared sane or the guardian or the administrator being given full powers to deal with the note, the Public Debt Office will, on the surrender of the receipt, issue an ordinary promissory note which will be negotiable in the usual way.

1. Para. 118, Government Securities Manual.
2. Para. 119, Government Securities Manual.

NOTE—Cases in which the powers of the holder of a promissory note, or of the heir of a deceased holder of such a note, are limited to the drawal of interest, either in pursuance of an order of a Court of law or otherwise, will also be governed by the rule in this paragraph.[1]

Issue of duplicates of securities that have been lost, stolen or destroyed

In the case of stock certificates, as already explained, a fresh certificate is issued by the Public Debt Office on being satisfied that the old certificate has actually been lost, stolen or destroyed. In the case of bearer bonds (with or without coupons) or of promissory notes, if the report of the loss, theft or destruction of a security is received at the treasury where it is enfaced for payment of interest the Treasury Officer should act on the line indicated in paragraph 44 and should direct the alleged proprietor to address the Public Debt Office on the subject giving the details set forth in Rule 25 or Rule 11 of the Indian Securities Rules (*vide* Appendix A).

The Public Debt Office will then advise him as to the procedure that he will have to observe before a duplicate security can be issued. The circumstances in which the Public Debt Office will issue a duplicate security are set forth in the statutory rules referred to above to which the claimant's attention should be drawn. For the issue of duplicates of bearer bonds and promissory notes, fees on the scales prescribed in paragraph 69 for the renewal of promissory notes will be chargeable by the Public Debt Office.[2]

Transfer of Securities to London

The London branch of the Reserve Bank of India will issue interest drafts payable in rupees at Bombay, Calcutta, Delhi or Madras on stock inscribed and promissory notes registered in its books.

Proprietors of Government securities who may be desirous of transferring them from India to London, or *vice versa*, should apply to a Public Debt Office in India or to the London branch of the Reserve Bank, as the case may be.

The London branch of the Reserve Bank will renew and convert Government promissory notes registered in its books provided that it considers the title clearly established. It is at liberty, however, in doubtful cases to require the holder to apply to the Public Debt Office at which the note was previously enfaced. Claims for the issue of duplicates of lost, etc., notes will be dealt with in India alone.

A fee will be chargeable by the Public Debt Office at the rate of Re. 1 for each promissory note or for each Rs. 5,000

1. Para. 121, Government Securities Manual.
2. Para. 122, Government Securities Manual.

stock or part of it transferred under this paragraph. Fees may also be charged by the London branch of the Reserve Bank for all services for which the Public Debt Office is entitled to charge fees at rates equivalent to those charged in India.[1]

MINIMUM PRICES OF GOVERNMENT SECURITIES

Not. No. F. 4 (5)-F/43, dated the 11th December, 1943.—In exercise of the powers conferred by rule 93-A of the Defence of India Rules and in supersession of the notification of the Government of India in the Finance Department, No. D-11367-F, dated the 2nd September 1942, the Central Government hereby notifies that the minimum prices of the undermentioned Government securities shall be as follows :—

Description of Government Security	Minimum price		
	Rs.	A.	P.
3 per cent Defence Bonds, 1946	101	0	0
3½ per cent Loan, 1947-50	101	8	0
2¾ per cent Loan, 1948-52	98	0	0
4 per cent Loan, 1948-53	104	8	0
3 per cent Loan, 1949-52	99	8	0
4½ per cene Loan, 1950-55 .. .	108	8	0
3 per cent Loan, 1951-54	98	8	0
3 per cent Loan, 1953-55	98	0	0
3½ per cent Loan, 1954-59	103	0	0
4½ per cent Loan, 1955-60	112	8	0
4½ per cent Loan, 1958-68	113	8	0
4 per cent Loan, 1960-70	108	8	0
3 per cent Loan, 1963-65	95	0	0
3 per cent Loan, 1966-68	95	0	0
3 per cent Non-terminable Loan	80	8	0
3½ per cent Non-terminable Loan	94	0	0
4 per cent Punjab Loan, 1948	103	8	0
3 per cent Punjab Loan, 1949	98	0	0
3 per cent Central Provinces and Berar Loan, 1949	98	0	0
3 per cent Punjab Loan, 1952	96	0	0
3 per cent United Provinces Loan, 1952 ..	96	0	0
3 per cent Central Provinces and Berar Loan, 1952	96	0	0
3 per cent Madras Loan, 1952	96	0	0
3 per cent Assam Loan, 1952	96	0	0
3 per cent North West Frontier Province Loan, 1952	96	0	0
3 per cent Madras Loan, 1953	96	0	0
3 per cent Punjab Loan, 1955	95	0	0
3 per cent Central Provinces and Berar Loan 1955	95	0	0
3 per cent Madras Loan, 1955	95	0	0
3 per cent Bombay Loan, 1955	95	0	0
3 per cent Punjab Loan, 1956	95	0	0
3 per cent Central Provinces and Berar Loan, 1956	95	0	0
3 per cent Madras Loan, 1956	95	0	0
3 per cent Bombay Loan, 1956	95	0	0
3 per cent Punjab Loan, 1958	92	0	0
3 per cent Madras Loan, 1959	92	0	0
3 per cent United Provinces Loan, 1961-66 ..	88	0	0

1. Para. 123, Government Securities Manual.

PART II

[1]THE PUBLIC DEBT (CENTRAL GOVERNMENT) ACT, 1944

(Act No. XVIII of 1944).

Received the assent of the Governor General on the 22nd November 1944, and was first published in the *Gazette of India*, Part IV, dated the 25th November 1944.

An Act to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government.

WHEREAS it is expedient to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of the public debt of the Central Government.

It is hereby enacted as follows :—

Previous legislation—See notes on pages 1 to 4 *ante*.

Object of the Act

The 'Statement of Objects and Reasons' attached to the Bill which ultimately resulted into the Public Debt (Central Government) Act, 1944 explains the purpose of this legislation as follows.

"The great bulk of Government obligations in India have till very recently been expressed in the form of promissory notes which pass from hand to hand by endorsement and delivery. Stock certificates, i. e. certificates which are not negotiable themselves but merely record title, the actual transfers requiring registration in the books of the Public Debt Office, are of comparatively recent introduction. Not unnaturally, therefore, the law of Government securities in India started as an appendage to the law of Negotiable instruments, modifying it where necessary to meet the peculiar circumstances of Government promissory notes such as (1) their validity for a period much longer than that of the ordinary negotiable instrument of commerce and the concomitant necessity of issuing separate instruments to replace the originals for the record of interest payments, and (2) their being held more widely than ordinary negotiable commercial instruments by

1. For Statement of Objects and Reasons, see *Gazette of India*, dated the 31st July 1943. Pt. V, pp. 162 and 163; For 'Report of the Select Committee, see *Ibid.*, dated the 11th November. 1944. Pt. V, p. 85; and for "Proceedings in Assembly see Legislative Assembly" Debates, 1943 (Vol. III), pp. 1018, 1019; 1944 (Vol. IV) pp. 79 to 89, 341 and 6664 to 683; 1944 (Vol. V) pp 724 to 730, and 804 to 813.

various classes of investors in addition to the financial and business community. The fact that Government loans were at least entirely in the form of promissory notes meant that the special modifications of the law, effected from time to time to meet practical difficulties, only related to Government obligations held in this form, with the result that when the previous legislation was revised in the Act of 1920 a clear distinction was not always drawn between those parts of the law which ought to relate to Government securities as a whole and those which merely related to promissory notes. A striking instance of this is provided by section 13 providing for the summary provisional settlement of disputes, which is confined only to promissory notes. Although logically imperfect, this position did not in the past lead to any practical difficulties as the holders of Government loans in the form of stock certificates were comparatively few. As a result of war conditions, however, and the efforts of the Reserve Bank as agents of Government in the management of public debt to popularise stock certificates in the interest of safety and administrative convenience the proportion of Government loans held in the form of stock certificates or in special subsidiary ledger accounts, which the Bank has undertaken to maintain for large institutional holders, has substantially increased, and the time appears to be opportune for recasting the provisions of the Indian Securities Act, 1920, so as to provide more satisfactorily for the management of Central Public Debt.

Apart from the fact that section 13 of the 1920 Act fails to provide for the summary provisional settlement of disputes regarding Government loans held otherwise than as promissory notes, the machinery which it provides is in itself incomplete and there have been numerous cases where on account of a disputant contenting himself with the mere issue of a notice of dispute to the Public Debt Office and abstaining from prosecuting his claim in a court of law, or on account of vague stop orders emanating from Courts, the periodical payment of interest has been held up for unconscionably long periods much to the annoyance and prejudice of the actual holder. There have also been numerous instances in which, where the matter has been taken to Court, Government and the Reserve Bank have been made parties to what was essentially a dispute between two private parties in the decision of which Government of the Bank had no interest. It is, therefore, considered desirable to recast this part of the law so as to provide for a summary adjudication by the Reserve Bank of disputes as to the title to be the holder of a security, with a necessary safeguard by way of a guarantee of indemnity to

ensure that the interests of the party who may ultimately succeed in establishing in a court of law his right to hold the security are not prejudiced.

The legislative competence of the Central Legislature extends, however, only to legislation affecting public debt of the Central Government, while the public debt of a Province is subject to legislation in the Provincial Legislature only. The Act of 1920, which regulates public debt of both kinds, is amenable to amendment by the Central Legislature only in so far as it deals with public debt of the Central Government. The present legislation therefore takes the form of a Bill to be enacted as a separate Act, applicable only to securities of the Central Government, which will reproduce the provisions of the 1920 Act with amendments designed to remedy the defects already referred to, and with certain other amendments the necessity or desirability of which is suggested by experience in the administration of the Act during the last two decades. In this reproduction of the provisions of the 1920 Act, those provisions have been rearranged so as to group together sections dealing with the incidents common to the different forms in which loans of the Central Government are held, and to relegate to separate sections the incidents peculiar to negotiable instruments."

Interpretation of the Act—See notes on pages 5 to 12 *ante*.

Short title, extent and commencement.

1. (1) This Act may be called the Public Debt (Central Government) Act, 1944.

(2) It extends to the whole of British India.

(3) It shall come into force on such date as the Central Government may, by notification in the official Gazette, appoint in this behalf.

NOTES.

Not. No. F. 9(1)-B/46, dated the 20th April 1946.—In pursuance of sub-section (3) of section 1 of the Public Debt (Central Government) Act, 1944 (XVIII of 1944), the Central Government is pleased to appoint the 1st day of May 1946 as the date on which the said Act shall come into force.

Definitions.

British India—See notes on pages 12 to 15 *ante*.

2. In this Act, unless there is anything repugnant in the subject or context,—

(1) "the Bank" means the Reserve Bank of India,

(2) "Government security" means—

(a) security, created and issued, whether before or after the commencement of this Act, by the Central

Government for the purpose of raising a public loan and having one of the following forms, namely :—

(i) stock transferable by registration in the books of the Bank ; or

(ii) a promissory note payable to order ; or

(iii) a bearer bond payable to bearer ; or

(iv) a form prescribed in this behalf ;

(b) any other security created and issued by the Central Government in such forms and for such of the purposes of this Act as may be prescribed ;

(3) " prescribed " means prescribed by rules made under this Act ;

(4) " promissory note " includes a treasury bill.

See notes under section 2 of the Indian Securities Act, 1920, pages 16 to 20 *ante*.

Transfer of Government securites.

3. (1) Subject to the provisions of section 5, a transfer of a Government security shall be made only in the manner prescribed for the making of transfers of securities of the class to which it belongs, and no transfer of a Government security made after the commencement of this Act shall be valid if–

(a) it does not purport to convey the full title to the security, or

(b) it is of such a nature as to affect the manner in which the security was expressed by the Central Government to be held.

(2) Nothing in this section shall affect any order made by the Bank under this Act, or any order made by a Court upon the Bank.

See Rule 7 of the Public Debt (Central Government) Rules, 1946.

Transfer of Government securities not liable for amon thereof.

4. Notwithstanding anything contained in the Negotiable Instruments Act, 1881 (XXVI of 1881), a person shall not, by reason only of this having transferred a Government security, be liable to pay any money due either as principal or as interest thereunder.

See notes under section 8 of the Indian Securities Act, 1920, at page 56 *ante*.

Holding of Government securities by holders of public offices.

5. (1) In the case of any public office to which the Central Government may, by notification in the official Gazette, declare this sub-section to apply, a Government security in the form of stock or of a promissory note may be held in the name of the office.

(2) When a Government security is so held, it shall be deemed to be transferred without any or further endorsement or transfer deed from each holder of the office to the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(3) When the holder of the office transfers to a party not being his successor in office a Government security so held, the transfer shall be made by the signature of the holder of the office and the name of the office in the manner and subject to the conditions laid down in section 3.

(4) This section applies as well to an office of which there are two or more joint-holders as to an office of which there is a single holder.

Notice of trust not receivable.

6. (1) No notice of any trust in respect of any Government security shall be receivable by the Central Government, nor shall the Central Government be bound by any such notice even though expressly given, nor shall the Central Government be regarded as a trustee in respect of any Government security.

(2) Without prejudice to the provisions of sub-section (1), the Bank may, as an act of grace and without any liability to the Bank or to the Central Government, record in its books such directions by the holder of stock for the payment of interest on, or of the maturity value of, or the transfer of, such other matters relating to, the stock as the Bank thinks fit.

NOTES.

Section 3 of the Indian Securities Act, 1920, provides that 'save as otherwise provided in or under this Act, no notice of any trust in respect of any Government security shall be receivable by the Government.' In the present Act further step has been taken and a concession has been given in sub-section (2) of this section. Sub-section (e) of section 28 provides that

rules shall be made for ' the holding of Government securities in the form of stock by the holders of offices other than public offices, and the manner in which and the conditions subject to which Government securities so held may be transferred.'

(*See* Rule 8 of the Public Debt (Central Government) Rules, 1946).

Persons whose title to a Government security of a deceased sole holder may be recognised by the Bank.

7. Subject to the provisions of section 9 the executors or administrators of a deceased sole holder of a Government security and the holder of a succession certificate issued under Part X of the Indian Succession Act, 1925 (XXXIX of 1925), shall be the only persons who may be recognised by the Bank as having any title to the Government security.

Provided that nothing in this section shall bar the recognition by the Bank of the manager or the sole surviving male member of a Hindu undivided family governed by the Mitakshara Law as having a title to a Government security, when the security appears to the Bank to stand in the name of a deceased member of the family and an application is made by such manager or sole surviving member for recognition of his title and is supported by a certificate signed by such authority and after such inquiry as may be prescribed to the effect that the deceased belonged to a Hindu undivided family governed by the Mitakshara Law, that the Government security formed part of the joint property of the family, and that the applicant is the managing or sole surviving male member of the family.

Explanation.

The expression "Hindu undivided family governed by the Mitakshara Law " shall, for the purpose of this section, be deemed a Malabar *tarwad.*

NOTES.

Section 7 of the Act seeks to provide that subject to the provisions of section 9 of the Act, executors or administrators of a deceased sole holder of a Government security and the holder of a succession certificate issued under Part X of the Indian Succession Act, 1925, shall be the only persons who may be recognised by the Bank as having any title to Government security. An exception, however, has been made in favour of a Hindu undivided family governed by the Mitakshara Law, as in section 12 of the Indian Securities Act, 1920, (See page 61 *ante*).

Right of survivors of joint holders or several payees.

8. Notwithstanding anything contained in section 45 of the Indian Contract Act, 1872 (IX of 1872)—

(a) when a Government security is held by two or more persons jointly and either or any of them dies, the title to the security shall vest in the survivor or survivors of those persons, and

(b) when a Government security is payable to two or more persons severally and either or any of them dies, the security shall be payable to the survivor or survivors of those persons or to the representative of the deceased or to any of them:

Provided that nothing contained in this section shall affect any claim which any representative of a deceased person may have against the survivor or survivors under or in respect of any security to which this section applies.

Explanation.

For the purposes of this section a body incorporated under the Indian Companies Act, 1913 (VII of 1913), or the Co-operative Societies Act, 1912 (II of 1912), or any other enactment for the time being in force whether within or without British India, relating to the incorporation of associations of individuals, shall be deemed to die when it is dissolved.

Procedure on death of holder of Government securities not exceeding five thousand rupees face value.

9. Notwithstanding anything contained in section 7, if within six months of the death of a person who was the holder of a Government security or securities the face value of which does not in the aggregate exceed five thousand rupees, probate of his will or letters of administration of his estate or a succession certificate issued under Part X of the Indian Succession Act, 1925 (XXXIX of 1925), is not produced to the Bank, or proof to the satisfaction of the Bank that proceedings have been instituted to obtain one of these is not furnished, the Bank may determine who is the person entitled to the security or securities, or to administer the estate of the deceased and may make an order vesting the security or securities in the person so determined.

NOTES

The object of this section is to provide relief for the small investor by enabling him to begin to draw the interest on his bond as soon as possible. On the death of the holder of a security, the small investor will not be able to draw the interest on his bond until he has gone through the processes of obtaining the probate or letters of administration or succession certificate. During the period when the Reserve Bank does not make a summary adjudication of the matter, the small investor is suffering the hardship of being kept out of his money. This period is limited to six months by this section.

Government securities not exceeding five thousand rupees face value belonging to minor or insane person.

10. When a Government security or securities belong to a minor or a person who is insane and incapable of managing his affairs and the face value of the security or securities does not in the aggregate exceed five thousand rupees, the Bank may make such order as it thinks fit for the vesting of such security or securities in such person as it considers represents the minor or insane person.

Issue of duplicate securities and of new securities on conversion, consolidation, subdivision or renewal.

11. (1) If the person entitled to a Government security applies to the Bank alleging that the security has been lost, stolen or destroyed, or has been defaced or mutilated, the Bank may on proof to its satisfaction of the loss, theft, destruction, defacement or mutilation of the security, subject to such conditions and on payment of such fees as may be prescribed, order the issue of a duplicate security payable to the applicant.

(2) If the person entitled to a Government security applies to the Bank to have the security converted into a security of another form, or into a security issued in connection with another loan or to have it consolidated with other like securities, or to have it sub-divided, or to have it renewed, the Bank may, subject to such conditions and on payment of such fees as may be prescribed, cancel the security and order the issue of a new security or securities.

(3) The person to whom a duplicate security or a new security is issued under this section shall be deemed for the purposes of section 19 to have been recognised by the Bank as the holder of the security;

duplicate security or new security or issued to any person shall be deemed to constitute a new contract between the Central Government and such person and all persons deriving title thereafter through him.

Summary determination by the Bank of title to Government security in case of dispute

12. (1) If the Bank is of opinion that a doubt exists as to the title to a Government security, it may proceed to determine the person who shall for the purposes of the Bank be deemed to be the person entitled thereto.

(2) The Bank shall give notice in writing to each claimant of whom it has knowledge, stating the names of all other claimants and the time when and the officer of the Bank by whom the determination of the Bank will be made.

(3) The Bank shall give notice in writing to each claimant of the result of the determination so made.

(4) On the expiry of six months from the issue of the notices referred to in sub-section (3), the Bank may make an order vesting in the person, found by the Bank to be entitled to the security, the security and any unpaid interest thereon.

NOTES

Vesting order by the Bank

Section 12 of the Act confers a right on the Reserve Bank to make an order determining the person who shall so far as the Bank is concerned be deemed to be the person entitled to a security, where there are two or more rival claimants. Before the Bank can under the section make an order vesting the security in a particular person, it has to give notice in writing to each claimant stating the names of all the other claimants and the time when and the Officer of the Bank by whom the determination will be made. The result of such determination will also be notified to the parties concerned.

The legal effect of such an order is stated in section 19 of the Act. Any party who is disgruntled or who is dissatisfied with the decision of the Reserve Bank has got a perfect right to go to a Court of Law and to apply that he is the holder of the security and not somebody else.

A further provision has been made in section 20 of the Act in order that the security may not remain for years and years with the Reserve Bank earning no interest. The Bank has the right to give the security to the Official Trustees of the

Province so that the Court dealing with the case could direct that the interest on the security could, for the time being when the suit is pending, be utilised in favour of the party whom the court would consider to be *prima facie* entitled to the security.

Law applicable in regard to Government securities.

13. Notwithstanding that as a matter of convenience the Central Government may have arranged for payments on a Government security to be made elsewhere than in British India, the rights of all persons in relation to Government securities shall be determined in connection with all such questions as are dealt with by this Act by the law and in the Courts of British India.

Recording of evidence.

14. (1) For the purpose of making any order which it is empowered to make under this Act, the Bank may request a District Magistrate or in an Indian State the Political Agent to record or to have recorded the whole or any part of such evidence as any person whose evidence the Bank requires may produce. A District Magistrate so requested may himself record, or may direct any Magistrate of the first class subordinate to him or any Magistrate of the second class subordinate to him and empowered in this behalf by general or special order of the Provincial Government to record the evidence, and shall forward a copy thereof to the Bank.

(2) For the purpose of making a vesting order under this Act the Bank may direct one of its officers to record the evidence of any person whose evidence the Bank requires or may receive evidence upon affidavit.

(3) A Magistrate or an officer of the Bank acting in pursuance of this section may administer an oath to any witness examined by him.

Postponement of payments and registration of transfers pending the making of a vesting order.

15. Where the Bank contemplates making an order under this act to vest a Government security in any person, the Bank may suspend payment of interest on or the maturity value of the security or postpone the making of any order under Section 11 or the registration of any transfer of the security until the vesting order has been made.

Power of Bank to require bonds.

16. (1) Before making any order which it is empowered to make under this Act, the Bank may require the person in whose favour the order is to be made to execute a bond with one or more sureties in such form as may be prescribed or to furnish security not exceeding twice the value of the subject matter of the order, to be held at the disposal of the Bank, to pay to the Bank or any person to whom the Bank may assign the bond or security in furtherance of sub-section (2) the amount thereof.

(2) A Court before which a claim in respect of the subject matter of any such order is established may order the bond or security to be assigned to the successful claimant who shall thereupon be entitled to enforce the bond or realise the security to the extent of such claim.

Publication of notices in official Gazette.

17. Any notice required to be given by the Bank under this Act may be served by post, but every such notice shall also be published by the Bank in the Official Gazette, and on such publication shall be deemed to have been delivered to all persons for whom it is intended.

Scope of vesting order.

18. An order made by the Bank under this Act may confer the full title to a Government security or may confer a title only to the accrued and accruing interest on the security pending a further order vesting the full title.

Legal effect of orders made by the Bank.

19. No recognition by the Bank of a person as the holder of a Government security and no order made by the Bank under this Act shall be called in question by any Court so far as such recognition or order affects the relations of the Central Government or the Bank with the person recognised by the Bank as the holder of a Government security or with any person claiming an interest in such security : and any such recognition by the Bank of any person or any order by the Bank vesting a Government security in any person shall operate to confer on that person a

title to the security subject only to a personal liability to the rightful owner of the security for money had and received on his account.

Stay of proceedings on order of Court.

20. Where the Bank contemplates making with reference to any Government security any order which it is empowered to make under this Act, and before the order is made the Bank receives from a Court in British India an order to stay the making of such order, the Bank shall either,

(a) hold the security together with any interest unpaid or accruing thereon until the further orders of the Court are received, or

(b) apply to the Court to have the security transferred to the Official Trustees appointed for the Province in which such Court is situated, pending the disposal of the proceedings before the Court.

Cancellation by the Bank of vesting proceedings.

21. Where the Bank contemplates making an order under this Act vesting a Government security in any person the Bank may, at any time before the order is made, cancel any proceedings already taken for that purpose and may, on such cancellation, proceed anew to the making of such order.

Discharge in respect of interest on Government securities.

22. Save as otherwise expressly provided in the terms of a Government security, no person shall be entitled to claim interest on such security in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of the amount due on such security.

Discharge in respect of bearer bonds.

23. The Central Government shall be discharged from all liability on a bearer bond or on any interest coupon of such a bond on payment to the holder of such bond or coupon on presentation on or after the date when it becomes due of the amount expressed therein, unless before such payment an order of a Court in British India has been served on the Central Government restraining it from making payment.

Period of limitation of Central Government's liability in respect of interest.

24. Where no shorter period of limitation is fixed by any law for the time being in force, the liability of the Central Government in respect of any interest payment due on a Government security shall terminate on the expiry of six years from the date on which the amount due by way of interest became payable.

Inspection of documents.

25. No person shall be entitled to inspect or to receive information derived from any Government security in the possession or custody of the Central Government or from any book, register, or other document kept or maintained by or on behalf of the Central Government in relation to Government securities or any Government security, save in such circumstances and manner and subject to such conditions as may be prescribed.

The Bank and its officers to be deemed public officers.

26. For the purposes of section 124 of the Indian Evidence Act, 1872 (I of 1872), the provisions of Part IV of the Code of Civil Procedure, 1908 (V of 1908), relating to suits by or against public officers in their official capacity, and the provisions of rule 27 of Order V, and rule 52 of Order XXI of the said Code, the Bank and any officer of the Bank acting in his capacity as such shall be deemed to be a public officer.

Penalty.

27. (1) If any person, for the purpose of obtaining for himself or for any other person any title to a Government security, makes to any authority under this Act in any application made under this Act or in the course of any inquiry undertaken in pursuance of this Act any statement which is false and

which he either knows to be false or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months, or with fine or with both.

(2) No Court shall take cognisance of any offence under sub-section (1) except on the complaint of the Bank.

Power to make rules.

28. (1) The Central Government may, subject to the condition of previous publication, by notification in the Official Gazette, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such rules may provide for all or any of the following matters, namely :—

(a) the forms in which Government securities may be issued ;

(b) the form of the obligations referred to in clause (iv) of sub-clause (a) of clause (2) of section 2;

(c) the conditions subject to which Government securities may be issued to the rulers of Indian States,

(d) The manner in which different forms of Government securities may be transferred;

(e) the holding of Government securities in the form of stock by holders of officer other than public offices, and the manner in which and the conditions subject to which Government securities so held may be transferred;

(f) the manner in which payment of interest in respect of Government securities is to be made and acknowledged;

(g) the conditions governing the grant of duplicate, renewed, converted, consolidated and sub-divided Government securities;

(h) the fees to be paid in respect of the issue of duplicate Government securities and of the renewal, conversion, consolidation and sub-division of Government securities;

(i) the form in which receipt of a Government security delivered for discharge, renewal, conversion, consolidation or sub-division is to be acknowledged;

(j) the manner of attestation of documents relating to Government securities in the form of stock;

(k) the manner in which any document relating to a Government security or any endorsement on a promissory note issued by the Central Government may, on the demand of a person who from any cause is unable to write, be executed on his behalf;

(l) the form of the bonds referred to in sub-section 16 of section 6;

(m) the circumstance and the manner in which and the conditions subject to which inspection of Government securities, books, registers and other documents may be allowed or information therefrom may be given under section 25;

(n) the procedure to be followed in making vesting orders;

(o) the authority by whom the certificate referred to in the proviso to section 7 is to be granted and the manner of making the inquiry therein mentioned.

(3) A copy of all rules under this section shall be laid on the table of both the Chambers of the Indian Legislature as soon as may be after they are made.

Act X of 1920 not to apply to Government securities.

29. The Indian Securities Act, 1920 (X of 1920) shall cease to apply to Government securities to which this Act applies, and to all matters for which provision is made by this Act.

THE PUBLIC DEBT (CENTRAL GOVERNMENT) RULES, 1946.

Not.No. F.9(1)B—46, dated the 26th April 1946.—In exercise of the powers conferred by section 28 of the Public Debt (Central Government) Act, 1944 (XVIII of 1944), the Central Government is pleased to make the following rules, the same having been previously published as required by sub-section (1) of the said section, namely:—

1. (1) These rules may be called the Public Debt (Central Government) Rules, 1946.

(2) These rules shall apply to the whole of British India including British Baluchistan and those excluded and partially excluded areas to which the Public Debt (Central Government) Act, 1944 (XVIII of 1944) has been or may hereafter be applied by notification under sub-section (1) of section 92 of the Government of India Act, 1935 and shall come into force on the 1st May 1946.

(3) They shall apply only in the case of those securities issued be the Central Government to which the Public Debt (Central Government) Act, 1944 (XVIII) of 1944) applies.

Definitions.

2. In these rules, unless there is anything repugnant in the subject or context,—

(1) "the Act" means the Public Debt (Central Government) Act, 1944 (XVIII of 1944);

(2) "the Bank" means the Reserve Bank of India;

(3) "District Magistrate" means every person exercising all or any of the powers of a District Magistrate as defined under the Code of Criminal Procedure for the time being in force;

(4) "Officer of the Bank" means the officer appointed by the Reserve Bank of India to perform the duties under the Act;

(5) "Form" means a form as set out in the Schedule to these rules;

(6) "Public Debt Office" means the office of the Reserve Bank of India on the books of which a Government Security is registered or may be registered;

(7) "Mutilated Security" means a security which has been destroyed, torn or damaged in material parts thereof and the material parts of a security are those where

(i) the number, loan to which it belongs and the face value of the security or payments of interest are recorded, or

(ii) the endorsement or the name of the payee is written or the transfer is executed, or

(iii) the renewal receipt is supplied;

(8) "Lost Security" means a security which has actually been lost and shall not mean a security which is in possession of some person adversely to the claimant.

(9) "Defaced Security" means a security which has been made illegible or rendered undecipherable in material parts.

Forms of Government securities.

3. A Government security may be held or issued in the form of—

(1) a Government promissory note payable to or to the order of a certain person:

(2) a bearer bond payable to bearer provided the issue in this form is permitted in respect of the loan to which the security appertains by a notification in the *Gazette of India*:

(3) stock in the manner laid down in Rule 5 hereunder:

Form of Government Security issuable under sub-section (2) (a) (iv) of Section 2 of the Act.

(4) a treasury bill payable to or to the order of a certain person:

(5) a promissory note in Form I issuable to a Ruler of an Indian State.

4. The Central Government may prescribe by notification in the official Gazette any other form of Government security issued under sub-section (2) (a) (iv) of Section 2 of the Act.

Stock.

5. Stock may be—

(1) registered in the books of the Public Debt Office, for which stock certificates are issued, or

(2) held, subject to such conditions and restrictions as the Bank may prescribe, at credit of the holder in the Subsidiary General Ledger Account maintained by the Public Debt Office.

Security in special form issuable to a ruler of a state.

6. (1) Government securities may be issued to the Ruler of a State in India, at his request in Form I, provided that—

(a) the Ruler has been admitted to this privilege by order of the Central Government and

(b) the total amount in this form including the amount applied for is not less than Rs. 50,000.

(2) Notes issued in accordance with sub-rule (1) shall be in the name of the Ruler by which he is designated and his successors, and property in them, save as otherwise provided, shall devolve by succession.

(3) The provisions prescribed for payment of interest on, and payment of principal of a Government promissory note shall apply to a security issued under this rule.

Transfer of different forms of securities.

7. The different forms of Government securities shall be transferable only in the manner hereunder—

(1) A Government promissory note or a treasury bill:—

(a) It shall be transferable by endorsement and delivery like a promissory note payable to order.

(b) No endorsement of a Government promissory note or a treasury bill shall be valid unless made by the signature of the holder or his duly constituted attorney or representative inscribed on the back of the security itself.

(c) No writing on a Government promissory note or a treasury bill is valid for the purpose of negotiation if such writing purports

to transfer only a part of the amount denominated by the security.

(d) The treasury or sub-treasury, or any office of the Bank or the Public Debt Office may decline to accept a Government promissory note or a treasury bill endorsed in blank for any purpose unless the endorsement in blank is converted into that in full before presentation.

(2) Bearer bonds shall be transferable by delivery. The person in possession of the bond shall be deemed to be a holder of the bond.

(3) Stock:—

(a) Stock for which a stock certificate is issued or which is held in the Subsidiary General Ledger Account shall be transferable either wholly or in part by execution of an instrument of transfer in Form II or III as the case may be.

(b) The transferor shall be deemed to be the holder of the stock to which the transfer relates until the name of the transferee is registered as a holder of the stock by the Public Debt Office.

(4) Promissory notes in Form I issued to a Ruler of an Indian State are transferable by an endorsement by the Ruler of the State for the time being. The transferee of any such note shall not be capable of negotiating or drawing interest on the same when so transferred, but shall be entitled on surrender to the Public Debt Office of the note so transferred duly receipted in Form XVI and on payment of the prescribed fee to obtain therefrom Government promissory note or notes for the nominal value of the note so transferred.

Provision for holding stock by trustees and office holders.

8. (1) Government securities in the form of stock may be held by a holder of an office other than Public office.

(a) in his personal name, described in the books of the Public Debt Office and in the stock certificate as a trustee, whether as a trustee of the trust specified in his application or as a trustee without any such qualification or,

(b) by the name of his office.

(2) On an application made in writing to the Public Debt Office in the Form required by that office, by the person in whose name a Government security stands and on surrender of the security the Public Debt Office may—

(a) make an entry in their books describing him as a trustee of a specified trust or as a trustee without specification of any trust and issue a stock certificate in his name described as trustee with or without the specification of the trust as the case may be, or

(b) issue a stock certificate to him by the name of his office and make entry in its books describing him as the holder of the stock by the name of his office, according to the applicant's request provided—

(i) the request is in conformity with the provisions of sub-rule (1) hereof,

(ii) the necessary evidence required by the Public Debt Office in terms of sub-rule 7 has been furnished, and

(iii) the Government security in the form of a Government promissory note has been endorsed in favour of the Governor General of India in Council.

(3) The stock certificate under sub-rule (1) may be held by the holder of the office either alone or jointly with a person or persons holding an office, other than a public office, or another person or an official authorised to hold securities by the name of his office.

(4) When stock is held by a person in the name of his office, and document relating to the stock concerned may be executed by the person for the time being holding the office by the name in which the stock is held as if his personal name were so stated.

(5) When any transfer-deed, power of attorney or other document purporting to be executed by a stock holder described in the book of the Public Debt Office as a trustee or as holder of an office is produced to the Public Debt Office, the Public Debt Office shall not be concerned to inquire whether the stock holder is entitled under the terms of any trust or document or rules to give any such power or to execute such deed or other document, and may act on the transfer-deed, power-of-attorney or document in the same manner as though the executant is a stock holder and whether the stock holder is or is not described in the transfer-deed, power-of-attorney or document as a trustee or as a holder of an office and whether he does or does not purport to execute the transfer-deed, power-of-attorney or document in his capacity as a trustee or as a holder of the office.

(6) Nothing in these rules shall, as between any trustees or office-holders, or as between any trustees or office-holders and the beneficiaries; under a trust or any document or rules, be deemed to authorise the trustees or office-holders to act otherwise than in accordance with the rules of law applying to trust, the terms of the instrument constituting the trust, or the rules governing the association, of which the stock holder is a holder of an office; and neither the Government nor any person holding or acquiring any interest in any Government stock shall, by reason only of any register

maintained by or on behalf of the Government in relation to any Government stock or any stock holder, or of anything in any document relating to Government stock, be affected with notice of any trust or of the fiduciary character of any stock holder or of any fiduciary obligation attaching to the holding of any Government stock.

(7) Before acting on any application made, or on any document purporting to be executed, in pursuance of this rule by a person as being the holder of any office, the Public Debt Office may require the production of evidence that such person is the holder for the time being of that office.

Payment of interest.

9. Payment of interest on a Government security shall be made and acknowledged in the following manner:—

Government Promissory Note.

(1) Interest on a Government promissory note may be made payable at any treasury or sub-treasury in British India subject to compliance by the holder with such formalities as the Public Debt Office may require and interest shall accordingly be paid at such treasury or sub-treasury on presentation of the note itself. The payee shall give a receipt in Form IV. Where, however, interest on a Government promissory note is payable at a place where a Public Debt Office is located, the note shall be presented at the Public Debt Office which shall issue an interest warrant in favour of the holder payable at the local office of the Bank. Notwithstanding anything contained herein, the Public Debt Office may pay interest on a Government promissory note, the interest on which is payable at a treasury or sub-treasury by an interest warrant payable at such treasury or sub-treasury.

Stock.

(2) Interest on stock shall be paid by warrants issued by the Public Debt Office and payable at the local Office of the Bank. Such warrants may, at the request of the holder of the stock preferred in writing to the Public Debt Office, be made payable subject to compliance by the holder with such formalities as the Public Debt Office may require at any other Indian office of the Reserve Bank of India or any agency thereof conducting Government treasury business or at any treasury or sub-treasury in British India, or, in a state in India, at the Head Post Office, if there is no British Indian treasury, or, if there is no Head Post Office, at any Post Office designated by the Central Government by order in writing in this behalf. The presentation of the stock certificate shall not be required at the time of payment of interest, but the payee shall acknowledge receipt on the back of the warrant.

Bearer Bond.

(3) Interest on a bearer bond shall be paid to any person who presents the coupon entitling him to such

interest at the Public Debt Office or the treasury in India at which the bond is registered for payment of interest.

(4) Interest on security transferred to London shall be paid by interest drafts issued by the London Office of the Bank payable in rupees at Bombay, Calcutta, Delhi or Madras.

(5) Notwithstanding anything contained in the sub-rules of this rule, the Bank may arrange for payment of interest on a Government security at any place not provided herein.

Payment of prize money.

10. The amount of any prize drawn in respect of a Prize Bond shall, after his claim has been admitted by the Bank, be paid in cash or in the form of Government securities according to the terms of the Bond, to the person who presents such prize bond at any office authorised by Government as an office of issue at the time when the loan to which the prize bond belongs was open to subscription.

Procedure when a Government security is lost, etc.

11. (1) When a Government security is lost, stolen, destroyed, mutilated or defaced, the person entitled thereto shall apply for the issue of a duplicate security in the manner laid down in Rules 12, 13, 14, 15, 16 and 17, as the case may be, to the Public Debt Office at which the security is domiciled or registered with a statement showing particulars, such as number, amount and loan of the security.

(2) The Bank may by its order suspend payment of interest on or the maturity value of the security or postpone the making of the order under Section 11 of the Act or the registration of any transfer of the security until the vesting order has been made.

Procedure when a Government Promissory Note is lost, etc.

12. Government Promissory Note :—

(1) The application for the issue of a duplicate note in place of a Government promissory note which is alleged to have been lost, stolen, destroyed, mutilated or defaced either wholly or in part shall be accompanied by

(a) a statement of the following particulars, namely :—

(i) the last half-year for which interest has been paid :

(ii) the person to whom such interest was paid ;

(iii) the person in whose name the note was issued (if known) ;

(iv) particulars of coupons attached (if any) ;

(v) the place for payment of interest at which the note was for the time being enfaced ;

(vi) the circumstances attending the loss, theft, destruction, mutilation or defacement ; and

(vii) whether the loss or theft was reported to the police ;

(b) the Post Office registration receipt for the letter containing the note, if the same was lost in transmission by registered post ;

(c) a copy of the police report, if the loss or theft was reported to the police ;

(d) where the last payment of interest was not made by a warrant issued by the Public Debt Office, a letter signed by the officer of the treasury where interest was last paid certifying the last payment of interest on the note and stating the name of the party to whom such payment was made :

(e) if the applicant is not the holder in whose name the note was originally issued, an affidavit sworn before a Magistrate testifying that the applicant was the last legal holder of the promissory note and all documentary evidence necessary to trace back the title to the original holder ; and

(f) any portion or fragments which may remain of the lost, stolen, destroyed, mutilated or defaced note.

(2) A duplicate of the letter to the Public Debt Office, but not of its enclosures, shall also be sent to the treasury where interest is payable.

(3) The loss, theft, destruction, mutilation or defacement of a Government promissory note or portion of a Government promissory note shall be further notified by the applicant in three successive issues of the *Gazette of India* and of the local official *Gazette*, if any, of the place where the loss, theft, destruction, mutilation or defacement occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit :—

"Lost" ("stolen", "destroyed", "mutilated" or "defaced" as the case may be).

"The Government promissory note No. of the per cent. loan of for Rs. originally standing in the name of , and last endorsed to the proprietor, by whom it was never endorsed to any other person having been lost (stolen, destroyed, mutilated or defaced) notice is hereby given that payment of the

above note and the interest thereupon has been stopped at the Public Debt Office, and that application is about to be made for the issue of a duplicate in favour of the proprietor. The public are cautioned against purchasing or otherwise dealing with the abovementioned security.

Name of person notifying.

Residence".

(4) After the publication of the last notification prescribed in sub-rule (3) of this rule, the Bank shall, if it is satisfied of the loss, theft, destruction, mutilation or defacement of the note and of the justice of the claim of the applicant, cause the particulars of the note to be included in a list such as is referred to in Rule 18 hereunder, and shall order the Public Debt Office—

(a) if only a portion of the note has been lost, stolen, destroyed, mutilated or defaced, and if a portion of the note sufficient for its identification has been produced, to pay interest and to issue to the applicant, on the execution of an idemnity bond such as is hereinafter mentioned, a duplicate note in place of that of which a portion has been so lost, stolen, destroyed, mutilated or defaced, and on the expiry of such period as the Bank may consider necessary from or immediately after the date of the publication of the said list,

(b) if no portion of the note so lost, stolen, destroyed, mutilated or defaced, sufficient for its identification has been produced—

(I) to pay to the applicant, two years after the publication of the said list, and on the execution of an indemnity bond in the manner hereinafter prescribed, the interest in respect of the note so lost, stolen, destroyed, mutilated or defaced till the expiry of the period of six years as hereunder, and

(II) to issue to the applicant a duplicate note in place of the note so lost, stolen, destroyed, mutilated or defaced six years after the date of publication of the said list ; provided that—

(i) if the date on which the note is due for repayment falls earlier than the date on which the said period of six years expires, the Bank shall, within six weeks of the former date, invest the principal amount due on the note in the Post Office Savings Bank unless before the expiry of such period, the applicant has made a specific request for the investment of the amount in securities of any of the current rupee loans of the Central Government maturing not earlier than the date which the duplicate is due for issue, and in that case, shall invest the amount in such securities, and deposit the balance if any, left after such investment in the Post Office Savings Bank. It

shall repay the amount invested in the Post Office Savings Bank, together with any interest which may have accrued thereon and, if any investment has been made in Government securities, shall deliver such securities, together with the interest accrued thereon, to the applicant at the time when a duplicate note would otherwise have been issued, and

(ii) if at any time before the issue of duplicate note the original note is discovered or it appears to the Public Debt Office for other reasons that the order should be rescinded, the matter shall be referred to the Bank for further consideration and in the meantime all action on the order shall be suspended. An order passed under this sub-rule shall on expiry of the six years referred to therein, become final unless it is in the meantime rescinded or otherwise modified,

(c) if the note has been lost by enemy action, to pay interest and to issue to the applicant, on the execution of an indemnity bond as is hereinafter mentioned, a duplicate note immediately after the date of the publication of the said list.

(5) The Bank may, at any time prior to the issue of a duplicate note, if it finds sufficient reason, alter or cancel any order made by the Bank under this rule and may also direct that the interval before the issue of a duplicate note shall be extended by such period not exceeding six years as it may think fit.

(6) Indemnity Bonds—

(i) (a) when executed under sub-rule (4) (b) (I) and not under Rule 22 (8) shall be for twice the amount of the interest involved, that is to say, twice the amount of all back interest accrued due on the note plus twice the amount of all interest to accrue due thereon during the period which will have to elapse before the issue of a duplicate note can be made, and

(b) in all other cases shall be for twice the face value of the note plus twice the amount of interest calculated in accordance with clause (a).

(ii) The Bank may direct that such indemnity bond shall be executed by the applicant alone or by the applicant and one or two sureties as it may think fit, or that in lieu of furnishing personal sureties the applicant shall furnish collateral security in the shape of Government securities to be deposited with it for such amount and period as it may think fit.

13. Treasury Bills :—

Procedure when a treasury bill is lost, etc.

(1) Every application regarding a treasury bill alleged to have been lost, stolen, destroyed, mutilated or defaced, either wholly or in part, shall be addressed to the office or agency of the Bank which issued it, and shall be accompanied

by a registration fee of Re. 1 per treasury bill and a statement of the following particulars, namely :—

(i) the circumstances attending the loss, theft, destruction, mutilation or defacement ; and

(ii) whether the loss or theft was reported to the police.

(2) The application shall also be accompanied by—

(i) the Post Office registration receipt for the letter containing the treasury bill if lost in transmission by post ;

(ii) a copy of the police report, if the loss or theft was reported to the police ;

(iii) an affidavit sworn before a magistrate testifying that the claimant was the last legal holder of the treasury bill ; and

(iv) any portions or fragments which may remain of the lost, stolen, destroyed, mutilated or defaced treasury bill.

(3) The loss, theft, destruction, mutilation or defacement of a treasury bill shall be further notified by the applicant in one issue each of the *Gazette of India* and of the local official *Gazette*, if any, of the place where the loss, theft, destruction, mutilation or defacement occurred. Such notification should be in the form following, or as nearly in such form as circumstances permit :—

"Lost" ("stolen", "destroyed", "mutilated" or defaced,' as the case may be).

"The Treasury Bill No. for Rs. issued on and maturing after a period of months, having been lost (stolen, destroyed, mutilated or defaced) notice is hereby given that application is about to be made for payment of the value of the said Treasury Bill in favour of the undersigned.

Name of person notifying.

Residence".

(4) After the publication of the notifications prescribed in sub-rule (3) hereof, the Bank shall, if it is satisfied of the loss, theft, destruction, mutilation or defacement of the treasury bill, and of the justice of the claim of the applicant, cause the particulars of the treasury bill to be included in a list such as is referred to in Rule 18 hereunder and may authorise the office of issue to pay immediately, or if the bill has not matured in the meanwhile, on the date of its maturity, the value of the bill to the applicant on the execution of an indemnity bond such as is hereinafter mentioned, provided that

if for any reason the Bank holds that payment of the value of the treasury bill as above would involve risk of loss to Government, it may withhold payment thereof, and in that case shall, within six weeks of the date of its decision to withhold payment or of the date of maturity of the treasury bill alleged to have been lost, stolen, destroyed, mutilated or defaced, whichever date is later, invest the amount of the treasury bill in the Post Office Savings Bank unless, before the expiry of such period, the applicant has made a specific request for the investment of the amount in securities of any of the current rupee loans of the Central Government maturing not earlier than the date on which the amount is due for payment, and in that case the Bank shall invest the amount in such securities and deposit the balance, if any, left after such investment in the Post Office Savings Bank. The Bank shall repay the amount invested in the Post Office Savings Bank, together with any interest which may have accrued thereon and, if any investment has been made in Government securities, shall deliver such securities, together with the interest accrued thereon to the applicant on the expiry of six years from the date of publication in the list mentioned above.

(5) The indemnity bond referred to in sub-rule (4) hereof if an indemnity bond has not been executed under Rule 22(8) shall be for twice the value of the treasury bill. The Bank may direct that such indemnity bond shall be executed by the applicant alone or by the applicant and one or two sureties or that in lieu of furnishing sureties the applicant shall deposit with its collateral security in the shape of Government securities for such amount and period as it may think fit.

14. Bearer Bonds:—

Procedure when a bearer bond is lost etc.

(1) Every application for the issue of a duplicate bond in place of a bearer bond which is alleged to have been lost, stolen, destroyed, mutilated or defaced together with its coupons or the coupons of which are alleged to have been lost, stolen, destroyed, mutilated or defaced shall be accompanied by a registration fee of Rs. 2 per bond and a statement of the following particulars, namely:—

(i) particulars of coupons alleged to have been lost or in the possession of the claimant, as the case may be;

(ii) the name of the Public Debt Office or treasury at which the bond has been registered for payment of interest;

(iii) the circumstances attending the loss, theft, destruction, mutilation; and

(iv) whether the loss of theft was reported to the police.

(2) The application shall be accompanied by

(i) the post Office registration receipt for the letter containing the bearer bond or coupons, or both, if lost in transmission by registered post;

(ii) a copy of the police report, if the loss or theft was reported to the police;

(iii) where the last payment of a coupon with regard to the bond was not made by the Public Debt Office, a letter signed by the officer of the treasury at which interest was last paid, certifying the last payment of such coupon;

(iv) an affidavit sworn before a Magistrate testifying that the applicant was the last legal holder of the bearer bond;

(v) any portion or fragments which may remain of the lost, stolen, destroyed, mutilated or defaced bearer bond or coupons, or both; and

(vi) all coupons which are in possession of the person claiming to be the owner of the bond and coupons.

(3) A duplicate of the letter to the Public Debt Office, but not of its enclosures shall also be sent to the treasury at which the bond is registered for payment of coupons.

(4) The loss, theft, destruction, mutilation or defacement of a bearer bond or coupons, or both, shall be further notified by the applicant in three successive issues of the *Gazette of India* and of the local official *Gazette*, if any, of the place where the loss, theft, destruction or defacement occurred. Such notification shall be in the form following, or as nearly in such form as circumstances permit:—

"Lost" ("stolen", "destroyed" or "defaced" as the case may be).

bearer bond No.

The _____ of the per cent coupons relating to bearer bond No.

(together with coupons or without coupons) for Rs. loan _____ having for Rs. been lost (stolen, destroyed, mutilated or defaced), notice is hereby given that application is about to be made to the Public Debt Office for the issue of a duplicate in favour of the undersigned. Name of person notifying. Residence."

(5) Where a bearer bond is reported to be lost, stolen, destroyed, mutilated or defaced, and the coupons are in the possession of the person claiming to be the owner of the bond and coupons, the Bank shall, on the expiry of such period as the Bank may consider proper from or immediately after the

date of last notification prescribed in sub-rule (4), if satisfied that the bond has been lost, stolen, destroyed, mutilated or defaced and that the claim of the applicant is just, cause the particulars of the bond so lost, stolen, destroyed, mutilated or defaced to be included in a list such as is referred to in Rule 18 hereof and shall order the Public Debt Office to issue to the applicant of any coupons which may be due on the execution of an indemnity bond taken for twice the value of the bond lost, stolen, destroyed, mutilated or defaced if an indemnity bond has not been executed under Rule 22 (8) and on the surrender of the unpaid coupons of the original bond.

(6) Where both a bearer bond and its coupons are reported to be lost, stolen, destroyed, mutilated or defaced, the Bank shall on the expiry of two years from the date of the last notification prescribed in sub-rule (4) if *prima facie* grounds exist for believing that the bond and coupons have been lost, stolen, destroyed, mutilated or defaced, and that the claim of the applicant is just, cause the particulars of the bond and coupons so lost, stolen, mutilated or defaced to be included in a list such as is referred to in Rule 18 hereof and shall pass a provisional order requiring the Public Debt Office, on the expiry of six years from the date of publication, as hereinafter provided, of the list in which the lost, stolen, destroyed, mutilated or defaced bond and coupons are first included and on the execution of an indemnity bond taken for twice the value of the bond and twice the value of the coupons due for payment if an indemnity bond has not been executed under Rule 22 (8) and unless reasons to the contrary appear (in which case the matter shall be referred back to the Bank)

(a) to issue to the applicant a duplicate bond with coupons, and

(b) to pay the amount of any coupon which may be due:

Provided that, if the date on which the bearer bond is due for repayment falls earlier than the date on which the period of six years prescribed in this rule expires, the Bank shall, within six weeks of the former date, invest the amount of the bond in the Post Office Savings Bank, and shall repay this amount, together with any interest which may have accrued thereon in such Bank, to the applicant at the time when a duplicate bond would otherwise have been issued.

(7) Where the coupons only of a Bearer Bond are reported to be lost, stolen, destroyed, mutilated or defaced and the Bond with any coupons attached to it is in the possession of the person claiming to be the owner thereof, the Bank on the expiry of such period as it may consider proper from or immediately after the date of the last notification prescribed in sub-rule (4),

and on being satisfied that the coupons have been lost, stolen, destroyed, mutilated or defaced and that the claim of the applicant is just, shall cause the particulars of the coupons so lost, stolen, destroyed, mutilated or defaced to be included in a list such as is referred to in Rule 18 hereof and shall order the Public Debt Office to issue to the applicant a duplicate bond with coupons which are not due for payment and to pay the amount of any coupons which may be due on the execution of an indemnity bond taken for twice the value of coupons due for payment and on the surrender of the Bearer Bond and the coupons in his possession provided an indemnity bond has not been executed under Rule 22 (8).

(8) In making any order under this rule the Bank may direct that the indemnity bond be executed by the applicant alone or by the applicant and two sureties as the Bank may think fit.

(9) A provisional order passed under sub-rule (6) shall, on the expiry of the six years referred to therein become final unless it is in the meantime rescinded or otherwise altered.

(10) The Bank may at any time prior to the issue of a duplicate bond, if it finds sufficient reasons, alter or cancel any order made by the Bank under sub-rule (5), (6) or (7) and may also direct that the interval before the issue of a duplicate bond shall be extended by such period, not exceeding six years as it thinks fit.

Procedure when a prize bond is lost, etc.

15. Prize Bonds :—

(1) (a) Every application for the issue of a duplicate bond in place of a prize bond which is alleged to have been lost, stolen, destroyed, mutilated or defaced shall be addressed to the Public Debt Office and shall be accompanied by a registration fee of Re. 1 per bond and a statement of the following particulars, namely :—

(i) particulars of the number and value of the prize bond and the loan to which it belongs ;

(ii) the name of the office at which the bond was purchased ;

(iii) the circumstances attending the loss, theft, destruction, mutilation or defacement ; and

(iv) whether the loss or theft was reported to the police.

(b) Such application shall be accompanied by :—

(i) Post Office registration receipt for the letter containing the prize bond, if lost in transmission by registered post ;

(ii) a copy of the police report if the loss or theft was reported to the police.

(iii) an affidavit sworn before a Magistrate testifying that the applicant was the last legal holder of the bond ; and

(iv) any portions or fragments which may remain of the lost, stolen, destroyed, mutilated or defaced prize bond.

(2) The loss, theft, destruction, mutilation or defacement of a prize bond shall be further notified by the applicant in the *Gazette of India* and the local official Gazette, if any, of the place where the loss, theft, destruction, mutilation or defacement occurred. Such notification shall be published in such issues of each Gazette, not exceeding three in the case of each, as may be directed by the Bank and shall be in the form following or as nearly in such form as circumstances permit :—

" Lost " (" stolen," " destroyed," " mutilated " or " defaced " as the case may be).

" The Prize Bond No. of the loan for face value of Rs. having been lost (stolen, destroyed, mutilated or defaced), notice is hereby given that application is about to be made to the Public Debt Office for the issue of a duplicate in favour of the undersigned.

Name of the person notifying.

Residence."

(3) Where a prize bond is reported to be lost, stolen, destroyed, mutilated or defaced, the Bank shall, on the expiry of two years from the date of the last notification prescribed in sub-rule (2), if *prima facie* grounds exist for believing that the bond has been lost, stolen, destroyed, mutilated or defaced and that the claim of the applicant is just, cause the particulars of the bond so lost, stolen, destroyed, mutilated or defaced to be included in a list such as is referred to in Rule 18 and shall pass a provisional order requiring the Public Debt Office, on the expiry of six years from the date of the publication, as hereinafter provided, of the list in which the lost, stolen, destroyed, multilated or defaced bond is first included and on the execution of an indemnity bond taken for twice the value of the bond, if an indemnity bond has not been executed under Rule 22 (8) and unless reasons to the contrary appear (in which case the matter shall be referred back to the Bank) to issue to the applicant a duplicate bond :

Provided that, if any prize is drawn but not paid in respect of a prize bond which is alleged to be lost, stolen, destroyed, mutilated or destroyed, the amount of such prize shall be invested in such Government securities as the Bank may deem fit and such securities shall be trans-

ferred to the applicant, at the time when the duplicate bond is issued, on the execution of an indemnity bond taken for twice the amount of the prize money.

(4) A provisional order passed under sub-rule (3) shall, on the expiry of the six years referred to in that rule, become final :

Provided that the Bank may at any time prior to the issue of a duplicate bond, if it finds sufficient reasons, alter or cancel any such order, and may also direct that the interval before the issue of a duplicate bond shall be extended by such period, not exceeding six years, as it thinks fit.

(5) In making any order under sub-rule (3), the Bank may direct that the indemnity bond be executed by the applicant alone or by the applicant and two sureties as the Bank may think fit.

Procedure when a stock certificate is lost, etc

16. Stock Certificate :—

(1) Every application for the issue of a duplicate stock certificate in place of a stock certificate which is alleged to have been lost, stolen, destroyed, mutilated or defaced, either wholly or in part shall be addressed to the Public Debt Office and shall be accompanied by :—

(a) the Post Office registration receipt for the letter containing the stock certificate, if the same was lost in transmission by registered post ;

(b) a copy of the police report, if the loss or theft was reported to the police ;

(c) an affidavit sworn before a Magistrate testifying that the applicant is the legal holder of the stock certificate and that the stock certificate is neither in his possession nor has it been transferred, pledged or otherwise dealt with by him ; and

(d) any portions or fragments which may remain of the lost, stolen, destroyed, mutilated or defaced stock certificate.

(2) The circumstances attending the loss shall be stated in the application.

(3) The Bank shall, if it is satisfied of the loss, theft, destruction, mutilation or defacement of the stock certificate, order the Public Debt Office to issue a duplicate stock certificate in lieu of the original certificate.

Procedure when a Government promissory note in special form is lost, etc.

17. The procedure prescribed in Rule 12 shall apply to a promissory note issued in Form I when such note is lost, stolen, destroyed, mutilated or defaced.

Publication of list.-

18. (1) The lists referred to in Rules 12 to 15 shall be published half-yearly in the *Gazette of India* in the months of January and July or as soon afterwards as may be convenient.

(2) All Government promissory notes, treasury bills, bearer bonds, coupons, prize bonds and notes in Form I in respect of which an order has been passed under Rules 12 to 15, as the case may be, shall be included in the first list published next after the passing of such order and thereafter such notes, treasury bills, bearer bonds, coupons, prize bonds and notes in Form I shall continue to be included in every succeeding list until the expiration of six years from the date of first publication.

(3) The list shall contain as far as possible the following particulars regarding each note, treasury bill, bearer bond, coupon, prize bond, and note in Form I included therein, namely, the name of the loan, the number of the Government security, its value, the person to whom it was issued, the date from which it bears interest, the dividend number and date of coupon, the name of the applicant for a duplicate, the number and the date of the order passed by the Bank for payment of interest or issue of a duplicate and the date of publication of the list in which the Government security or the coupon was first included.

Determination of title by vesting order.

19. Notwithstanding anything contained in Rules 12, to 17, the title to a lost, stolen, destroyed, mutilated or defaced security may be determined by the Bank by its order vesting title to the security or to the payment of interest only or to both.

Determination of a mutilated security as a security requiring renewal.

20. It shall be at the option of the Bank to treat a security which has been mutilated or defaced as a security requiring issue of a duplicate under any of the Rules from 12 to 17 or mere renewal under Rule 24.

When a Government promissory note is required to be renewed.

21. (1) A holder of a Government promissory note may be required by the Public Debt Office to receipt the same for renewal in any of the following cases, namely :—

(a) if only sufficient room remains on the back of the note for one further endorsement or if any word is written upon the note across any existing endorsement or endorsements;

(b) if the note is torn or in any way damaged or crowded with writing or unfit, in the opinion of the Public Debt Office;

(c) if any endorsement is not clear and distinct or does not indicate the payee or payees, as the case may be, by name or in the case of office-holders, by office, or is made otherwise than in one of the endorsement cages on the back of the note;

(d) if the interest on the note has remained undrawn for ten years or more;

(e) if the interest cages on the reverse of the note have been completely filled or if the vacant printed cages on the reverse of the note do not correspond with the half years for which interest has become due on the date when the note is represented for drawal of interest;

(f) in the note having been enfaced three times for payment of interest is presented for reinforcement; and

(g) if, in the opinion of the Public Debt Office, the title of the person presenting the note for payment of interest is irregular or not fully proved.

(2) When requisition for renewal of a Government Promissory note has been made under sub-rule (1) payment of any further interest thereon may be refused until it is receipted for renewal and actually renewed.

Procedure for making vesting order.

22. (1) In cases to which Section 9, 10 or 12 of the Act, as the case may be, applies, the Bank may determine the person in the manner hereunder as being entitled in its opinion

(i) to the security, or

(ii) only to payment of all accrued interest and accruing interest, or

(iii) to the security and payment of all accrued and accruing interest,

and may by its order vest title in such person accordingly.

(2) The person claiming to be entitled to a security or to payment of accrued or accruing interest thereon shall apply to the Bank and adduce documentary evidence in support of his claim.

(3) On receipt of the application by the Bank, the Bank if it contemplates making vesting order under the Act—

(i) may suspend payment of interest on or the maturity value of the security or postpone the making of any order under Section 11 or the registration of any transfer of the security until the vesting order has been made;

(ii) may, if it considers proper request a District Magistrate, or in the case of an Indian State, the Political Agent to record or to have recorded the whole or any part of such evidence as any person whose evidence the Bank requires may produce or direct one of its officers to record such evidence or may receive evidence upon affidavit. Nothing herein shall preclude the Bank from

determining title without enquiry in the manner laid down in this sub-rule except in cases coming under Section 12 of the Act.

(4) The Bank shall thereafter give notice in writing to each claimant of whom it has knowledge, stating the names of all other claimants and the time when and the officer of the Bank by whom the determination of title will be made.

(5) On the date and at the time fixed in the notice, the officer shall—

(i) examine the evidence adduced by the parties;

(ii) hear the parties affected and record such evidence as they adduce. No further evidence shall be recorded or entertained in cases where

(a) the District Magistrate or the Political Agent, as the case may be, has been requested to record or to have the evidence recorded, or

(b) the Bank has directed one of its officers to record the evidence, and

(iii) determine the issue as to who is entitled to the security or to payment of interest or to both.

(6) After determination of the issue by the officer, the Bank shall give notice in writing to each claimant of the determination so made.

(7) The notices prescribed in sub-rules (4) and (6) above shall be published in three successive issues of the *Gazette of India* and the local official *Gazette* as soon as possible after the date on which they are respectively issued.

(8) The Bank may require the person considered by the Bank as being entitled to the security or to payment of interest or to both to execute a bond in Form V, with one or more sureties or to furnish security not exceeding twice the value of the subject matter of the order, to be held at the disposal of the Bank to pay to the Bank or to any person to whom the Bank may assign the bond or security in furtherance of sub-section (2) of Section 16 of the Act, the amount thereof.

(9) On the expiry of six months from the issue of the notices referred to in sub-rule (7), the Bank may make an order vesting in the person found by the Bank to be entitled thereto

(a) the security, or

(b) the payment of accrued and accruing interest on the security, or

(c) both the security and the payment of accrued and accruing interest on the security.

(10) When title to the accrued and accruing interest is vested in a person under sub-rule (9) (b), such person shall be deemed as having been granted powers to realise accrued interest and to draw interest that may from time to time become due on the security pending a further order vesting full title.

(11) In the case of a security maturing for payment of principal the Bank may vest title limited to drawal of interest and simultaneously full title to take effect on the maturity of the security.

(12) The person in whom title to the accrued and accruing interest has been vested by the Bank may apply to the Bank for issue of an order vesting full title in him when the security becomes due for payment of the discharge value and the Bank may vest full title in him in the manner laid down in the sub-rules of this rule.

(13) Notwithstanding anything contained in the sub-rules of this rule the Bank may vest—

(a) title limited to drawal of interest in guardian of a minor or a manager of the property of an insane person, and

(b) full title in the minor or the insane person to take effect on the minor attaining the age of majority or on the insane person becoming sane.

Proviso for recognition of title to Govt. securities held by managing member of a Hindu joint family subject to Mitakshara Law.

(14) When full title to a Government security is vested under sub-rule (9) (a), (9) (c), (11) or (12) of this rule in a person, such person shall be regarded as having been granted full and unqualified powers, so far as Government and the Bank are concerned, in relation to this security.

23. The certificate required under the proviso to Section 7 of the Act shall be a certificate signed by the District Magistrate after such inquiry (if any) as may in his opinion be necessary to determine the matters in question referred to therein.

Receipt for renewal etc.

24. (1) Subject to any general or special instructions of the Bank, the Public Debt Office may, by its order, on the application of the holder

(a) renew, sub-divide or consolidate a Government promissory note or notes provided that the note or notes has or have been receipted in Form VI, VII or VIII as the case may be, or

(b) convert the note or notes into stock certificate or stock certificates, provided that the note or notes has or have been endorsed, "Pay to the Governor General of India in Council," or

(c) convert the note or notes into a bearer bond or bearer bonds provided that the note or notes has or have been endorsed in Form IX, or

(d) renew, sub-divide or consolidate a stock certificate or stock certificates provided the stock certificate or stock certificates has or have been receipted in Form X, XI, or XII, as the case may be, or

(e) convert the stock certificate or stock certificates into a Government promissory note or notes provided the stock certificate or stock certifiates has or have been receipted in Form XIII, or

(f) convert the stock certificate or stock certificates into bearer bond or bonds provided the stock certificate or certificates has or have been receipted in Form XIV and provided the loan to which the stock certificate or stock certificates appertain, admits of issue of bearer bonds, or

(g) renew, sub-divide or consolidate a bearer bond or bonds, or

(h) convert the bearer bond or bonds into a stock certificate or certificates, or

(i) convert the bearer bond or bonds into Government promissory note or notes, or

(j) renew a prize bond, or

(k) renew, sub-divide or consolidate a Government promissory note or notes in Form I provided the promissory note or notes has or have beed receipted in Form XVII, or XIX, as the case may be, or

(1) convert Government securities of one loan into those of another loan provided—

(i) the inter-loan conversion is permissible, and

(ii) the conditions governing such conversion are complied with, or

(m) convert the note or notes, (stock certificate or stock certificates, bearer bond or bearer bonds, as the case may be) into stock to be held at the credit of the account of the holder in the Subsidiary General Ledger, provided the holder is admitted by the Public Debt Office to the facility of holding stock at credit to his account in the Subsidiary General Ledger and the note or notes (stock certificate or stock certificates) is or are receipted in the form as under :—

"Tendered for cancellation and credit to .....

(name of the holder) Subsidiary General Ledger Account.

Signature of the holder....."

(n) convert stock held at the credit of the holder's account in the Subsidiary General Ledger into Government promissory note or notes, stock certificate or stock certificates or bearer bond or bearer bonds subject to compliance with such formalities as the Public Debt Office may require.

(2) Subject to any general or special instructions of the Bank, the office or the agency which issued a treasury bill may, on the application of the holder thereof renew it provided that the treasury bill has been receipted in Form XV.

(3) The Public Debt Office may, under any of the sub-rules of this rule, require the applicant to execute a bond in Form V with one or more sureties approved by the Public Debt Office or to furnish security not exceeding twice the value of the subject matter of the order, to be held at the disposal of the Bank, to pay to the Bank or to any person to whom the Bank may assign the bond or security in furtherance of sub-section (2) of Section 16 of the Act, the amount thereof.

Discharge of a security.

25. (1) When a Government security except in the form of a treasury bill or a prize bond, becomes due for payment of principal, the security in the form of—

(a) a Government promissory note,

(b) stock for which stock certificates are issued,

(c) a promissory note issued in Form I, and

(d) a bearer bond,

shall be presented at the office at which the interest on the security is payable or at the Public Debt Office of domicile and signed except in the case of a bearer bond by the holder on its reverse. In the case of bearer bonds, coupon or coupons, if any, for the half year succeeding the date of payment of the principal shall be surrendered with the bond or bonds. In the case of stock held in the Subsidiary General Ledger Account, payment of the discharge value shall be made by a pay order issued by the Public Debt Office at which the stock is registered on receipt of a prior demand by the account holder and the acquittance form duly completed by him.

(2) A treasury bill shall be duly discharged by the holder on maturity and presented at the office of issue.

(3) A prize bond shall be presented for payment on maturity at the Public Debt Office or at any office referred to in Rule 10.

Receipt not required on discharge etc., of a bond or a prize bond.

26. (1) When a bearer bond is presented for discharge, renewal, conversion, sub-division or consolidation, no receipt shall be required.

(2) When a prize bond is presented for discharge or renewal no receipt shall be required,

When executant of a document or maker of an endorsement is unable to write.

27. (1) If any person by whom any document relating to a Government security is to be executed or by whom an endorsement is to be made on a Government promissory note, satisfies a Magistrate that he is for any reason unable to write, and that the effect of the document or endorsement is fully understood by him, and that he is the person whom he represents himself to be, such Magistrate may, at the request of that person and subject to the provisions of this rule, execute the document or sign the endorsement on his behalf.

(2) Where any such document is to be executed or an endorsement signed by a Magistrate under this rule on behalf of any person, the Magistrate shall execute the document or sign the endorsement in the presence of that person, and shall enter below his own signature a certificate to the effect that the document was executed, or the endorsement signed, as the case may be, at the request of that person, after having been previously read over to the latter, and that he is satisfied that the effect of the document or the endorsement is fully understood by such person.

(3) Nothing in the above sub-rules shall preclude the Bank from acting upon the execution of a document relating to a Government security, or on an endorsement thereon in a manner otherwise than referred to above provided the Bank is satisfied as to the genuineness and validity of the execution of the document or endorsement on the Government security.

Application for grant of information.

28. (1) Any person requiring information regarding a Government security in the custody of the Public Debt Office may apply to that office in writing stating the form in which the information is required.

(2) Every such application shall state with precision the particulars (namely, the number, rate of interest, loan to which it belongs and the face value) of the security and shall contain a statement of the purpose for which the information is required and of the interest of the applicant in the security. If any of the above particulars are not known to the applicant, the Bank may on application in writing being made to it, direct the Public Debt Office, at its discretion, to supply the required particular or particulars, if available, to the applicant subject to such conditions and on payment of such fees, if any as it may prescribe.

Disposal of application for grant of information or inspection.

29. The following provisions shall be observed in dealing with applications under Rule 28.

(1) If the application asks for any information in respect of a security which has been renewed, converted, consoli-

dated, sub-divided otherwise than in the name of the person who has renewed, converted, consolidated or sub-divided the security or asks for inspection of such security, or any register or book kept or maintained in the Public Debt Office in respect thereof or of any entry of such security in such register or book, the application shall be refused. The register or the book shall mean the register or the book in which the security is entered, registered or referred to.

(2) If the applicant asks for inspection or information in respect of a security which has been cancelled on payment of the amount due in respect thereof, it shall be referred to, and disposed of under the orders of the Bank.

(3) In any other case the Public Debt Office may subject to the provisions hereinafter contained, grant a certified copy of any endorsement on a security or of an entry in any register or book maintained or kept by that office relating to any security, on being satisfied that the security in question has stood in the name of the applicant, or of a person in whom the applicant has a representative interest, and further that the applicant has a *bona fide* interest in the security in respect of which the application is made :

Provided that if the security has been cancelled on payment of the amount due in respect thereof, no copy of any endorsement thereon shall be granted which purports to give a title subsequent to the termination of the applicant's interest in the security.

(4) The Public Debt Office may, under a special order of the Bank, supply any information regarding a security referred to in sub-rules (2) and (3) which is directed to be supplied by such an order.

(5) If an applicant asks for—

(a) any information from the record of the Public Debt Office or the Bank in connection with a Government security or any loan,

(b) a copy of any document from the record, and

(c) inspection of any record generally or any document or documents specifically, the application shall be referred to and disposed of subject to the provisions of sub-rule (1) of this rule under the order of the Bank.

(6) If the application relates to the grant of permission for inspection of an interest warrant or of information relating to payment of interest for a specific half year or half years the application may be granted by the Bank provided the applicant was the person to whom interest was paid.

(7) No information from any document or record in respect of the proceedings instituted by the Bank under Section 12 of the Act shall be granted by the Bank.

Indemnity bond and fees in connection with grant of information or inspection.

30. (1) Every applicant shall before any information is supplied or permission for inspection granted to him execute a bond of indemnity as nearly as may be in Form XX for the amount as hereinafter mentioned—

(a) the bond of indemnity for grant of information or inspection under any of the sub-rules (1) to (4) of Rule 29 shall be for twice the face value of the security or securities involved and the interest paid thereon from the date of issue, and

(b) the bond of indemnity for grant of information or of permission for inspection under sub-rules (5) and (6) of Rule 29 shall be for such amount as may be determined by the Bank.

(2) Every application shall before any information is supplied to him under Rule 28 or 29 pay a fee of Re. 1 for each security in respect of which any information is supplied and a fee of Re. 1 shall be paid for each certified copy granted under Rule 29.

(3) The Bank may waive the execution of a bond of indemnity or may forego the fees either wholly or partly payable to the Bank under sub-rule (2) above, or may do both.

Fees.

31. The following fees shall be paid in respect of applications under Section 11 of the Act, namely :—

For each renewed, converted, consolidated, sub-divided or duplicate security, 4 annas per cent. if the new security does not exceed in amount Rs. 400, and Re. 1 if the new security exceeds that sum :

Provided that no fee shall be payable—

(a) in respect of the conversion of a Government promissory note or a bearer bond into stock certificate, and

(b) in respect of the renewal of a note which bears no endorsement other than an endorsement by the Reserve Bank of India, the Imperial Bank of India (or one of the banks constituted by the Presidency Banks Act, 1876), the Controller of the Currency, his Deputy or Assistant, or an Accountant General, his Deputy or Assistant, or an Assistant Accounts Officer, Posts and Telegraphs, and the renewal endorsement when such renewal is required only on account of there being no further space on the note in which to record payment or endorsement for payment of interest.

32. The Indian Securities Rules, 1935, shall cease to apply to those Central Government securities to which the Act and those rules apply.

THE SCHEDULE

See Rule 2 (5)

FORM I

See Rule 6

Form of Special Notes Issued to Rulers of States in India

Government per cent loan of Rs.

at per cent. of (name of Loan) Public Debt Office.

The Governor General of India in Council hereby promises to pay to* , or his successor the of , for the time being, at the General Treasury at Fort William on (here state the date of discharge of the loan)

Rupees and to pay to the said and his successors of for the time being, at the General Treasury above mentioned interest on such sum from the to the date on which the same shall become payable as aforesaid at the rate of per cent. per annum such interest to be paid by equal half-yearly payments on the and on the in every year. Provided always that the said principal sum of Rupees or any part thereof and the right to receive the same and the interest thereon as aforesaid may at any time be transferred absolutely by the for the time being entitled to receive the interest thereon and the Governor General of India in Council hereby agrees on surrender of this special note to issue to the said or any of His Successors of , for the time being and holder of this note, promissory notes of the per cent. Loan of in the usual form for the whole or part of the said principal sum according to the request of the making the surrender and to any transferee or transferees under the power aforesaid, promissory notes of the same loan in the usual form for the amount transferred and to the said a special note in this form for any balance thereof not represented by the notes so issued. Rs. dated the day of No.

Manager,
Reserve Bank of India,
Public Debt Office.

Governor
Reserve Bank of India.

FORM II

(See Rule 7)

Form of Transfer

*Here mention the exact designation of the Ruler.

I/We

do hereby assign and transfer my/our interest or share in the Inscribed stock of the per cent. Government Loan of amounting to Rs. being the amount/ a portion of the stock for Rs.

as specified on the face of this instrument together with the accrued interest thereon unto his/her/ their executors, administrators or assigns, and I/We

do freely accept the above stock transferred to me/us.

At witness our hand the day of One thousand nine hundred and Signed by the above-named Transferor in the presence of*

(Seller)

Signed by the above-named Transferee in the presence of*

(Buyer)

Address

*Signature, occupation and address of witness.

FORM III

(See Rule 7)

Form of Transfer for Operating on S.G.L. Account

I/We

do hereby assign and transfer my/our interest or share in the Subsidiary Ledger Account No. of the per cent. Government Loan of amounting to Rs. being the entire balance/portion outstanding at the credit of the aforesaid Account for Rs. as registered in the books of the Reserve Bank of India, Public Debt Office at together with accrued interest thereon unto his/their administrators or assigns and I/We do freely accept the above amount transferred to me/us.

As witness our hand the day of One thousand nine hundred and

Signed by the above-named Transferor in the presence of*

(Seller)

Signed by the above-named Transferee. in the presence of*

(Buyer.)

* Signature, occupation and address of witness.

FORM IV

(See Rule 9)

Receipt for interest on Government Promissory Notes

Per cent. Loan of _____ ,

Received from the Government Treasury at _____ interest due on Promissory Notes as follows :—

No. of Note N.B.-If the number in a fractional form, the upper No. only need be quoted.	Amount of each Note	Amount of half-yearly interest	For how many half-years interest is due	Total amount due	Date up to which interest is due.	Name of holder of Notes.
	Rs.	Rs. A. P.		Rs. A. P.		
			Total			
			Deduct-Incometax at pies			
			Net amount payable..			

Total received (in words) .....Signature.....

(State whether holder or holder's attorney or administrator) .....

FORM V

(See Rule 22)

Security Bond

This Agreement is made on the day of Between son of

resident of

of the one part and the Reserve Bank of India of the other part.

Whereas I/We am/are represent the true and lawful owner/s of the Government securities specified in the Schedule "A" hereto annexed.

And whereas I/We have applied to the Reserve Bank of India, Public Debt Office, for of the said Government securities and the said Bank have consented so to do upon my/our giving security of Rs. to meet a claim by a rightful owner to the said securities in case there shall be such a claim.

Now these Presents witness that in pursuance of the aforesaid agreement I/We hereby oblige myself/ourselves to make good the claim of the rightful owner in respect of the said securities and I/We hereby further agree that this bond may be held by the said Bank and the said Bank may assign the Bond to the rightful owner of the said securities.

In witness whereof I/we have subscribed my/our name/names day of

Signed by the within
mentioned in the
presence of

Principal

I/We

son of

resident of

hereby undertake to make good any claim to the rightful owner of the Government securities mentioned in the schedule herto in case the principal/principals makes/make default in payment of the claim by virtue of the above agreement.

Signed by the within
mentioned in the
presence of

Surety

Schedule A "Referred to in the Bond

Nature and description of the security	Number	Date of issue	Amount

FORM VI

(*See Rule 24*)

Form of Indorsement for renewal of a Promissory Note

Received in lieu hereof a renewed note payable to (name of holder), with interest payable at

Signature of the holder/duly authorised representative of (name of holder) ... .

FORM VII

(*See Rule 24*)

Form of Indorsement for Sub-division of a promissory Note

Received in lieu hereof notes for Rs. respectively, payable to (name of holder), with interest payable at Treasury.

Signature of the holder/duly authorised representative of (name of holder)..... .. ..

FORM VIII

(*See Rule 24*)

Form of Indorsement for Consolidation of Promissory Notes

Received in lieu hereof a new note payable to (name of holder) for Rs. by consolidation with promissory note or notes Nos. (mentioning the numbers and amounts of the other notes desired to be consolidated with it and specifying the loan) with interest payable at Treasury.

Signature of the holder/duly authorised representative of (name of holder)..... ....

FORM IX

(*See Rule 24*)

Form of Indorsement for Conversion of Promissory Notes into Bearer Bonds

Received in lieu hereof and of notes numbers in the loan of of the value of Rs. a bearer bond (or bonds) of Rs. each amounting to Rs with interest payable at Treasury.

Signature of the holder/duly authorised representative of (name of holder) .....

FORM X

(*See Rule 24*)

Form of Indorsement of the renewal of a Stock Certificate

Received in lieu hereof a renewed stock certificate of the per cent. loan of for Rs. in the name of with interest payable at Treasury.

Signature of the registered holder/duly authorised representative of name of registered holder).....

FORM XII

(*See Rule 24*)

Form of Indorsement for Consolidation of Stock Certificates

Received in lieu of stock certificates Nos. for Rs. respectively of the per cent. loan of a stock certificate for Rs. of the per cent. Loan of with interest payable at Treasury.

Signature of the registered holder/duly authorised representative of (name of registered holder.).....

FORM XIII

(*See Rule 24*)

Form of Indorsement for Conversion of Stock Certificates into Promissory Notes.

Received in lieu of this certificate, promissory note of Rs. each (together with a new stock certificate for the balance amounting to Rs.) with interest payable at Treasury,

Signature of the registered holder/duly authorised representative of (name of registered holder.).....

FORM XIV

(*See Rule 24*)

Form of Indorsement for Conversion of Stock Certificates into Bearer Bonds.

Received in lieu of this stock certificate, bearer bonds of Rs. each (together with a new stock certificate for the balance amounting to Rs.) with interest payable at Treasury.

Signature of the registered holder/duly authorised representative of (name of registered holder.) .....

FORM XV.

(*See Rule 24*)

Form of Indorsement of the Renewal of a Treasury Bill.

Received in lieu hereof a renewed Treasury Bill for Rs. payable to

Signature of the holder/duly authorised representative of (name of registered holder.).....

FORM XVI

(*See Rule 24*)

Form of Indorsement for Conversion of a Note in the Special Form into a Promissory Note in the Ordinary Form by a Transferee.

Received in lieu hereof a Promissory Note/s in the ordinary form of the per cent. loan of for Rs. in the name of (name of transferee) with interest payable at Treasury.

Signature of the transferee duly authorised representative of (name of transferee).....

FORM XVII

(*See Rule 24*)

Form of Indorsement for Renewal of a Special Note.

Received in lieu hereof a renewed note in the special form of the per cent. loan of for Rs. payable to (here mention the correct designation of the Ruler without mention of his personal name) or his successors for the time being with interest payable at Treasury.

Signature of the holder/duly authorised representative of (name of holder).....

FORM XVIII

(*See Rule 24*)

Form of Indorsement for Sub-Division of a Special Note

Received in lieu of this special note, notes in the special form for Rs. respectively of the per cent. loan of payable to (here mention the correct designation of the Ruler without mention of his personal name) or his successors for the time being with interest payable at Treasury.

Signature of the holder/duly authorised representative of (name of holder,).....

FORM XIX

(*See Rule 24*)

Form of Indorsement for Consolidation of Special Notes

Received in lieu hereof a new note in the special form for Rs. of the per cent. loan of payable to (here mention the correct designation of the Ruler without mention of his personal name) or his successors for the time being by consolidation with note or notes in the special form Nos. (mentioning the numbers and amounts of the other notes, desired to be consolidated with it and specifying the loan) with interest payable at Treasury.

Signature of the holder/duly authorised representative of (name of holder,).....

FORM XX

(*See Rule 30*)

Form of Indemnity Bond

Whereas I/We
son of
resident at
(and
son of
resident at
claim to be entitled

(Here state in what capacity claim to the notes is made) to the G.P. Note (s) and/ or security (ies) specified in the schedule hereunder written and have represented to the Reserve Bank of India, Public Debt Office, that the said G.P. Note (s) and/or security (ies), has/ have been
and have applied to the Reserve Bank of India, Public Debt Office, for an inspection of the said note (s) and/ or security (ies) and also for

all other information and particulars respecting the said note (s) and/ or security (ies) and whereas the Reserve Bank of India, Public Debt Office, has agreed to give inspection and to afford to me/us all information and particulars affecting the said note (s) and/ or security (ies), I/we oblige myself/ ourselves, my/our heirs and assigns whatsoever

(To be omitted if bond taken from one person only)

(jointly and severally) to guarantee and defend and relieve the Reserve Bank of India, Public Debt Office.
and the Central Government to the extent of Rs.*
from all and any claim, question and expenses which may be raised against or incurred by the Reserve Bank of India, Public Debt Office,
or the Central Government in reference to the said note (s) and/ or security (ies).

In witness hereof I/we have subscribed my/our name (s) this day of

Signed by the within mentioned in the presence of

Applicant's Signature.

The Schedule referred to in the foregoing Bond,

* Double the amount of the notes and interest paid thereon since respective dates of issue.

PART III

THE POST OFFICE CASH CERTIFICATES ACT, 1917.

ACT NO. XVIII OF 1917.

(19th September, 1917).

An Act to restrict the transfer of Post Office 5-year Cash Certificates and to provide for the payment of Certificates standing in the name of deceased persons.

Whereas it is expedient to restrict the transfer of Post Office 5-year Cash Certificates and to provide for the payment of Certificates standing in the name of deceased persons ; it is hereby enacted as follows :—

Short title.

1. This Act may be called the Post Office Cash Certificates Act, 1917.

Prohibition of transfer of Post Office 5-year Cash Certificates without the consent of an authorised officer.

2. (1) Notwithstanding any provision in any enactment or any rule of law for the time being in force to the contrary, no transfer (whether made before or after the commencement of this Act) of a Post Office 5-year Cash Certificate shall be valid without the previous consent in writing of 2 (an office of the Post Office authorised by general or special order of the Central Government) in that behalf.

(2) In this section " transfer " means a transfer inter vivos and does not include a transfer by operation of law.

Payment on death of holder of Post Office 5-year Cash Certificate.

3. (1) If a person dies and is at the time of his death the holder of a Post Office 5-year Cash Certificate, payment of the sum for the time being due on such certificate may be made in the manner provided in the Government Saving Banks Act, 1873, for the payment of deposits belonging to the estates of deceased persons, and the provisions of sections 4 to 9 of the said Act shall apply accordingly as if the holder of such Certificate were a depositor in a Government Savings Bank and the sum for the time being due on such certificate were a deposit in such a Bank (and as if for the words " three thousands " in section 4 and 8 of the said Act the words " five thousands " were substituted.

Provided that the powers conferred by the said provisions on the Secretary of a Government Savings Bank shall be exercisable by the Post Master-General for the area within which the post office of issue of such Certificate is situate:

Provided further that, where in any one case payment is to be made of Certificates issued from more Post Offices than one the said powers shall be exercisable by the Post Master-General for the area in which any of the said post offices is situate.

(2) Nothing in sub-section (1) shall be deemed to require any persons to accept payment of the amount due on a Post Office 5-year Cash Certificate before the same has reached maturity.

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