

National Savings Certificate (VIII Issue)

Purchase of Certificate: A Certificate can be purchased from all Head Post Offices and authorized Post Offices. A Certificate can be purchased by an adult for himself or jointly, by an adult on behalf of a minor. Any person desirous to purchase National Savings Certificate, shall apply in a prescribed Form in any Post Office, in person or through an authorized agent Small Savings.

Payment: Payment for the purchase of the Certificate may be made to a Post Office in cash, locally executed cheque, order, demand draft drawn in favour of **Postmaster, a duly signed Withdrawal Form with the Passbook for withdrawal from the Post Office Savings Bank Account or surrender of a matured old certificate duly discharged as "Received payment through issue of fresh certificate vide application attached."**

Rate of Interest: Rate of Interest is 8.16 per cent compounded half yearly and paid after the maturity period of Six years along with the principal amount. The interest, as specified in the table below, shall accrue to the holder of the certificate the end of each year and such interest shall be deemed to have been re invested on behalf of the holder and aggregated the amount of face value of the certificate.

Encashment: The Certificate can be encashed after Six years. The Certificate can be encashed at the Post Office at which stands registered or it can also be encashed at any other Post Office if the Office-In-Charge of that Post Office is satisfied verification from the office of its registration that the person presenting the Certificate for encashment is entitled to.

The person entitled to receive the amount due under a Certificate shall, on its encashment, sign on the back thereof in token of having received the payment. If the Certificate is purchased on behalf of a minor who has since attained majority, Certificate shall be signed by such a person himself, but his signature shall be attested either by the person who purchased the Certificate on his behalf or by any person who is known to the Postmaster.

In case of death of the holder, in respect of which a nomination is in force, the nominee or nominees shall be entitled encash the Certificate at any time before or after the maturity of the Certificate or they can sub-divide the Certificate appropriate denominations in favour of individual nominees or two adult nominees jointly. For this, the surviving nominees shall make an application to the Postmaster, supported by the proof of death of the holder.

- Rs.100 grows to Rs.160.10 on maturity with interest rate of 8 per cent compounded half yearly
- Minimum investment Rs.100. No maximum limit
- Available in denominations of Rs.100, Rs.500, Rs.1000, Rs.5,000 and Rs.10,000
- Deposits up to Rs.100000 qualify under section 80C of the Income Tax Act
- Interest accruing annually is automatically reinvested, and such re-invested interest will also qualify for
- tax rebate under section 80C of the Income Tax Act
- No tax deduction at source

Premature Encashment: A Certificate may be prematurely encashed- in case of If the Certificate is encashed within one year from the date of Certificate, only the face value of the Certificate shall payable. If the Certificate is encashed after expiry of One year but before the expiry of Three years from the date Certificate, an amount equivalent to the face value of the Certificate together with simple interest shall be payable. If Certificate is encashed after the expiry of Three years from the date of Certificate, the amount payable, inclusive of interest for the denomination of Rs.100 shall be as given in the table.

Features of the Scheme

National Savings Certificate Scheme was issued vide Government of India, Ministry of Finance (DEA) Notification Number G.S.R. 496 (E) dated May 1, 1989 and further amended from time to time.

Some features regarding transfer of the Certificate are:

Replacement of Lost or Destroyed Certificate: If a Certificate is lost, stolen, destroyed, mutilated or defaced, the person entitled thereto may apply for the issue of a duplicate Certificate to the Post Office where the Certificate is registered. application shall be accompanied by a statement showing particulars such as number, amount, date of the Certificate and circumstances attending such loss, theft, destruction, mutilation or defacement. If the Officer-In-Charge is satisfied, he issue a duplicate Certificate on the applicant furnishing an indemnity bond in the prescribed Form with sureties or with bank's guarantee.

* death of the holder

* forfeiture by a pledgee being Gazetted Government Officer when the pledge is in conformity with these rules

* when ordered by the Court of Law

| Period From The Date Of The Certificate To The Date Of Its Encashment | Amount Payable Inclusive Of Interest |
|--|--|
| More than 3 years but less than 3 years and 6 months | 121.15 |
| More than 3 years and 6 months but less than 4 years | 125.09 |
| More than 4 years but less than 4 years and 6 months | 129.16 |
| More than 4 years and 6 months but less than 5 years | 133.36 |
| More than 5 years but less than 5 years and 6 months | 137.69 |
| More than 5 years and 6 months but less than 6 years | 142.16 |

- A National Savings Certificate can be transferred from one Post Office to another, by making an application in prescribed Form.
- The Certificate can also be transferred from one person to another with the previous consent in writing of the Postmaster or the Head Postmaster. The transfer can be made after the expiry of a period of at least one year from the date of Certificate.

- On an application being made in the prescribed Form by the transferor and transferee, the Postmaster may permit transfer of any Certificate (pledging of Certificate) as a security to the President of India or Governor of a State in official capacity, to the Reserve Bank of India or any scheduled bank, to any co-operative society, to a Corporation Government company, to a local authority or to a housing finance company approved by the National Housing Bank. transfer is permitted only for the whole amount and not for the part of it. Transfer of the Certificate purchased on behalf of minor shall be permitted only if his guardian certifies that the minor is alive and the transfer is for the benefit of minor. The Certificate may be re-transferred to the investor on the written authority of the pledgee, with the previous sanction of the authorized Postmaster.
- National Savings Certificate can be purchased in Demat Form in select Post Offices.

Nomination: Nomination facility is available for the National Savings Certificate. If such nomination is not made at the of purchasing the Certificate, it may be made by the single holder, the joint holder or the surviving joint holder, by applying in prescribed Form, at any time after the purchase of the Certificate.

No nomination shall be made in respect of a Certificate applied for and held by or on behalf of a minor.

A nomination made by the holder or holders of the Certificate may cancelled or varied by submitting application in prescribed Form affixing postage stamps, together with the Certificate to Postmaster.

Accrued Interest NSC

**Accrued Interest per year on investment of Rs. 100/-
(To take benefit of Income Tax Act under section 80C)**

Period of Investment

| | Till 31/12/1998 | 1/1/1999 To 14/1/2000 | 15/1/2000 To 28/2/2001 | 1/3/2001 To 28/2/2002 | 1/3/2002 To 28/2/2003 | After 01.03.2003 |
|-----------------------------------|--------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|---------------------|
| Int . Rate | 12% | 11.50% | 11% | 9.50% | 9% | 8% |
| 1 year | 12.40 | 11.83 | 11.30 | 9.72 | 9.20 | 8.16 |
| 2 year | 13.90 | 13.23 | 12.58 | 10.67 | 10.05 | 8.83 |
| 3 year | 15.60 | 14.80 | 14.00 | 11.71 | 10.97 | 9.55 |
| 4 year | 17.50 | 16.54 | 15.58 | 12.85 | 11.98 | 10.33 |
| 5 year | 19.70 | 18.51 | 17.35 | 14.10 | 13.10 | 11.17 |
| 6 year | 22.40 | 20.69 | 19.31 | 15.47 | 14.29 | 12.08 |
| Total Int. | 111.50 | 95.60 | 90.12 | 74.52 | 69.59 | 60.12 |
| Maturity Amt.with Interest | 201.50 | 195.60 | 190.12 | 174.52 | 169.59 | 160.12 |

