

1. DEFENCE SAVINGS CERTIFICATES RULES, 1966

Islamabad, the 6th January, 1973

S.R.O. 440 (I)/73. —In exercise of the powers conferred by section 28 of Public Debt Act, 1944 (XVIII of 1944), the Federal Government has been pleased to make the following rules after amendments of the Defence Savings Certificates Rules. 1966 [S.R.O. 1076 (K)/66], namely:—

I. SCOPE

1. (1) These rules may be called the Defence Savings Certificates Rules, 1966.

(2) These rules shall apply to the Defence Savings Certificates introduced in 1966 and issued in the denomination of Rs. 500, Rs. 1,000, Rs. 5,000, Rs. 10,000, Rs. 50,000, Rs. 100,000, Rs. 500,000 and Rs. 10,000,00/-¹ or any amount in case of scrip-less from subject to minimum limit of PKR.500/-¹

[Vide F.D Notification No.10(1)AFA(DM)/95-Vol-II.742, dated 30th May, 2000, the following amendments were made:-

- (1) In rule 1, in sub-rule(2), the letters, figures and commas “Rs.5, Rs.10, Rs.50, Rs.100” shall be omitted.
- (2) in rule 17, clause © shall be omitted;
- (3) rule 20 shall be omitted;
- (4) rule 21 shall be omitted;
- (5) in rule 23, the figures and word “2 and” shall be omitted;
- (6) in the headings of part VI the figure and word “20 or” shall be omitted;
- (7) in rule 24, the figure and word “20or” shall be omitted;
- (8) in rule 39, for the word “ten,” twice, the words “five hundred” shall respectively be substituted;
- (9) in rule 40, for the figure “5” the figure “500” shall be substituted;
- (10) in rule 44, -.....]

(3) ¹Definition:- In these rules in the subject or context,-

(a) “Mobile banking” means conduct of branchless or mobile banking activities through mobile phone devices using mobile phone network in accordance with state bank of Pakistan’s Branchless Banking regulations, Regulations for Technical Implementation of Mobile Banking and other relevant regulations or guidelines issued by State Bank of Pakistan and Pakistan Telecommunication Authority for time to time on branchless banking ;

(b) “Card” any card including an ATM card, Electronic Fund Transfer point of sale card, debit card, credit card or stored value card, used by a customer to affect an Electronic Fund Transfer;

¹ *Inserted:* in Sub-rule (2) vide FD Notification No. F. 20(6)GS-I/2018-1410 dated 3rd September 2019

- (c) "Internet Banking" means electronic delivery of banking products and services like accessing accounts for funds transfers, utility bill payments and obtaining financial information, by the customers through internet irrespective of the access device used;
- (d) "Fund transfer" means any transaction carried out by financial institution on behalf of originator person by way of electronic means or otherwise to make an amount of money available to beneficiary person at another beneficiary institution, irrespective of whether the originator and the beneficiary or the same person;
- (e) "digital Account" means an account, with the unique account number that is maintain on a virtual branch instead of any of the National Savings branches;
- (f) "Digit Account Number" means an account number which is provided to an account maintained on the virtual branch;
- (g) "Channel" means the point of interaction between the customers of the financial institution and the financial institution, for financial and non-financial transactions. This could be a branch or any of the alternate delivery channel (ADCs) such as ATMs, Mobile Banking, Online banking or any other channel authorized by CDNS for the purpose;
- (h) "Digital channel" means an electronic channel other than branches, such as an ATM, Mobile application and internet banking which may be used for purchase, encashment or withdrawal of CDNS products;
- (i) "ATM" means an automated teller machine (ATM) is an ADC that allows customers to perform financial transactions, such as cash withdrawals, deposits, transfers funds, or obtaining account information, at any time without the direct interaction with branch staff;
- (j) "Online banking" means an alternate payment system that enables customers of the financial institution to perform a range of financial transactions through the financial institution's website;
- (k) "Digital certificate" means certificate products purchased through any of the alternate delivery channels and maintained on the digital account;
- (l) "Digital transaction" means a transaction conducted through any of the alternate delivery channels such as ATM card, mobile banking, online banking or through any other channel as approved by CDNS;
- (m) "Digital receipt" means receipt issued in electronic form to the customer against an electronic purchase of any National Savings Product;
- (n) "Scrip-less certificate" means electronic certificates that are purchased through any alternate delivery channel, and do not hold a physical form; and
- (o) "Biometric Verification" means for the purpose of these Regulations, means technology enabled system (verifiable from NADRA or the relevant Government authority) that allows Financial Institutions to obtain biometric fingerprints of the customers for

verification at the time of opening of branchless banking account or conducting the branchless banking transactions.”.¹²

2. A person who buys a certificate shall be bound by these rules.
3. A certificate may be issued by the State Bank of Pakistan, the Scheduled Banks, Post Offices, Offices of the National Savings Organization and such other offices and agencies as may be specifically or generally authorized by the Government.
4. A certificate may be purchased by any of the following:—
 - (1) A single adult.
 - (2) A minor.
 - (3) Two adults in their joint names:
 - (a) payable to the holders jointly or payable to either with the written consent of the other (joint Class A).
 - (b) Payable to either (Joint B).
 - (4) An adult on behalf of:—
 - (i) a single minor, or
 - (ii) two minors jointly, or
 - (iii) himself (or herself) and a minor jointly.
 - (5) ¹All institutional investment shall be discontinued with immediate effect^{13, 4, 5,}

:Note: ¹ w.e.f. 26 April 2011 Whereas ² w.e.f. 6th April, 2012 and ³ w.e.f. 1st July 2020.

(6) *Omitted*⁶

(7) *Omitted*⁷

² **Inserted:** in Sub-rule (3) vide FD Notification No. F. 20(6)GS-I/2018-1410 dated 3rd September 2019

³ **Substituted:** in Sub-rule (5) vide FD Notification No. F. 21(1)GS-I/2011-1406 dated 11th August, 2011; (*In pursuant to the decision of the Economic Coordination Committee of Cabinet all Institutional Investment in National Savings Schemes has been discontinued henceforth. (CDNS-O.M. No. F. 11(1)S.I/Govt/2009 dt. 26-4-2011).*)

[for the words, as under:-

"Local authorities as defined in the General Clauses Act, 1897 ; e.g., union councils, municipalities, notified areas, district boards, port commissioners and similar bodies, entitled or entrusted by the Government with the control or management of municipal or local fund".]

⁴ **Substituted:** in Sub-rule (5) a colon ":" for the full stop at the end and thereafter the proviso added and deemed to have been so added from "6th April, 2012" vide Notification No. F.21(1)GS-I/2011-876 dated 27th June, 2012.

⁵ **Omitted Proviso:** in Sub-rule (5), the omitted proviso reads as "Provided that institutions may invest individual funds such as pension, gratuity, superannuation, contributory provident fund and trusts etc., in these certificates" vide F.D Notification 21(1)GS-1/2011-572 dated 01-04-2021.

⁶ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: ["(6) Registered co-operative societies excluding co-operative banks but including co-operative land mortgage banks"]

⁷ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*, ["(7) Co-operative banks, registered or deemed to have been registered under the Co-operative Societies Act. 1925 (Sind Act VII of 1925), or any provincial law for societies, the 'State Bank of Pakistan and the scheduled banks as defined in the State Bank of Pakistan Act, 1956 XXXIII of 1956), on behalf of the Bank's clients only."]

(8) *Omitted*⁸

(9) *Omitted*⁹

(10) *Omitted*¹⁰

(11) *Omitted*¹¹

(12) *Omitted*¹²

(13) *Omitted*¹³

(14) *Omitted*¹⁴

(15) *Omitted*¹⁵

(16) *Omitted*¹⁶

⁸ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,
[" (8) *Employers including firms and companies on behalf of employees to whom they have advance money for the purpose of acquiring certificates.*"]

⁹ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,
[" (9) *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 of the general public such as dispensaries, hospitals, churches, temples or other religious associations, schools, orphanages, libraries, etc.*"]

¹⁰ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,
[" (10) *Incorporated companies or associations and registered firms, other than those of a charitable or religious nature such as described in sub-rule (9) above, provided that the non-Bank Development Financial Institutions shall not hold any Defence Savings Certificates.*"]

¹¹ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,
[" (11) *On behalf of teachers or employees, from the balance in their provided fund or an approved superannuation fund as defined in clause (a) of section 58-N of the Income-tax Act, 1922 (XI of 1922), or an approved gratuity fund as defined in Section 2(4) and (24) of the Income Tax Ordinance XXXI of 1979, 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 recognized provident funds as defined in clause (a) of section 58-A of the Income-tax Act, 1922 (XI of 1922), and those that are governed by the Provident Funds Act, 1925 (XIX of 1925);*
(f) *persons controlling the approved superannuation funds.*
(g) *persons controlling the approved gratuity funds..*"]

¹² **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,
[" (12) *Supply Officer-in-Charge, Pakistan Navy Pay Office, on behalf of the personnel of the Pakistan Navy.*"]

¹³ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,
[" (13) *A commissioner for workmen's compensation when investing sums payable to women, or other persons, under any legal disability.*"]

¹⁴ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,
[" (14) *All gazetted Government officers and officers of the State Bank of Pakistan in their official capacity on behalf of another individual or fund.*

Note. The term "scheduled Banks" used in rules includes executor and trustee companies which are subsidiaries to a scheduled bank.

Note 2. A gazetted officer serving in or subordinate to the Central Directorate of National Savings Government of Pakistan may purchase certificates on behalf of any gazetted or non-gazetted Government servant."

¹⁵ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,
[" (15) *A commanding officer of a unit on account of men and followers of his unit.*"]

¹⁶ **Omitted:** the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,
[" (16) *An Officer-in-Charge or in command of any Police Force on account of the men of that Force;*"]

(17) *Omitted*¹⁷

II. PROCEDURE FOR PURCHASE

5. Applications for the issue of certificates must be made in form (SC-1) obtainable free of charge from any Office of Issue and shall be accompanied with a copy of the National identity Card of the applicant or in case of foreign national with a copy of his passport;

¹Provided that if the purchaser desires to purchase a certificate through a digital channel approved by CDNS, he shall submit online certificate purchase application alongwith procedural requirements of CDNS from time to time.¹¹⁸

6. Application forms may be presented at any Office of Issue—

- (a) by the purchaser in person. or
- (b) by his messenger or agent, or
- (c) through an authorized agent or canvasser, as the case may be.

7. The application must be signed—

(1) in the case of individuals, whether adult or minor, by the individuals themselves. In the case of an illiterate person the thumb impression of the applicant must be attested by a person known to the Issuing Authority; and

(2) by the person(s) authorized to sign on behalf of the institution.¹⁹

8. **Purchase of Certificate by or on behalf of a Minor.**—(1) When an adult or a bank purchases a certificate on behalf of a minor, the Application form shall be signed by the adult or by the adults or minor's banker, and after the entry of the minor's name therein the following further entry shall be made in brackets namely:—

¹⁷ *Omitted*: the original words (as under) by F.D. Notification No.F.21(GS-1/2011-1406 dated 11th August, 2011: *ibid*,

" (17) A duly authorized officer on account of the employees of a District Board, Municipality, Cantonment Board, Court of Ward or other institutions administered or controlled by Government:]

(i) "Provided that no certificates shall be issued after the close of business on the 25th day of March, 2000, under sub-rules (5) to (17) and the certificates already issued under the said rules, if not encashed on the completion of their existing maturity of ten years, shall cease to earn profit;

(ii) *["Provided further that Registered Charities (non-profit bodies), Public Sector Enterprises, excluding Banks, Private Educational and Health Institutions, Employees Old Age Benefit Institutions (EOBIs); Private Corporate Sector, excluding Banks, and Non-Bank Financial Institutions (NBFIs), excluding Insurance companies, registered under the relevant law for the time being in force may purchase these certificates."]

*Proviso (ii) substituted vide F.D. Notification No.F.21(1)GS-1/2006-1071 dated 28th May, 2007: for the words as under:

[***"(ii) Provided further that the non-profit bodies, registered as a charitable organization under the Societies Registration Act, 1860 (XXI of 1860), or registered or approved as a charitable nonprofit organization under any other law for the time being in force, may purchase up to a maximum limit of ten million rupees only."

** that was added vide F.D. Notification No.F.21(2)GS-1/2005-2501 dated 15th Dec., 2005.]

¹⁸ *Inserted*: in rule-5 vide FD Notification No. F. 20(6)GS-I/2018-1410 dated 3rd September 2019

¹⁹ *Substituted* in sub-rule (2) of rule-7 vide F.D. Notification No. F.21(1)GS-1/2006-1071 dated 28th May, 2007: [for the words:-

"(2) by the person(s) authorized to sign and to administer the non-profit bodies specifying their designation e.g., "President", "Secretary", "Treasurer", or any other person of the bank authorized in this behalf."

which was added vide F.D. Notification No.F.21(2)GS-1/2005-2501 dated 15th December, 2005]

(“**MINOR :— Date of Birth.....**”), and nomination may be made at the option of the purchaser as to the person who shall be entitled to encash the certificate(s) on behalf of the minor, such nomination being restricted to :—

- (a) the father, or
- (b) the mother, or
- (c) either parent, or
- (d) the paternal grand-father, or
- (e) the legal 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.

(2) If it is desired to make a nomination as indicated in sub-rule (1) of this rule 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 sub-rule.

(3) Notwithstanding anything contained in sub-rule (2) of this rule, a person who has purchased certificate(s) on behalf of a minor and has not nominated any one to encash them, shall be permitted to do so later. The certificate(s) in question should be produced before the Issuing Authority from which they were bought, who shall permit the holder to add the necessary words “through father/mother/either parent”, etc., as desired in the original application, and a similar entry shall be made by the Issuing Authority on the certificate(s).

9. Purchase of Certificates on behalf of a properly constituted association,—

(1) In the case of purchase of certificates on behalf of properly constituted associations [*vide* rule 4(9)]

- (a) the name and address of the association
- (b) its objects ; and
- (c) the sources of the income of the funds invested, shall be disclosed in writing to the Issuing Authority.

(2) If after investment has been made, it is found at any time that 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 4(9), no interest will be allowed thereon.

10. Purchase of Certificates by employers on behalf of employees to whom they have advanced money for the purchase.

(1) An employer (including a 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.

(2) The certificates shall remain in the custody of the employer until the employee has repaid the advance, when they shall be endorsed to the holder with the words “Pay to (Name of employee) and handed over to the employee. In the event of 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 endorsed to the sole name of the employee on whose behalf it was originally purchased”, and

(3) “In these cases, no formal transfer of the certificates to the holder’s name will be necessary. 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 his specimen signatures duly attested by the employer”.

11. Purchase of Certificates on behalf of teachers or employees from the money to their credit in a provident fund or approved superannuation fund or approved gratuity fund:

(1) When such investment is made from money standing in the name of teacher or employee in a P.O. Savings Bank Account (opened under rule 45-A of the Post Office Savings Bank Rules) the money shall be withdrawn from the account by the authority who controls the provident fund.

(2) Certificates bought under sub-rule (1) will remain in the custody of the officer authorized to control the fund, who will conduct, all further transactions.

Note - 1: The Issuing Authorities will accept as proof of the conditions prescribed in rule 4(11) (e), written authority from a Commissioner of Income-tax, in the case of provident fund coming within the definition of clause (a) of section 58-A of the Income-tax Act, 1922, and from the person controlling the provident fund in the case of those governed by the Provident Funds Act, 1925, which should be attached to the application for issue of certificates.

Note - 2: The Issuing Authorities will accept written authority from the Central Board of Revenue as proof that the conditions prescribed in sub-rule 4(11) (f) have been fulfilled in the case of approved superannuation funds coming within the provisions of clause (a) of section 58-N of the Income-tax Act, 1922

Note - 3: The issuing authority will accept written authority from the Central Board of Revenues as proof that the conditions prescribed in rule 4(6) (g) have been fulfilled in the case of approved gratuity fund coming within the provisions of Section 2(41) and (24) of the Income Tax Ordinance XXXI of 1979.

Note - 4: If a written authority as aforesaid has previously been furnished with an application for issue of certificates, it is not necessary for the applicant to furnish copies of the said authority with subsequent applications for issue of certificates from the same Office of Issue only the number and date of the letter of authority, and the particulars of the last application for issue of certificates need be indicated.

12. Purchase of Certificates by Supply Officer Incharge, Pakistan Navy Pay Office, on behalf of the personnel of the Pakistan Navy.—

(1) The Supply Officer Incharge, P.N. Pay Office, shall sign the application for issue of the certificates on behalf of the investor and the certificates will be issued in the name of “Supply Officer Incharge, P.N. Pay Office on behalf of (name of holder) Naval Officer/Naval Rating.”

(2) The certificates purchased under this rule will remain in the custody of the Supply Officer Incharge, P.N. Pay Office who will conduct 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.

Note.— In these cases, no formal transfer of the certificates to the holder’s name will be necessary.

(3) 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 Supply Officer Incharge, P.N. Pay Office, which will contain the specimen signature of the holder.

III. NOMINATION AND PAYMENT PROCEDURE IN CASE OF DEATH OF CERTIFICATES’ PURCHASER²⁰

²⁰ after rule-12, in the heading “NOMINATION”, the words “AND PAYMENT PROCEDURE IN CASE OF DEATH OF CERTIFICATES’ PURCHASER” added. And rule-13 *Substituted* vide F.D. Notification No. 18(12)GS-1/2017-531 [for the words:-

"13(1) In the case of purchase of certificate by individual or individuals, whether adult or minor, holding the certificate singly

13.

13(1).The purchaser of certificates may make nomination at the time of purchase in the prescribed application. The purchaser may change or cancel previous nomination at any time through a notice to the issuing authority.

(2).In case of death of certificates' purchaser, payment including principal amount and profit accrued thereon, if any, till the date of payment in respect of certificates of the deceased shall be payable to his legal heirs according to succession certificate issued in accordance with the law for the time being in force. However, in cases, where –

- (a) total net payable amount does not exceed one hundred thousand rupees, payment shall be made to the nominee(s), as mentioned in SC-I or SC-3 form by the purchaser, upon furnishing duly verified and attested, copy of Family Registration Certificate (FRC) issued by NADRA and affidavit as set out in Appendix-1.XXV-A to the effect that he shall be bound to distribute the received amount among all the legal heirs according to their due share as per law of the land; and
- (b) the nominee is an institution or minor, payment shall be made on provision of succession certificate issued in accordance with the law for the time being in force, and
- (c) the nomination has ceased to have effect due to death of the nominee before the death of holder or before he has received any sum thereunder or the purchaser had made no nomination, as the case may be, payment shall be made on provision of succession certificate issued in accordance with the law for the time being in force.

(3) Where, in a case, specified in clauses (a) to (c) of sub-rule (2), the total payable amount does not exceed fifty thousand rupees and the probate of the Will of the holder, or the letters of administration of his estate, or a succession certificate (in accordance with the law for the time being in force) is not produced to the concerned office of issue within three months of the death of the holder, Payment of the sum may be authorized by the officer and to the extent, as mentioned below, which shall be made to the person who appears to be entitled to receive it or to administer the estate of the deceased holder, upon furnishing duly verified and attested copy of Family Registration Certificate (FRC) issued by NADRA and affidavit as set out in Appendix-1.XXV-A to the effect that he shall be bound to distribute the received amount among all the legal heirs according to their due share, namely:-

- (A) Post Offices
 - Up to Rs.10,000/- Head Post Master/Superintendent
 - Up to Rs.25,000/- Assistant Postmaster General
 - Up to Rs.50,000/- Postmaster General, Post Offices
- (B) National Savings Offices
 - Up to Rs.10,000/- Officer Incharge, National Savings Centre
 - Up to Rs.25,000/- AD(HQ), RDNS
 - Up to Rs.50,000/- Controlling Officer, RDNS
- (c) Banks
 - Up to Rs.10,000/- Bank Manager of Issuing Bank
 - Up to Rs.25,000/- Chief Manager, SBP, Office/Branch
 - Up to Rs.50,000/- Director, Accounts Department, SBP

or jointly, nomination may be made by the purchaser(s) of certificate in the application form at the time of the purchase, specifying the amount, whether whole or in part receivable by the nominee on the death of the purchaser(s).

(2) subject to the provisions of rules 10 and 11, nomination made under sub-rule (1) of this rule shall be valid notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise.

(3) Nomination made under sub-rule (1) of this rule shall cease to have effect in case the nominee dies before the death of the holder or before he has received any sum thereunder.

Explanation.- Where a certificate has been purchased in joint names, on death of one of the holder, the survivor is entitled to maintain the same. In case of death of both, the payment shall be made in accordance with rule 13.”

“Appendix-1.XXV-A

UNDERTAKING

(On stamp paper)

I _____ son / daughter / wife / widow of _____ resident of _____ holding CNIC / NICOP / Registration No. _____ do hereby solemnly affirm and declare that _____ (deceased) during his life time had purchased _____ Certificate Registration No. _____ for Rs. _____ on _____ or opened _____ Account No. _____ having balance at credit of Rs. _____, as on _____ date _____, and nominated me as trustee to receive the said amount, along with profit, if any, thereon and to disburse the same among all the legal heirs entitled thereto under the law to the extent of their respective share/cases falling under clause (c), sub-rule (ii) of Rule 13 of DSC Rules, 1966. Since the said purchaser or account holder has died on _____, therefore, I hereby acknowledge the receipt of the said amount paid through the Government’s Cheque No. _____ dated _____ for Rs. _____ and undertake that I shall disburse the said amount among all the legal heirs of the said _____ (name of purchaser or account holder) to the extent of their respective shares in accordance with the law. I also undertake to return the said whole amount, in lump sum in case any legal proceedings are initiated against the National Savings / National Savings Centre _____ and shall also keep the said National Savings Centre indemnified of any loss or losses caused to the said NSC due to the said litigation or legal proceedings.

(DEPONENT)

WITNESSES

1 _____

2 _____

Witnessed on oath on this day _____ month _____ year _____ at _____ in my presence.

OATH COMMISSIONER”;

14. Omitted ²¹

²¹ **Omitted:** the original words (as under) vide F.D. Notification No. 18(12)GS-1/2017-531 dated 29th April 2020: *ibid*,

15. Omitted²²

16. Omitted²³

IV. PAYMENT BY INVESTORS FOR CERTIFICATES

17. Payment for the purchase of a certificate may be made by any of the following methods:—

- (a) Cash or currency notes.
- (b) Cheques.
- (c) Omitted.
- (d) By completing a form for withdrawal of money from the purchaser's Post Officer Savings Bank Account and presenting the same together with the pass-book, in the case of purchase at a post office only.
- (e) ¹in case of purchase through digital channels payment shall be made through Mobile Banking, Internet Banking, Debit Card, ATMs or any other digital mode of transactions as approved by CDNS from time to time. ¹²⁴

Note.—The cost of certificates shall be debited to the Savings Bank Account under “withdrawals” and the pass-book will be returned together with the newly bought certificates.

18. Certificates must be paid for in full at the time of purchase.

V. PERMISSIBLE LIMITS OF HOLDING (FACE VALUE OF CERTIFICATES) BY VARIOUS CLASSES OF INVESTORS

19. Notwithstanding any provision of these rules, no money shall be invested in certificates which:

- (a) is the property of Government;
- (b) has been received for the credit of Government;

[“ (14) A holder of a certificate may, at any time, make a nomination if he has not done so earlier or, by notice to the Issuing Authority, vary or cancel his previous nomination. In either case he shall send to the Issuing Authority a nomination form (Form-SC-3) duly completed.”]

²² *Omitted:* the original words (as under) vide F.D. Notification No. 18(12)GS-1/2017-531 dated 29th April 2020: *ibid*,

[15] In any case where:—

- (a) a holder dies without making any nomination under rule 13 or after having made such nomination, it has ceased to have effect under rule 13(3);
- (b) the sum or part of the sum in respect of which no nomination has been made does not exceed fifty thousand rupees;

and

- (c) the probate of the will of the holder or the letters of administration of his estate, or a succession certificate under the Succession Act, 1925 (XXXIX of 1925) [Appendix – C] is not produced to the officer or authority authorized in this behalf within three months of the death of the holder.

payment of the sum or part thereof, as the case may be, shall be made to the person who appears to be entitled to receive it or to administer the estate of the deceased holder, by the authority empowered by the Central Government in this respect and to the extent to which it is so empowered.

Note.— Certificates purchased in joint names are payable to the survivor in the case of death of one holder and to the nominee(s) of the last survivor in the case of death of both.”]

²³ *Omitted:* the original words (as under) vide F.D. Notification No. 18(12)GS-1/2017-531 dated 29th April 2020: *ibid*,

[16] It shall be open to nominee under rule-13 to receive the amount due to him on the death of the holder either immediately or on maturity of the certificate.”]

²⁴ *Inserted:* sub-clause (e) in rule-17, vide FD Notification No. F. 20(6)GS-I/2018-1410 dated 3rd September 2019

- (c) has been withdrawn from the Treasury for expenditure on account of Government;
- (d) has been raised by a taxation except in the case of funds of union boards, union councils, and of the local authorities defined in rule 4(5);
- (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.

20. *Omitted.*

21. *Omitted.*

22. The maximum permissible holding of Defence Savings Certificates shall severally be as shown below for each class of investor.

(1) For any one person or on behalf of any one person—Without Limit:²⁵

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 held to be the holding of the person or body on whose behalf they were purchased or held on security.

(a) Certificates purchased under rule 4(4) (a) and (b) 4(8) and 4(11).

(b) Certificates temporarily held by an officer of Government or by an official of the State Bank of Pakistan in pursuance of rule 4 (14):

(2) By two persons jointly—Without Limit:²⁶

(3) For all other eligible investors—without limit.

(4) *Omitted*

(5) *Omitted*

(6) *Omitted*

(7) *Omitted*

(8) *Omitted*

(9) *Omitted.*

23. If the limit prescribed in rule 22 for any one holder be exceeded as a result of acquisition of further certificate(s) 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 not further increase the holding.

VI. PENALTY FOR HOLDING CERTIFICATES IN EXCESS OF THE MAXIMUM VALUE PRESCRIBED UNDER RULE 22

24. If through any cause (except as provided for in rule 23), the total holding of any investor is discovered to be in excess of the limits prescribed in rule 22, whether as a result of:—

²⁵ *Omitted:* the proviso appearing at the end in clause(1) of rule-22. *Vide* F.D.Notification No. F.20(1)GS-1/2005-1390 dated 4th July, 2007.. [containing the words:-

" Provided that investment made through authorized banks branches operating abroad shall not exceed ten million rupees."]

²⁶ *Omitted:* *ibid.*

- (a) direct purchase, or
- (b) receipt by transfer, or
- (c) purchase on 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, and 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 profit thereon. However, due profit shall be paid on such excess or irregular investments as made upto 30th June, 1984 for the period the amount remained invested.

25. Any profit or payment which may have been made in contravention of rule 24 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.

VII. ISSUE OF CERTIFICATES

26. Method of Issue of Certificates,

(1) The certificate(s) shall be handed over by the office of Issue immediately against payment in cash or currency notes.

(2) In the case of payment by cheque, a provisional receipt will be given. The certificate will be delivered against surrender of the provisional receipt. The date of issue of the certificate will be the date of clearance of the cheque.

(3) If application for the purchase of certificate(s) is made at a branch Post Office not authorized to issue certificates, a temporary receipt will be given for the money, and the certificate(s) shall be obtained from another Post Office and be delivered in due course against surrender of the temporary receipt.

(4) ¹In case of purchase through digital channel, a Scrip less certificate shall be issued in purchaser name on confirmation of the receipt of the payment through digital channel or through deposit in NSC. ^[27]

27. Issue on behalf of banks's clients.—In case where a bank signs on behalf of its clients, the certificates shall be made out in the name of the bank with addition of the words “A/C (name of the bank's client)”.

28. Before issuing the certificates, the Issuing Authority shall satisfy itself in every case that the holding limit prescribed in rule 22 is not exceeded.

29. Issues to employers on behalf of employees.—In the case of certificate(s) purchased by employers on behalf of employees, the certificate(s) shall be made in the name of the employer, with the addition of the name of the employee *e.g.*, (name of firm), employers, on behalf of (name of employee), employee.

30. Issues to Teachers or employees from money at their credits in a provident fund, superannuation fund or gratuity fund:

²⁷ *Inserted:* sub-clause (3) in rule-26, vide FD Notification No. F. 20(6)GS-I/2018-1410 dated 3rd September 2019

In the case of certificates purchased out of a Teacher's or employee's provident fund or an approved superannuation fund or approved gratuity fund, the certificates shall be made out:

- (a) in the name of the fund or the officer authorized to administer the fund and sign on behalf of the fund with the name of the teacher or employee [e.g., "(Name of the fund or of officer concerned) on behalf of "(name of teacher or employee) from (name of provident fund or superannuation fund or gratuity fund)]" if investments are made in respect of each individual teacher or employee;
- (b) in the name of the fund only if investments are made lump-sum from a provident fund, superannuation fund or gratuity fund;
- (c) in the name of the teacher or employee followed by the words, "S.B. Provident Fund Account," if investments are made out of a Post Office Savings Bank Account (opened under rule 45-A of the Post Office Savings Bank's Rules).

Note: In such cases, the following endorsement shall be made prominently in red ink on the reverse of the certificate, "payable only to the officer authorized to control the fund or, on his counter-signature, to the holder".

VIII. ENCASHMENT, DISCHARGE AND TRANSFER OF CERTIFICATE

(i) Where Encashable

31. (1) Subject to the provisions of rules 34 and 35 a certificate shall be encashable at the Office of its issue; ¹Provided that a certificate issued by a National Savings Centre shall also be encashable along-with profit at any other designated National Savings Centre(s).¹²⁸

(2) A certificate issued by an Issuing Authority other than the post office may be collected as a cheque.

32. Deleted.

33. Deleted.

34. A purchaser, may subject to the provision of note 3 below, get the registration of his holdings transferred from the original office of issue to another office of issue by applying on the prescribed form for Transfer from one Office of Issue to another. The form may be handed in ¹with¹²⁹ enclosing the certificates either (a) at the office of issue, or (b) at the office to which the transfer of registration is desired. After the transfer has been accepted, the certificates will be ¹handed over to the purchaser after recording¹³⁰ of the fact of transfer.

Note – 1: After the transfer has been affected, encashment may be made at any time desired, subject to the provisions of rule 35.

Note – 2: Applications for the transfer of certificates in joint names (of both classes) from one office of Issue to another shall be signed by both the joint holders when both of them are alive.

²⁸ **Added:** the Proviso in rule 31(1) vide F.D. Notification No.F.21(1)GS-1/2006-1097 dated 29th May 2007.

²⁹ **Substituted:** the word "with" for the word "without" in rule-34 vide F.D. Notification No. F. 10(2)DM-II/2003-868 dated 3rd July, 2003.

³⁰ **Substituted:** the words in rule-34 vide F.D. Notification No. F. 10(2) DM-II/2003-868 dated 3rd July, 2003.

[for the words :

"presented by the holder at the office to which the certificates have been transferred for verification with reference to the application for transfer and making notes thereon"]

Note – 3: Certificates purchased from the State Bank of Pakistan, the Scheduled Banks and the post offices and other offices of issue can only be transferred respectively to the offices or branches of the State Bank of Pakistan, the Scheduled Bank concerned and the post offices and other offices of issue.

34A. (a) Notwithstanding anything contained in these rules, the Defence Savings Certificates purchased from the offices of the State Bank of Pakistan, the Scheduled Banks and the post offices of East Pakistan before the 16th December, 1971 irrespective of whether or not the identity slip was issued may be transferred to the offices of the State Bank of Pakistan, the Scheduled Banks and the post offices in West Pakistan subject to the execution of an Affidavit and indemnity bond prescribed in this regard and after verification to the satisfaction of the officer sanctioning the transfer.

(b) the holder of the Defence Savings Certificates issued in East Pakistan will apply for transfer in the prescribed form.

(c) the new Certificates issued in lieu of the original certificates shall bear the original date of issue.

35. When a certificate held by an adult on behalf of a minor is to be encashed by the adult, a declaration must be given on its reverse to the effect that the minor is still alive and the money is required on his or her behalf.

(ii) **When Encashable**

36. [The certificates shall, notwithstanding anything to the contrary appearing on the obverse or reverse of the certificates, be encashable at par at any time after the date of purchase.]³¹

36A. [In case certificates are not encashed by the purchaser for two years from the date of maturity, principal amount shall be transferred to the Federal Government Account:

Provided that the value of certificates may be revived at any time on the application of the purchaser, nominee or successor, as the case may be, and the certificates shall be discharged and encashed simultaneously along with payment of profit accrued thereon, if any, till maturity;

Provided further that in case, profit is not claimed up to six years from the date of accrual last profit by the account holder, nominee or successor, as the case may be, the liability of the Government in respect of such profit payable thereon shall terminate. In such case no amount on account of profit shall be paid.

Explanation.- Accrual means the date of maturity.

36B. Procedure for transfer to Government under rule 36A and revival thereof shall be as under:-

(1) **Transfer to Federal Government:-:-**

- (a) remarks shall be recorded on SC-1 and Journal of Issue as the case may be, as soon as the certificate under rule 36A becomes dead certificate. Such certificate, if needed, may be segregated from operational SC-1 on quarterly basis and shall be recorded in separate ledger book. In case of automated branches marking shall be made in the system and print of the issue journal with the remarks shall be maintained;
- (b) outstanding principal amount of the certificate marked dead shall be transferred to miscellaneous receipts account (C03870) immediately. Accounting entry shall be as follow:-

Principal Amount of Certificate	Debit
---------------------------------	-------

³¹ **Substituted:** : the Rule-36 vide F.D. Notification No.F.21(1)GS-1/2006-1071 dated 28th May, 2007 : [for the words

"Except as provided for in rule 37, a certificate shall, notwithstanding anything to the contrary appearing on the obverse of the certificate, be encashable not earlier than one month from the date of issue."

Miscellaneous Receipts Account (C03870) Credit

- (c) these entries shall be treated as payment from Defence Savings Certificates and accounted for accordingly in the payment journal, where remarks “Transferred to Federal Government Accounts” shall also be recorded; and
- (d) in the Cash Book, the amount of transferred accounts shall be accounted for under the head “Payment from Dead Account”, and “Miscellaneous Receipts”.

(2) Revival from Federal Government Account:-

- (a) Investor shall be required to submit an application on plain paper supported with the certificate and an attested copy of his CNIC or NICOP or Passport, as the case may be, for its revival;
- (b) The in-charge, office of issue, after verifying the correctness and genuineness of the application, shall forward the case to Director General, National Savings for authorization of the revival;
- (c) After authorization, remarks of ‘Account Revived’ shall be recorded on the SC-1 of dead certificate and Issue Journal under the joint signatures. Minus entries shall be made in the Miscellaneous Receipts Journal and “certificate issue” entry shall be made in issue journal;
- (d) The accounting effect of these entries shall be as follows:-

Miscellaneous Receipts Account (C03870)	Debit
Principal Amount of Certificate	Credit

- (e) In the Cash Book, the revived amount shall be accounted for under the head “Revival of Dead Account”, and “Miscellaneous Receipts”; and
- (f) the application requesting for revival of the account shall be pasted with the original application for certificate’s purchase.”] ³²

37. Omitted.³³

IX. DISCHARGE AND EXCHANGE OF CERTIFICATES

38. Every certificate must on encashment be duly discharged, that is to say, signed on the reverse thereof by the person entitled to receive payment or by his banker stating that the amount has been credited to the payee’s account or, in the case of an illiterate person, the thumb impression be duly attested by a person known to the issuing authority. When a certificate is to be encashed for contribution of its entire proceeds to a National Defence Fund or any other similar fund constituted by the Central Government from time to time, the holder shall sign on the reverse of the certificate with the words “Pay to National Defence (or other) Fund” substituted for the words “Received payment” and deliver it to a bank, post office or other authorized agency. The certificate so signed shall be deemed to have been duly discharged;

³² *Inserted:* rule 36A and 36B vide F.D. Notification No.F.18(12)GS-1/2017-1199 dated 30th August 2017

³³ *Omitted:* the Rule-37 vide F.D. Notification No.F.21(1)GS-1/2006-1071 dated 28th May, 2007.

[containing the words as under:-

"37. Certificates of any denomination may be encashed before the period mentioned in rule-36 under the following conditions:-

- (a) *After the death of the holder or after the death of both the holders in case of joint holding, when encashment is required by the heir.*
- (b) *Voluntarily by the holder when the holding is in excess of the limits as prescribed in rule-22 or on demand by the issuing 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-4(11).*
- (d) (i) *Owing to the death of 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 term rule-4(8).*
- (e) *When certificates pledged under rules are being forfeited owing to any default of the pledger and the pledge claims the amount.*

Note - : If the entire pledged amount is not being claimed fresh certificate may be issued for the unclaimed balance under rule-39.

[provided that In case of digital certificates, encashment or discharge request should be initiated by the purchaser through a digital channel.; and]³⁴ .

39. At any time after the period of non-encashability specified in rule 36, a certificate of denomination exceeding 500 rupees may be discharged in part, such part being 500 rupees or a multiple thereof, on applying to the Issuing Authority indicating 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 shall be that of the original certificate partly discharged.

40. Several certificates of lower denomination (s) of any one issue may be exchanged for one or more certificate of a higher value of the same issue or a certificate of a higher value of any one issue may be exchanged for a number of certificates of lower denominations of the same issue (excluding certificates of the denomination of Rs. 500), on application to the Office of Issue. The certificates issued in exchange will bear the same date of issue as that of the original certificate surrendered. In case the date of issue of the certificates desired to be exchanged for one of a higher denomination are not the same, the date of the new certificates will be that of the latest of the certificates to be exchanged.

X. ENCASHMENT OF HOLDINGS OF A DECEASED PERSON

41. (1) *Omitted* ³⁵

³⁴ ***Inserted:*** proviso in rule-38, vide FD Notification No. F. 20(6)GS-I/2018-1410 dated 3rd September 2019

³⁵ ***Omitted:*** the original words (as under) vide F.D. Notification No. 18(12)GS-1/2017-531 dated 29th April 2020: *ibid*,
["In case of demise of the holder or holders of a certificate or certificates, payment shall be made in accordance with the provisions of rules 13 to 16. In cases where no nomination has been made of payment to be made, in accordance with the provisions of rule 15, the authorities mentioned below may authorize payments to the extent shown against each :

Amount of holdings	Authority competent to authorize payment
A. Post Offices:	
(i) Rs. 1,000	Postmaster grade-7.
(ii) Rs. 2,000	Selection grade Postmaster grade-8 or 11.
(iii) Rs. 4,000	Head Postmaster grade-8 or 11
(iv) Rs. 10,000	Head Postmaster/Superintendent Post Offices grade 16 or 17.
(v) Rs. 25,000	Asst. Postmaster General.
(vi) Rs. 50,000	Postmaster General Post Offices.
B. National Savings Offices:	
(i) Rs. 5,000	Incharge National Savings Centre (BPS-11/14)
(ii) Rs. 10,000	Incharge of a National Savings Centre BPS-16 or 17
(iii) Rs. 25,000	Director/Joint Director National Savings.
(iv) Rs. 50,000	Director General, National Savings.
C. Banks:	
(i) Rs. 10,000	Bank Manager of the issuing bank.
(ii) Rs. 25,000	Chief Manager, State Bank of Pakistan Office/Branch
	Director, Accounts Department, State Bank of Pakistan.

(2) *Omitted.*

42. Certificates standing in the name of a deceased teacher or employee, purchased in his or her name from the credit in a provident fund or approved superannuation fund or approved gratuity fund under rule 4 (11) shall be discharged by, and payment be made to, the authority controlling the provident fund or approved superannuation fund or approved gratuity funds.

43. Certificates purchased in joint names are payable to the survivor in case of the death of one holder, and the issuing officer as the case may be, is the competent authority to issue orders for payment.

XI.PROFIT PAYABLE ON CERTIFICATES& TAX THEREON

44. ¹Amounts (including profit) shall be paid on each denomination of certificates on completion of specified period from the date of issue of the certificates as notified by the ¹Finance Division with the approval of Minister-In-charge³⁶, in the official Gazette from time to time.³⁷

44A. ¹The certificate shall stand matured on completion of the period of ten years reckoned from the date of issue. No profit shall be payable on any denomination of Defence Savings Certificates encashed within the first year of issue. In case any certificate is not encashed on maturity, the value i.e. principal plus profit due on such certificate, without deduction of Zakat, may, by presenting a fresh application in the prescribed form for purchase, be re-invested from the date of its expiry or maturity and new certificate shall be issued. The new certificate shall earn profit at the rates prevalent on the date of re-investment subject to the condition that no profit shall be paid on any amount re-invested in excess of the permissible limit of holding. Zakat in such a case shall be collected only once at the time of actual encashment on the payable value (principal plus profit) as on the valuation date immediately preceding such encashment. ¹However, in case, where mechanism of automatic re-investment of multiple cycles in one-go is available at the offices of issue under new business application; new certificate in lieu of re-investable value accrued thereon for last cycle shall duly be issued by presenting a fresh application on the prescribed application form for purchase of certificates.]³⁸ provided that—

- (a) the facility of re-investment shall not be allowed in respect of certificates issued prior to the 26th day of March, 2000 under sub-rules (5) to (17) of rule 4 and are not covered under the provisions of sub-rule (17) of rule 4; and
- (b) in case, any certificate issued on or after 15th November, 2010 is not encashed on maturity, the value i.e. principal plus profit due on such certificate shall cease to earn any further profit”.³⁹

(iii) Rs. 50,000

³⁶ *Substituted* : the Rule 44 vide F.D No. 20(7)GS-I/2018-320 dated 6th March 2020 [for the words:
" Federal Government "

³⁷ *Substituted* : the Rule (44) vide F.D Notification No.12(1)DM-2003-1333 dated 22nd June, 2004. [for the words:
"Amounts (including profit) payable on each denomination of certificates on completion of specified periods from the date of issue of the certificates are shown in the following table "provided that from 1st January, 2001 onwards, profit payable on each denomination of certificates shall be subject to revision after every six months and the revised rates shall be applicable on certificates issued during that period till their maturity or encashment which-ever is earlier. "and tables]

³⁸ *Added* : in the Rule 44A vide F.D Notification No.20(10)-GS/2020-622 dated 8th April 2021.

³⁹ *Substituted* : the Rule (44A) vide F.D. Notification No.F.20(5)GS-I/2008-1590 dated 15th November, 2010 . [for the words;

44B. Omitted.

45. Profit will cease to accrue from the date of surrender to an official for payment of government dues under the terms of rule 54.

46. [The profit earned on these certificates shall be liable to deduction of advance income tax under the provisions of Income Tax Ordinance, 2001,)XLIX of 2001), and the rules made thereunder.” and] ⁴⁰

46(A) omitted⁴¹

47. Investment in Defence Saving Certificates are exempt from income-tax subject to the provisions of the Income-tax Act, 1922 (XI of 1922), as amended from time to time.

48. An investor in Certificate, who does not wish to accept any profit, should at the time of purchase, make a declaration in writing to that effect on the application Form (SC-1). The certificates will be issued bearing the words “**No Profit**” in **Red ink** on the top of the certificates.

XIII. TRANSFER FROM ONE PERSON TO ANOTHER

49. (1) Except as provided for in rule 52, certificates may be transferred from one person to another on the written authority of—

- (a) bank officer,
- (b) a first class postmaster, or a superintendent of Post Office (Where the Office of issue of a certificate is, or is under, a second class Head Post Office), or
- (c) an Assistant Director, National Savings or a National Savings Officer.

(2) Except as provided for in rule 62, an application for transfer (form SC-4) must be made in writing to the Office of issue setting forth;

*" 44A. No profit is payable on any denomination of Defence Savings Certificate if encashed within the first year of issue. In case, any certificate is not encashed on maturity, the value i.e. principal plus profit due on such certificate, without deduction of zakat, may by presenting fresh application in the prescribed form for purchase be reinvested from the date of its expiry/maturity and new certificate issued. The new certificate shall earn profit at the rates prevalent on the date of reinvestment subject to the condition that no profit shall be paid on any amount reinvested in excess of the permissible limit of holding. The Zakat in such a case shall be collected only once at the time of actual encashment on the payable value (principal plus profit) as on the valuation date immediately preceding such encashment. "However, this facility of re-investment shall not be allowed in respect of certificate purchased under sub-rules (5) to (17) of rule 4 and maturing after the close of business on the 25th day of March 2000. *Provided that the facility of re-investment shall not be allowed in respect of certificates issued prior to 26th day of March, 2000 under sub-rules (5) to (17) of rule 4 and are not covered under the provisions of sub rule (17) of rule 4, amended as aforesaid."*

Wherein the *Proviso added vide F.D Notification No. F.21(1)GS-1/2006-1071 dated 28th May, 2007]

⁴⁰ *Substituted* : the Rule (46) vide F.D. Notification No.F.20(8)GS-1/2019-156 dated 28th January, 2020 . ;

" The substituted rule 46 reads as under:-

[The tax on profit from investment made on or after the 1st day of July, 2001, shall be deducted at source at the rate of 10 percent of such profit if such deposit exceeds three hundred thousand rupees].

⁴¹ *Omitted* : the Rule (46A) omitted vide F.D. Notification No.F.20(8)GS-1/2019-156 dated 28th January, 2020 . ;

" The omitted rule 46A reads as under:-

[The tax on profit from investment made on or after the 1st day of July, 2002, shall be deducted at source at the rate of 10 percent of such profit if such deposit exceeds one hundred and fifty thousand rupees].

- (a) name and address of the applicant,
- (b) face value of the certificates it is sought to transfer, their serial numbers, and the Office of Issue of each,
- (c) name of person to whom transfer is proposed,
- (d) relationship (if any) with the person to whom transfer is proposed, and
- (e) the full circumstances which necessitate the transfer.

(2) If the application is for transfer before the expiry of the period of non- encashability specified in rule 36, it will not be allowed.

(3) A fee of rupee one only will be payable on an application for transfer under this rule.

(4) Under no circumstances shall a certificate held on behalf of a minor be transferable to any person other than the minor concerned, or his or her heirs.

Note – 1: Application for the transfer of certificate in joint names (whether jointly or severally) shall be signed by both the joint holders, when both of them are alive.

Note – 2: Transfer of certificates from a single holder to joint holders and vice versa from joint holders' class A to joint holders' class B and *vice versa* during the period of non-encashability or any time thereafter may be made without production of any certificate.

50. Under no circumstances shall a certificate bought under the terms of rule 4 (11) be transferable except on the written instructions of the authority controlling the provided fund or approved superannuation fund or approved gratuity fund.

51. The decision of the issuing Authority mentioned in rule-49 whether to sanction or withhold sanction for transfer, shall be final.

52. Notwithstanding the provisions of rule 49, transfers of the following nature will normally be permissible at any time and can be sanctioned by the office of issue where the certificate is registered, on receipt of the prescribed form (form SC-4) for transfer. These transfers will be free of charge :

(1) From the authority controlling a teachers' or employees' provident fund or approved superannuation fund or approved gratuity fund to the teacher or employee on whose behalf it was bought under rule 4 (11).

(2) *Deleted.*

(3) From a holder to a Government officer, the State Bank of Pakistan, or an executive officer of a local authority as defined in the General Clauses Act, 1897 (X of 1897), or to such officer of any Government-sponsored corporation, or of any scheduled bank where the certificate is pledged as security and *vice versa* under rule 58.

(4) From the name of deceased holder, to his or her nominee or heir *vide* rules 13 to 16.

(5) From Gazetted Government Officers, or the State Bank of Pakistan holding certificates in their official capacity, under rule 4 (14), to the names of the individuals or persons controlling the funds on whose behalf the certificates were held.

(6) From a holder to a court or to any other person under the order 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 11(1) 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 11(2).

53. In every case of transfer, the original certificate must be duly discharged, and a new certificate shall be issued in the name of the transferee and shall bear the same date as the original certificate surrendered.

XIII. ACCEPTANCE OF CERTIFICATES IN PAYMENT OF GOVERNMENT DUES

54. At any time after the period of non-encashability specified in rule 36, certificates can be used to pay any Government dues to an official of any Province, the Government of which authorizes acceptance of certificates for such payment.

55. A holder desiring to make payment in accordance with rule 54 shall fill in and sign a prescribed form (form SC-5) and present it together with the certificates, duly discharged (signed on the reverse), to the official receiving payment.

Note - : The signature of the holder, or his thumb impression, if he be illiterate, both on the form and on the certificate, shall be attested by the Government official.

56. The certificates received under rule 55 will be encashed in the usual manner prescribed.⁴²

XIV. PLEDGING OF CERTIFICATES AS SECURITY

57. Transfer of certificate as security to private individuals or private concerns is prohibited.

58. [(1) The certificates shall be transferable for the purpose of being treated as security to,—

- (a) a gazetted Government officer;
- (b) an officer of the State Bank of Pakistan as mentioned in sub-rule (14) of rule 4;
- (c) an executive officer of a local authority as defined in the General Clauses Act, 1897(X of 1897)⁴³.
- (d) an executive officer of a Government sponsored corporation; or
- (e) an executive officer of a scheduled bank.

Provided that the transfer of the certificates to an officer under this sub-rule shall be in his official capacity.

(2) After transfer of the certificates under sub-rule (1), the transferor shall relinquish all claims to receive the value of the certificates, including the profit accruing thereon unless otherwise authorized by the officer to whom the certificates have been transferred, and he can,—

- (a) encash the certificates at any time;
- (b) exchange the certificates on their maturity for new certificates, or
- (c) transfer the certificates to the transferor under sub-rule (4) of rule 61

⁴² See also rule- 45 & 36.

⁴³ See the section 3(28) of “The General Clauses Act, 1897” , [Appendix – D].

(3) These certificates shall be pledgable without limit only in Pakistan:

Provided that the certificates shall be allowed to be pledged after the expiry of ^l three^{l44} months reckoned from the date of issue of the certificates purchased through fresh investment:

Provided further that the condition specified in the first proviso shall not apply in respect of the certificates purchased through reinvestment^l or the certificates to be pledged as security with the Ministries and Government Departments for award of contract shall not be eligible as security for obtaining loan from banks or investment companies, etc. However, the Ministries and Government Departments shall not release the pledged certificates until delivery of contracted work and stores as prescribed under the rules and contracts and shall ensure that these certificates have not been pledged elsewhere and shall also provide the detail of certificates pledged as security and date of their release to concerned National Savings Center (NSC) or Regional Directorate of National Savings (RDNS), maintaining a proper register to keep track of pledged certificates within fifteen days of the event.^{l45}

Explanation:—For the purposes of this rule, the expression “official capacity” means that the certificates shall be transferred to the officer described by his official designation such as Director of (concerned organization), etc. The certificates must not be transferred in the personal name of the officer who will hold them as security.”^{l46}

59. Omitted.⁴⁷

60. Omitted.⁴⁸

61. The procedure for pledging of certificates shall be as follows :

⁴⁴ In sub-rule (3) of rule-58, in the first Proviso, for the word "six" the word "three" substituted vide F.D. Notification No.F.20(1)GS-1/2010-1874 dated 2nd December 2011.

⁴⁵ the second proviso of sub-rule-(3) of Rule-58, was added vide F.D. Notification No.F.20(1)GS-1/2010-728 dated 8th July 2013.

⁴⁶ **Substituted:** vide F.D. Notification F. 10(2) D.M.-11/2003(pt) 856 dated 23rd April 2005.

For the original rule , as

" 58. Certificates can be transferred for the purpose of being treated as security, to a gazetted Government officer, to an officer of the State Bank of Pakistan [as mentioned in rule 4(14)] or to an executive officer of a local authority as defined in the General Clauses Act, 1897 (X of 1897), or to such officer of any Government-sponsored corporation or to officer of a scheduled bank, in his official capacity. After transfer of the certificates the transferor relinquishes all claims to receive the value of the certificates including the profit accruing thereon and the officer to whom the certificates have been transferred can (i) encash them at any time, (ii) exchange them for new certificates on their maturity or (iii) retransfer them to the transferor under rule 61(4). *Provided that these certificates shall be pledgable upto the value of one million rupees "

Wherein, the *Proviso Substituted vide F.D. Notification. No. F. 10(2)M11-11/2003-1530 dated 11th November, 2003.[for the words:

"Provided that these certificates shall be pledged upto the value of one million rupees with the prior approval of the Central Directorate of National Savings, Islamabad or its designated offices."

That was added by substituting colon at the end for full stop, vide F.D. Notification No.F. 10(2)DM-11/2003-761 dated 16th June 2003.]

⁴⁷ **Omitted:** vide F.D. Notification No.F. 10(2)DM11/2003-761 dated 16th June 2003.[containing the words:

"50. A person who has lodged money as security with a government official, or an executive officer of a local authority as defined in general clauses Act, 1897 (XI of 1897), or of any scheduled bank can authorize, or consent to, its being invested in certificates."

⁴⁸ **Omitted:** vide F.D. Notification No.F. 10(2)DM11/2003-761 dated 16th June 2003.*ibid.* [containing the words:

" 60. The value of the security shall be:-

(a) The amount for which the certificates were purchased, or

(b) The surrendered value (see rule-44) on the date on which transferred as security if profit has accrued."]

(1) The pledger must obtain from the other officer to whom the certificates are to be pledged, written authority to pledge them to him in his official capacity as security.

(2) If the pledger has not yet bought the certificates, he should write on the application form for purchase of certificate above his signature the words “pledged to (official designation) vide authority attached, and to be issued to him in his official capacity.”

(3) If the pledger is already in possession of the certificates, he must present the same at the office of issue for making of lien on such certificates being pledged as security. The authority letter referred to in sub-rule(1) above must be attached and certificates be presented at the same time.^{*N}

(4) When the security is to be released, the officer concerned shall give written authority to the pledger for release thereof. The office of issue will then score out the lien marked at the time of pledging and release the certificates.⁴⁹

XV.REPLACEMENT OF LOST DESTROYED OR DAMAGED CERTIFICATES

62. If a certificate is lost or destroyed, the investor or his nominee or heir, as the case may be, shall be entitled to a “declaration in lieu” issued by the Audit Officer if it was issued by a post office or by an Officer of the Bank or other office which issued the original certificate on his furnishing a written statement to the office of issue (or the office of registration if the certificate had been transferred under rule 34) 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 or their nominees or heirs, as the case may be, must sign the statement. Where an “Identity Slip” *vide* rule 32 has been obtained and the certificates to which it related, or any of them, was 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 five hundred rupees (Rs. 500) on satisfactory proof of identity and, in the case of certificates of the face value exceeding five hundred rupees (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 an office of issue which should take necessary action after due reference to the original Office of Issue.

63. A declaration issued under rule 62 shall be treated as equivalent to the original certificate for all the purposes of these rules, except that it shall not be encashable at the office other than that at which it is registered, without previous verification. An Office of Issue may issue a duplicate certificate (without Identity slip) instead of a declaration in lieu of a lost certificate. If a duplicate certificate is issued it will bear the same date of issue as the original one and the words **“Duplicate Issued in lieu of certificate No.....dated.....reported to have been lost”**, shall be written prominently on the face of it.

64. If a certificate is lost or destroyed, a fee on the scale specified below shall accompany the statement required under rule 62 and in no case will this fee be refunded :—

For each certificate of Rs. 500 or Rs. 1,000/-	Rs. 1.00
For each certificate of Rs. 5,000 or Rs. 10,000/-	Rs. 5.00

⁴⁹ *Substituted:* the sub-rule (3) and (4) in Rule-61, *vide* F.D. Notification No.F. 10(2)1111-11/2003-868 dated 3rd July 2003.

For each certificate of Rs.50,000 or Rs.1,00,000/- Rs. 5.00

65. The office of issue will not be responsible for any loss caused to a holder by another person obtaining possession of a certificate and fraudulently encashing it.

66. If a certificate is spoilt, a new certificate bearing the same date of issue as the original one, will be issued by the office of issue on the holder's surrendering the spoilt certificate. If, subject to the provisions of rule 33, it is surrendered at an office other than that of Issue, a new certificate will be issued only after reference to the Office of Issue (or the office to which transfer of registration may have been made under rule 34).

XVI. SPECIAL PROVISION FOR SALE OF CERTIFICATES ABROAD

67. Investors from abroad may purchase these certificates:

- (i) from the local branch of a Pakistani Bank where such a branch is operating;
- (ii) through their bankers in Pakistan who will purchase and send the Certificates to them; or
- (iii) through the Director General, National Savings, Islamabad, or through the Director or Joint Directors, National Savings, to whom the necessary remittance may be made through the usual banking channels with instructions whether the Certificates are to be sent to them or are to be held in safe custody on their behalf until further advice ; or
- (iv) through any agent or an officer of the National Savings Organization appointed abroad by the Director General, National Savings and

Note.-: Certificates purchased by the Director General, National Savings, will be kept by him in safe custody free of charge and the particulars of such Certificates will be communicated to the investors immediately after they have been purchased. The delivery of the Certificates may be taken by their purchasers personally in Pakistan or the Certificates may be called for to their address abroad at any time.

68. Deleted.⁵⁰

69. The Principal and profit accrued on a Certificate issued against foreign exchange received through remittance or transfer from Foreign Currency Account or surrendering Foreign Exchange Bearer Certificates/Dollar Bearer Certificates; by the National Savings Centers, Offices of the State Bank of Pakistan, branches of the Scheduled Banks, the Pakistan Post Offices and such other office and agency as may be specifically or generally authorized by the Director General, National Savings, shall be payable abroad to the purchaser in foreign currency, if so desired by the investor or in the eventuality of the death of the purchaser, to his nominee(s) or heir(s).

Note.—The amount received in foreign currency for the purchase of certificates shall be converted into Pakistani rupees, in accordance with the exchange rate prevailing on the date of clearance of the bank draft and shall be such that its rupee equivalent is in multiple of 500 and on repatriation the amount of the principal or profit or the principal and profit as the case may be, shall be converted into foreign currency in accordance with the exchange rate prevailing on the date of remittance.

70. The maximum limits prescribed for the holding of these Certificates shall not apply to the investors from abroad who may purchase and hold Certificates of any value.

⁵⁰ Deleted: the rule -68 containing the words as under :

"68. Amounts received by banks in foreign currencies for purchase of certificates shall be converted into Pakistan rupees at the current rate of exchange and shall be such that their rupee equivalents are in multiple of 10."

71. Where printed forms of application for purchase of Certificates are not readily available purchasers of the Certificates may use typed forms containing the necessary particulars.

XVII. GENERAL

72. (1) After the issue of a Certificate, all transactions must be carried out by the person who signed the application form SC.I.

(2) Certificates issued in names of bodies, other than those of individuals, must be held in the custody of the persons or officers empowered to administer and sign on behalf of the bodies concerned.

(3) [The CDNS shall review from time to time the existing processes and devise new procedures, if so required, in respect of purchase, encashment, profit payment and other matters regarding the digital certificates in line with the best banking services to maximize the customer' facilitation through IT driven solutions, provided that the procedure is no inconsistency with the Defence Savings Certificates Rules, 1966 amended from time to time] ⁵¹.

⁵¹ ***Inserted:*** sub-rule (3) in rule-72, vide FD Notification No. F. 20(6)GS-I/2018-1410 dated **3rd September 2019.**"