

F.No. 1/04/2016-NS.II
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

North Block, New Delhi

Dated: 13.05.2016

OFFICE MEMORANDUM

Subject: Revision of interest rates for Small Savings Schemes- discontinuation of physical pre-printed NSC and KVP certificates – regarding.

1. The undersigned is directed to refer to this Department's OM of even number dated 23rd March, 2016, vide which the modalities of discontinuing pre-printed KVP and NSC certificates from 01.04.2016 were stated. The current OM states the reconsidered decision in this regard, in supersession of the OM of even number dated 23rd March, 2016.

Date of implementation

2. In view of the difficulty expressed by the Department of Posts vide their D O letter No.61-01/2016-SB dated 07.04.2016, the date for discontinuation of pre-printed KVP and NSC certificates in Post Offices and Banks, is being postponed by a quarter, to 01.07.2016. All banks and the Department of Posts are requested to return the remaining stock of physical pre-printed KVP/NSC certificates at the close of business on 30.6.2016 to the ISP, Nasik.
3. It may be noted that **no physically pre-printed KVP and NSC certificates may be issued on or after 1.7.16 by banks or Post Offices.**

Two modes of issue of NSC/KVP certificates on and after 1.07.2016

4. The NSC/ KVP certificates shall be issued in the following 2 modes on and after 1.07.2016
 - a) Exclusive e-mode: The format for e-mode is given in Annex I for KVP and NSC. The Part A of the format is to be made accessible for viewing by a customer online in a non-printable form and Part B of the format needs to be maintained as part of the database only. Any customer can apply for viewing of NSC or KVP through online secure system for which he/she has to open savings account (if Savings Account is not already opened) and apply for Internet Banking before purchase of NSC or KVP. A customer shall have access of viewing only his/her own deposit under this mode at all times.
 - b) Passbook mode (e-mode format printed or recorded on a passbook): Under this mode, the format for e-mode as given in Part A of Annex I for KVP and NSC, shall be either printed or entered manually on a passbook and such Passbook should be issued with physical signature(in blue ink) of the authorized official. Manual entries should be made only if either printer is not supplied or it is not in a working condition. Efforts should be made to provide adequate Passbook printers to all Post Offices and bank branches authorized to handle Small Savings schemes.
5. The Government advises the use of "exclusive e-mode" over the "passbook mode", wherever possible. The choice of the mode (one or multiple modes) may ideally be left to the customer unless the infrastructure of the issuing office/branch restricts the compliance with any particular mode. If any customer wants to replace Passbook

mode with exclusive e-mode, the passbook may be collected back and destroyed after cancelling all the pages by the authorized official. So far as possible, customer should be convinced to opt for "exclusive e-mode". This is to facilitate the transition to a paperless system.

6. In all cases, the system should be able to record with date the issue of NSC/KVP certificates under both the modes and keep track of the modes used by individual customers. The physical signature of the issuing officer at the time of issue of the certificate in passbook mode should have designation stamp as the same is of crucial importance for establishing the authenticity of the certificate issued. In case of the passbook mode, the Post Office or Bank Branch, shall take receipt of the passbook by the customer or agent (when duly authorized by the customer) in the Account Opening form in lieu of having received the same.
7. In case the Passbook certificate is lost, the customer can get this issued in duplicate by paying the required fee as prescribed for issue of duplicate passbook and by following the process laid down by DoP and the respective Banks, in this regard. In case already pre-printed NSC or KVP are lost or mutilated, already laid down procedure for issue of duplicate NSC or KVP should be followed but instead of pre-printed duplicate NC or KVP, only Passbook should be given in lieu of pre-printed NSC or KVP. The old certificate number may be noted in this case, on the passbook issued.

Pledging

8. The passbook mode shall be eligible for pledging throughout the country from 1.7.2016. In case of pledging of NSC or KVP, the authorized Authority or bank shall send requisition to relevant CBS Post Office/ bank branch along with the passbook for verification of data and freezing the amount through mutually agreed mode. Similarly, information regarding release of security or forfeiture of security may be exchanged between these authorities. DoP may work out the modalities with banks in this regard before 1.7.2016. Pledging of the KVP/NSC issued after 1.07.16 shall be done only at the office/branch where these are held in both banks/DoP. However transfer of KVP/NSC from one post office to another and from one bank branch to another shall continue according to existing rules. NSC or KVP once pledged should not be transferred unless security is released.

9. Transfer

10. In case of transfer of NSC or KVP from one person to another, both the persons shall apply for transfer of NSC or KVP in the prescribed format. The Post Office or Bank concerned shall allow transfer after applying due diligence and enable online viewing to the new owner if exclusive e-mode is applied and remove the NSC or KVP from the online view of old owner.
11. At the time of transfer of the KVP/NSC from one person to another, apart from the changes in the electronic database entries/physical office ledger entries as the case may be, Passbook if already issued should be obtained in original and re-issued in the name of new customer by cancelling the already printed or manual entries in the name of old owner. The cancellation should be by drawing cross lines with red ink followed by signatures and designation stamp of authorized officials.

12. Closure/Premature closure

At the time of closure or premature closure, Passbook issued should be collected back and receipt of the amount paid should be obtained in the Passbook. All the pages should be cancelled by drawing lines in red ink followed by dated signatures of authorized official with designation stamp. Passbook should be half torn and preserved as a closed voucher.

Serial numbers

13. The serial number system of KVP and NSC shall stand discontinued from 1.07.2016. There shall be only account/registration numbers thereafter which can uniquely identify one transaction. List of Banks operating the KVP scheme are given at Annex II.

Removal of Denomination restriction

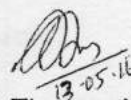
14. From 1.7.2016, KVP Certificates and NSCs can be issued for any amount above Rs. 1000 for KVP and Rs.100 for NSC in one transaction, provided the NSC is issued in multiple of Rs.100 and KVP in multiple of Rs.1000. One transaction of one (set of) investor(s) should result in only one certificate in e-mode or one entry in the passbook on any one day.

Instructions for non-CBS offices

All non-CBS POs shall be given unique SOL ID by DOP by 30.6.2016 and from 1.7.2016, these offices shall issue NSC or KVP only in Passbook mode by assigning Account/Registration number from the block of accounts allotted by their HOs. As and when these offices are migrated to CBS, new account/registration number should be allotted by CBS system and same should be informed to the customer.

General instructions

15. The necessary software templates and arrangements may be put in place so as to implement these instructions and the contents of the annexes to this OM. The aim should be 'bare essential data-entry requirement' at the time of issue of the Certificates of KVP and NSC to the investor.
16. This system shall remain in place till the KVP/NSC system is completely dematted or brought on e-mode by other means by the Ministry of Finance.
17. The Bank Central offices and DoP shall monitor the number of KVPs/NSCs issued in this way w.e.f 1.7.2016 and report to pankaj.awasthi@nic.in on a bi-monthly basis starting from 15.07.16 including Non CBS Offices.
18. Necessary amendments to the relevant rules of NSC-VIII Issue and KVP Rules 2014, shall be circulated in due course.



(Sigy Thomas Vaidhyan)
Deputy Secretary (Budget)
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To

1.The Secretary,
Department of Expenditure
North Block
New Delhi.

2.The Secretary,
Department of Revenue
North Block
New Delhi.

3.The Secretary,
Department of Posts
Dak Bhawan
New Delhi.

4.The Secretary,
Department of Financial -
Services
Jeevandeep Building

Parliament Street, New Delhi.

5. The Director,
National Savings Institute
Nagpur.

7. Reserve Bank of India
Central Accounts Section
Additional Office Section
East High Court Road
Nagpur-440001.

6. Chief General Manager
Department of Govt. & Bank
Accounts
Central Office
Mumbai.

8. Chief Secretaries of
States/UT Governments.

Annex I: Part A

Details on Receipt Kisan Vikas Patra Certificate/ NSC VIII issue (e-mode and also on Certificate recorded on passbook)

Kisan Vikas Patra Certificate / NSC VIII Issue

Sl.
No.

- 1 Registration/Account number :
- 2 Amount deposited (in Rs.) :
- 3 Date of investment :DD/MM/YYYY
- 4 Date of Maturity# :DD/MM/YYYY
- 5 Maturity Amount (in Rs.)
- 6 Name and IFSC/SOL of Post Office/ Bank Branch

Details of amount realizable on premature withdrawal may be ascertained from Post Office/ Bank Branch where the deposit is currently placed.

7		Investor 1	Investor 2	Guardian in case investor is minor
a	Name			
b	Father's/Mother's name			
c	Address			
d	CIF Number			
e	Nomination given (Y/N)			
f	Through agent (A) or Direct (D)			
8	Date of encashment			
9	Receipt	Investor 1	Investor 2	Guardian in case investor is minor
a	Received a sum of Rs.			
b	Name(s)			
c	Signature			
10	Name and signature of the official discharging the investment			

Part B: Additional details in the electronic form or office ledger

11	(only the details needed and legally mandated are to be collected)	Investor 1	Investor 2	Guardian in case investor is minor
a	Name			
b	Father's/Mother's name			
c	Address			
d	Proof of Address			
e	CIF Number			

f	Aadhaar Number (optional, preferred) but			
g	PAN Number(optional)			
h	Account number with IFSC code into which encashed amount on closure may be transferred			
i	Signature			
j	Details of pledge (name of the pledgee and date)			
k	Account number with IFSC code into which maturity amount may be credited on forfeiture of pledge (optional)			
l	Name and address of nominee:			
m	Relationship and percentage of nomination:			
	Entire details are to be collected and recorded with respect of the transferees in case of transfers.			

Annex II: Banks operating the KVP Scheme

The name of banks operating the KVP Scheme, are given below:

1. Andhra Bank
2. AXIS Bank (UTI Bank)
3. Bank of Baroda
4. Bank of India
5. Canara Bank
6. Central Bank of India
7. Corporation Bank
8. Dena Bank
9. HDFC Bank
10. ICICI Bank
11. IDBI Bank Ltd.
12. Indian Bank
13. Indian Overseas Bank
14. Punjab National Bank
15. State Bank of India
16. State Bank of Bikaner and Jaipur
17. State Bank of Indore
18. State Bank of Mysore
19. State Bank of Patiala
20. State Bank of Saurashtra
21. State Bank of Travancore
22. Syndicate Bank
23. UCO Bank
24. Union Bank of India
25. Vijaya Bank