

Public Debt Act, 1944

February 27, 2013

Preamble

(18 of 1944)¹

22nd November, 1944

An Act to consolidate and amend the law relating to Government securities ²[* * *] and to the management by the Reserve Bank of India. Of the public debt of ³[the Government].

WHEREAS it is expedient to consolidate and amend the law relating to Government securities ²[* * *] and to the management by the Reserve Bank of India of the public debt of ³[the Government]; It is hereby enacted as follows :-

STATEMENT OF OBJECTS AND REASONS

"The great bulk of Government obligations in India have till very recently been expressed in the form of promissory notes which pass from hand to hand by endorsement and delivery. Stock certificates, i.e., certificates which are not negotiable themselves but merely record title, the actual transfers requiring registration in the books of the Public Debt Office, are of comparatively recent introduction. Not unnaturally, therefore, the law of Government securities in India, started as an appendage to the law of Negotiable Instruments, modifying it where necessary to meet the peculiar circumstances of Government promissory notes such as (1) their validity for a period much longer than that of the ordinary negotiable instrument of commerce and the concomitant necessity of issuing separate instruments to replace the originals for the record of interest payments, and (2) their being held more widely than ordinary negotiable commercial instruments ' by various classes of investors in addition to the financial and business community. The fact that Government loans were almost entirely in the form of promissory notes meant that the special modifications of the law, effected from time to time to meet practical difficulties only related to Government obligations held in this form, with the result that when the previous legislation was revised in the Act of 1920, a clear distinction was not always drawn between those parts of the law which ought to relate to Government securities as a whole and those which merely related to promissory notes. A striking instance of this is provided by section 13(Act X of 1920) providing for the summary provisional settlement of disputes, which is confined only to promissory notes. Although logically imperfect, this position did not in the past lead to any practical difficulties as the holders of Government loans in the form of stock certificates were comparatively few. As a result of war conditions however, and the efforts of the Reserve Bank as agent of Government in the management of public debt to popularise stock certificate in the interest of safety and administrative convenience the proportion of Government loans held in the form of stock certificates or in special subsidiary ledger accounts, which the Bank has undertaken to maintain for large institutional holders, has substantially increased, and the time appears to be opportune for recasting the provisions of the Indian Securities Act, 1920 so as to provide more satisfactorily for the management of Central public debt.

Apart from the fact that Section 13 of the 1920 Act fails to provide for the summary provisional settlement of disputes regarding Government loans held otherwise than as promissory notes the machinery which it provides is in itself incomplete and there have been numerous cases where on account of disputant contenting himself with the mere issue of a notice of dispute to the Public Debt Office and abstaining from prosecuting his claim in a Court of law, or on account of vague stop orders emanating from Courts, the periodical payment of interest has been held up for unconscionably long periods, much to the annoyance and prejudice of the actual holder. There have also been numerous instances in which where the matter has been taken to Court, Government and the Reserve bank have been made parties to what was essentially a dispute

between two private parties in the decision of which Government or the Bank had no interest. It is, therefore, considered desirable to recase this part of the law so as to provide for a summary adjudication by the Reserve Bank of disputes as to the title to be the holder of a security, with a necessary safeguard by way of a guarantee of indemnity to ensure that the interests of the party who may ultimately succeed in establishing in a Court of law his right to hold the security are not prejudiced.

The legislative competence of the Central Legislature extends, however, only to legislation affecting public debt of the Central Government, while the public debt of a Province is subject to legislation in the Provincial Legislature only. The Act of 1920, which regulates public debt of both kinds, is amenable to amendment by the Central Legislature only in so far as it deals with public debt of the Central Government. The present legislation, therefore, takes the form of a Bill to be enacted as a separate Act, applicable only to securities of the Central Government, which will reproduce the provisions of the 1920 Act with amendments designed to remedy the defects already referred to, and with certain other amendments the necessity or desirability of which is suggested by experience in the administration of the Act during last two decades. In this reproduction of the provisions of the 1920 Act, those provisions have been rearranged so as to group together sections dealing with the incidents common to the different forms in which loans of the Central Government are held and to relegate to separate sections the incidents peculiar to negotiable instruments.”-Gaz. find, 1943, Part V, page 162.

Amendment Act 6 of 1949.-

“Until 1946 the Indian Securities Act, 1920, governed the securities issued by both the Central and the Provincial Governments. The working of this Act disclosed certain defects and it was considered necessary to amend it, particularly in the context of the very large increase of the public debt during the war years. Under the Government of India Act, 1935, the Central Legislature was competent to change only the law in respect of central securities and the provisions of the Indian Securities Act, 1920, were accordingly replaced, so far as the Central public debt was concerned, by a comprehensive new Act, the Public debt (Central Government) Act, 1944, which was brought into effect from the 1st May, 1946 leaving the Provincial securities to be regulated by the Indian Securities Act, 1920. As the money market is common to the whole country and the public debt of the Central and Provincial Governments is administered by a single agency namely, the Reserve Bank, it is obviously desirable to have uniform legislation for regulating the public debt of both. The Provincial Governments concur in this view and the Chambers of the Legislatures of all the Provinces in India have passed resolutions recommending that the securities issued by their respective Governments and their public debt should be regulated by an Act of the Dominion Legislature. It is accordingly proposed to amend the public Debt (Central Government) Act so as to extend it to cover the public debt of all the Provincial Governments”.-S.O.R. Gaz. of India.. 1949. Pt. V. p. 37.

Amendment Act 57 of 1956. –

“The public debt and securities of the Union and Part A States are at present administered by the Reserve Bank of India in accordance with the Public Debt Act, 1944, and the rules made there under. The Act at present does not extend to securities created and issued by the Governments of Part B States. Some of these States have their own Public Debt laws while others have acquired public debt only recently and have no regular law on the subject. Securities issued by the Governments of Part B States are circulating in all parts of the country and the public debt of Part B States is also being administered by the Reserve Bank of India. It is, therefore, desirable that there should be uniformity of procedure in respect of the public debt of the Union and all Part A and Part B States and that the Public Debt Act, 1944 should apply to securities issued by the Government of Part B States as it applies to securities issued by the Central Government or a Part A State. The Legislatures of Part B States other than that of the State of Jammu and Kashmir have passed resolutions in pursuance of Article 252 of the

Constitution empowering Parliament to pass the necessary legislation on the subject. The Bill, accordingly amends the Public Debt Act, 1944, so as to make it applicable to securities issued by the Governments of Part B States other than the Government of Jammu and Kashmir and makes certain other minor and incidental amendments in that Act".-S.O.R. Gaz. ofind., 27-8-1956, Pt. II, S. 2, Ext., p. 772.

Amendment Act 44 of 1959.-"

Ten-Year Treasury Savings Deposit Certificates and 15-Year Annuity Certificates which are sold and discharged through the Reserve Bank of India are governed by the provisions of the Public Debt Act, 1944. Section 7 of that Act provides that if the face value of the Government securities belonging to a deceased holder exceeds Rs. 5,000, the executors or administrators of the deceased holder and the holder of a succession certificate shall be the only persons who may be recognised by the Reserve Bank as having any title of these securities.

2. Suggestions have been made from time to time that as the production of legal proof of succession involves considerable delay and expense, the holders of Ten-year Treasury Savings Deposit Certificates and 15-Year Annuity Certificates may be allowed the right to nominate a person or persons to whom the amount due on the certificate could be paid in the event of the death of the holders without the production of succession certificate or other proof of title. This Bill accordingly seeks to allow the facility of nomination to holders of the aforementioned certificates."-S.O.R. Gaz. ofind. 27-8-1959, Pt. 11, S. 2, Extra, page 878.

Amending Act 44 of 1972.-

The public debt and the securities of the Central and State Governments, other than the Government of the State of Jammu and Kashmir, are at present administered by the Reserve Bank of India in accordance with the provisions of the Public Debt Act, 1944. and the rules made there under. In 1956, the Legislatures of the erstwhile Part B States, other Legislatures of the erstwhile Part B States, other than that of the State of Jammu and Kashmir, passed resolutions in pursuance of Article 252(1) of the Constitution empowering Parliament to amend the Public Debt Act, 1944, so as to make it applicable to securities issued by the Governments to those States and to their public debt. The Government of Jammu and Kashmir proposes to raise public loans from this year for augmenting resources for financing its developmental outlays and has requested that the Public Debt Act, 1944 may be made applicable to securities to be issued by it and to its public debt. The Legislative Assembly and the Legislative Council of the State of Jammu and Kashmir have passed resolutions in pursuance of Article 252(I) of the Constitution empowering Parliament to amend the Public Debt Act, 1944, with a view to make the provisions thereof applicable to securities issued by the Government of the State of Jammu and Kashmir and to its public debt. The Bill seeks to amend the Public Debt Act, 1944 for the aforesaid purpose.-S.O.R.-Gaz. ofind., 8-8-1972, Pt. II, S. 2, Ext. p. 672.

ACT HOW AFFECTED BY SUBSEQUENT LEGISLATION

—Amended by Acts 6 of 1949; 57 of 1956; 44 of 1959; 44 of 1972.

—Adapted by A.C.A.O., 1948; A.L.O., 1950: 3 A.L.O., 1956.

—Extended by Acts 59 of 1949; 30 of 1950; Regns. 12 of 1962; 6 of 1963; 7 of 1963; 8 of 1965.

—Extended in Madras by Mad. Act 35 of 1949.

—Extended in Travancore-Cochin by T. C. Ord. 5 of 1953.

—Extended in Rajasthan by Raj. Ord. 5 of 1956.

1 For Statement of Objects and Reasons, see Gaz. of Ind., 1943, Pt. V, p. 162.

This Act has been extended to the new Provinces and merged States by the Merged States (Laws) Act, 1949 (59 of 1949), S. 3 (1-1-1950) and to the States of Manipur, Tripura and Vindhya Pradesh by the Union Territories (Laws) Act, 1950 (30 of 1950), S. 3 (16-4-1950). Manipur and Tripura are full-fledged States. Vindhya Pradesh is a part of the State of Madhya Pradesh—See Acts.81 of 1971 and 37 of 1956, S. 9 respectively.

It has also been extended to the States merged in the State of Madras : See Mad. Act 35 of 1949, S. 3 (1-1-1950).

This Act and the Rules made thereunder have been made applicable to the Government securities of the State of Rajasthan issued before or after 11th September 1956; see Raj. Ord. 5 of 1956, S. 2 (11-9-1956);

This Act and the rules made thereunder are made applicable to the Government securities of the State of Travancore-Cochin issued on or after the 13th July, 1953 as they apply to Government securities of a Part A State—See Trav. Co. Ord. 5 of 1953, 8.2(31-10-1953).

The Act has been extended to Union Territory of—

(1) Goa, Daman and Diu by Regn. 12 of 1962 (1-2-1965);

(2) Dadra and Nagar Haveli by Regn. 6 of 1963 (1 -7-1965);

(3) Pondicherry by Regn. 7 of 1963 (1-10-1963);

(4) Laccadive, Minicoy and Amindivi Islands by Regn. 6 of 1965 (1-10-1967).

2 The words "issued by the Central Government" were omitted by the Public Debt (Central Government) Amendment Act, 1949 (6 of 1949), S. 2 (1 -4-1949).

3. Substituted for the words "the Union and the Part A States" by the Public Debt (Amendment) Act, 1956 (57 of 1956), 8.2(15-10-1956).

Section 1. Short title and commencement

(1) This Act may be called the Public Debt ¹[**] Act, 1944.

²[*****]

(3) It shall come into force on such ³date as the Central Government may, by notification in the official Gazette, appoint in this behalf.

1. The words and brackets "(Central Government)" were omitted by the Public Debt (Central Government) Amendment Act, 1949 (6 of 1949), S. 3 (1-4-1949).

2. Sub-section (2) was omitted by the Public Debt (Amendment) Act, 1956 (57 of 1956), S. 3(15-10-1956).

3. The Act came into force on 1-5-1946, see Notfn. F.I. (1)—B/46, D/- 20-4-1946, Gaz. of Ind., 1946, Pt. I, p. 575.

¹[1A. Securities to which this Act applies.

This Act applies to Government securities created and issued whether before or after the commencement of this Act by the Central Government or a State Government ²[* *****]

1 Inserted by the Public Debt (Amendment) Act, 1956 (57 of 1956), Section 4 (15-10-1956). By S. 15 of this Amendment Act the following enactments are, subject to a saving clause, repealed, namely, (1) the-Madhya Bharat Public Debt Act, 1953; (2) the Mysore Public Debt Act, 1953; (3) the Saurashtra Public Debt Act, 1953; and (4) the Travancore-Cochin Public Debt Act, 1954.

2. Words "other than the Government of Jammu and Kashmir" omitted by the Public Debt (Amendment) Act, 1972 (44 of 1972), S. 2 (w.r.e.f. 1-9-1972).

Section 2. Definitions

In this Act, unless there is anything repugnant in the subject or context,-

(1) "The Bank" means the Reserve Bank of India;

¹[(1A) "The Government" in relation to any Government security means the Central or State Government issuing the security;]

(2) "Government security" means-

(a) A security, created and issued, ²[by the Government] for the purpose of raising a public loan, and having one of the following forms, namely:-

(i) Stock transferable by registration in the books of the Bank; or

(ii) A promissory note payable to bearer; or

(iii) A form prescribed in this behalf;"

(b) Any other security created and issued by ³[the Government] in such form" and for such of the purposes of this Act as may be prescribed;

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

(4) "Promissory note" includes a treasury bill.

1. Inserted by the Public Debt (Central Government) Amendment Act, 1949 (6 of 1949), S. 4 (1-4-1949).

2. Substituted for the words "whether before or after the commencement of this Act, by the Central Government or a State Government" by the Public Debt (Amendment) Act, 1956 (57 of 1956), S. 5 (15-10-1956).

3. Substituted for the words "the Central Government or a State Government", Substituted for the words "whether before or after the commencement of this Act, by the Central Government or a State Government" by the Public Debt (Amendment) Act, 1956 (57 of 1956), S. 5 (15-10-1956).

Section 3. Transfer of Government securities

(1) ¹[Subject to the provisions of Section 5-, a transfer of a Government security shall be made only in the manner prescribed for the making of transfers of securities of the classic which it belongs, and no transfer of a Government security which-

(i) Is made after the 30th April, 1946, in the case of a security issued by the Central Government,

(ii) Is made after the 31st March, 1949, in the case of a security issued by the Government of a Part A State,

(iii) Is made after the 14th October, 1956, in the case of a security issued by the Government of a Part B State other than Jammu and Kashmir,²[*],

(iv) Is made on or after the 1st day of November, 1956, in the case of a security issued on or after that day by the Government of any State other than Jammu and Kashmir, shall be valid if-]
²[and]

(a) It does not purport to convey the full title to the security, or

(b) It is of such a nature as to affect the manner in which the security was expressed by [the Government] to be held,

²[(v) Is made on or after the 1st day of September, 1972, in the case of a security issued on or after that day by the Government of the State of Jammu and Kashmir.]

(2) Nothing in this section shall affect any order made by the Bank under this Act, or any order made by a Court upon the Bank.

1. Substituted for the opening paragraph of sub-section (1), by 3 A.L.O., 1956 (w.r.e.f. I -11 -1956).

2. Word 'and' at the end of Cl. (iii), omitted, and the word 'and' added at the end in clause (iv) and after that clause new clause (v) added by the Public Debt (Amendment) Act, 1972 (44 of 1972), S. 3 (w.r.e.f. 1-9-1972).

Section 4. Transferor of Government securities not liable for amount thereof

Not with standing anything contained in the Negotiable Instruments Act, 1881-, a person shall not, by reason only of his having transferred a Government security, be liable to pay any money

due either as principal or as interest there under.

Section 5. Holding of Government securities by holders of public offices

(1) In the case of any public office to which ¹[the Government] may by notification² in the official gazette, declare this sub-section to apply, a Government security in the form of stock or of a promissory note may be held in the name of the office.

(2) When a Government security is so held, it shall be deemed to be transferred without any or further endorsement or transfer deed from each holder of the office to the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(3) When the holder of the office transfers to a party not being his successor in of Face a Government security so held, the transfer shall be made by the signature of the holder of the office and the name of the office in the manner and subject to the conditions laid down in section 3-.

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

1. Substituted for the words "the Central Government" by the Public Debt (Central Government) Amendment Act. 1949 (6 of 1949), Section 6 (1-4-1949).

2. For such a notification, see G.S.R. 1222, dated 16-8-1965, Pt. II, S.3(i), page 1275. (This notification supersedes previous ones in his behalf. For such notifications issued by some of the State Governments, see Andh. Pra. Gaz., 1964,Pt.I,page312;Raj.Gaz" 1963Pt.IV(Ga),p. 123;FortSt.GeoGaz., 1962,Pt.II,S. I,p.2448;U. P. Gaz. 9M964 Pt.I-A, p. 2458).

Section 6. Notice of trust not receivable

(1) No notice of any trust in respect of any Government security shall be receivable by ¹[the Government], nor shall ¹[the Government] be bound by any such notice even though expressly given, nor shall ¹[the Government] be regarded as trustee in respect of any Government security.

(2) Without prejudice to the provisions of sub-section (1), the Bank may, as an act of grace and without any liability to the Bank or to ¹[the Government], record in its books such directions by the holder of stock for the payment of interest on, or of the maturity value of, or the transfer of, or such other matters relating to, the stock as the Bank thinks fit.

1. Substituted for the words "the Central Government" by the Public Debt (Central Government) Amendment Act, 1949 (6 of 1949), Section 6(1-4-1949).

Section 7. Persons whose title to a Government security of a deceased sole holder may be recognised by the Bank

Subject to the provisions of section 9-the executors or administrators of a deceased sole holder of a Government security and the holder of a succession certificate issued under Part X of the Indian Succession Act, 1925-, shall be the only persons who may be recognised by the Bank as having any title to the Government security:

Provided that nothing in this section shall bar the recognition by the Bank of the manager or the sole surviving male member of a Hindu undivided family governed by the Mitakshara Law as having a title to a Government security when the security appears to the Bank to stand in the name of a deceased member of the family and an application is made by such manager or sole surviving member for recognition of his title and is supported by a certificate signed by such authority and after such inquiry as maybe prescribed to the effect that the deceased belonged to a Hindu undivided family governed by the Mitakshara Law, that the Government security formed part of the joint property of the family, and that he applicant is the managing or sole surviving male member of the family. Explanation.- The expression "Hindu undivided family governed by the Mitakshara Law" shall, for the purposes of this section, be deemed to include a Malabar tar wad

Section 8. Right of survivors of joint holders or several payees

Notwithstanding anything contained in section 45 of the Indian Contract Act, 1872—

(a) When a Government security is held by two or more persons jointly and either or any of the bodies, the title to the security shall vest in the survivor or survivors of those persons, and

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

Provided that nothing contained in this section shall affect any claim which any representative of a deceased person may have against the survivor or survivors under or in respect of any security to which this section applies.

Explanation.- For the purposes of this section ¹[a body incorporated or deemed to be incorporated under the Companies Act, 1956-] or the Co-operative Societies Act, 1912, or any other enactment for the time being in force whether within or without ²[India], relating to the incorporation of the associations of individuals, shall be deemed to die when it is dissolved. In clause (b) "we have restored the wording employed in clause (b) of sub-section (1) of section 4 of the Act of 1920, which speaks of a security payable to two or more persons severally' and provides merely for that security becoming payable to the survivor. The proviso which is intended to govern the whole clause has been clarified by the substitution of the words 'in this section' for the word 'herein' and has now been printed separately as an addendum to the clause as a whole instead of being included in sub-clause (b)."-S.C.R. Gaz. of ind. 1944, Part V, page 85.

1. Substituted for the words "a body incorporated under the Indian Companies Act, 1913" by the Public Debt (Amendment) Act, 1956 (57 of 1956), Section 7(15-10-1956).

2. Substituted for the words "the provinces" by A.L.O., 1950 (26-1-1950).

Section 9. Summary procedure on death of holder of Government securities not exceeding five thousand rupees face value

Notwithstanding anything contained in section 7-, if within six months of the death of a person who was the holder of a Government security or securities the face value of which does not in the aggregate exceed five thousand rupees, probate of his will or letters of administration of his estate or a succession certificate issued under Part X of the Indian Succession Act, 1925-, is not produced to the Bank, or proof to the satisfaction of the Bank that proceedings have been instituted to obtain one of these is not furnished, the Bank may determine who is the person entitled to the security or securities, or to administer the estate of the deceased and may make an order vesting the security or securities in the person so determined.

Section 9 A. Application of Sections 9-B, 9-C, etc

¹[Application of Sections 9-B, 9-C, etc. Notwithstanding anything contained in section 1-A-, the provisions of sections 9-B-and9-C-and the power to make rules in relation to any of the matters referred to in sections 9-B-and9-C-shall apply only to such classes of Government securities created and issued by the Central Government, whether before or after the commencement² of the Public Debt (Amendment) Act, 1959, as that Government may, by notification³ in the Official Gazette, specify, and in relation to such classes of securities the provisions of sections 7 and 9 shall have effect subject to the provisions contained in sections 9-B-and9-C-]

1. Sections 9-A, 9-B and 9-C were inserted by the Public Debt (Amendment) Act 1959 (44 of 1959), Section 2 (with effect from 1 -8-1960).

2. That is 1st August, 1960.

3. Provisions of Sections 9-B and 9-C have been applied to the securities created in the form of 10-Year Defence Deposit Certificates—See G.S.R. 1472, Gaz. of Ind., 1962, Pt. II, S. 3(i), p. 1786, and also to securities in the form of Defence Certificates—See G.S.R. 1734, Gaz. of Ind., 22-12-1962, Pt. II, S. 3(i), p. 2095.

Section 9 B. Nominations by holders of Government securities

¹[Nominations by holders of Government securities. (1) Notwithstanding anything contained in any law for the time being in force or in any disposition whether testamentary or other wise ,in respect of a Government security, where a nomination made in the prescribed manner purports to confer on any person the right to receive payment of the amount for the time being due on the security on the death of the holder thereof the nominee shall, on the death of the holder of the security, become entitled to the security and to payment thereon to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner,

(2) Any nomination referred to in sub-section (1) shall become void if the nominee predeceases, or where there are two or more nominees all the nominees predecease, the holder of the security making the nomination.

(3) A transfer of a Government security made in the prescribed manner shall automatically cancel a nomination previously made:

Provided that where a Government security is held by or on behalf of any person as a pledgee or by way of security for any purpose such holding shall not have the effect of canceling a nomination, but the right of the nominee shall be subject to the right of the person so holding it.

(4) Where the nominee is a minor it shall be lawful for the holder of a security to appoint in the prescribed manner any person to receive the amount for the time being due on the security in the event of his death during the minority of the nominee, and, where any such appointment has been made, the Government security shall, after the death of the holder and during the minority of the nominee, be deemed to be vested in that person as representing the minor.]

1. See F.N. (a) under S. 9A.

Section 9 C. Payment of death of holder

¹[Payment of death of holder. (1) If a person dies and he is at the time of his death the holder of a Government security and there is in force at the time of his death a nomination in favour of any person, the amount for the time being due on the security shall be paid to the nominee.

(2) Where the nominee is a minor, the amount for the time being due on the Government security shall be paid-

(a) In any case where a person has been appointed to receive it under sub-section (4) of section 9-B-, to that person; and

(b) Where there is no such person, to the guardian of the minor for the use of the minor.

(3) Where the amount due for the time being on a Government security is payable to two or more nominees and either or any of them is dead, the title to the security shall vest in the survivor or survivors of those nominees and the amount for the time being due thereon shall be paid accordingly.

(4) Nothing contained in this section shall be deemed to require any person to accept payment of the amount due on a Government security before it has reached maturity or otherwise than in accordance with the terms of the security. (5) Any payment made in accordance with the provisions of this section of the amount due for the time being on a Government security shall be a full discharge in respect of the security:

Provided that nothing contained in this section or in section 9-B-shall affect any right or claim which any person may have against the person to whom any payment is made under this section.]

1. See F.N. (a) under S. 9A.

Section 10. Government securities not exceeding five thousand rupees face value belonging to minor or insane person

When a Government security or securities belong to a minor or a person who is insane and incapable of managing his affairs and the value of the security or securities does not in the

aggregate exceed five thousand rupees, the Bank may make such order as it thinks fit for the vesting of such security or securities in such person as it considers represents the minor or insane person.

Section 11. Issue of duplicate securities and of new securities on conversion, consolidation, sub-division or renewal

(1) If the person entitled to a Government security applies to the Bank alleging that the security has been lost, stolen or destroyed, or has been defaced or mutilated, the Bank may, on proof to its satisfaction of the loss, theft, destruction, defacement or mutilation of the security, subject to such conditions and on payment of such fees as may be prescribed order the issue of a duplicate security payable to the applicant.

(2) If the person entitled to a Government security applies to the Bank to have the security converted into a security of another form, or into a security issued in connection with another loan or to have it consolidated with other like securities, or to have it sub-divided, or to have it renewed, the Bank may, subject to such conditions and on payment of such fees as may be prescribed, cancel the security and order the issue of a new security or securities.

(3) The person to whom a duplicate security or a new security is issued under this section shall be deemed for the purposes of section 19 to have been recognised by the Bank as the holder of the security; and a duplicate security or new security so issued to any person shall be deemed to constitute a new contract between ¹[the Government] and such person and all persons deriving title thereafter through him.

1. Substituted for the words "the Central Government" by the Public Debt (Central Government) Amendment Act, 1949 (4 of 1949), S. 6 (1-4-1949).

Section 12. Summary determination by the Bank of title to Government security in case of dispute

(1) If the Bank is of opinion that a doubt exists as to the title to a Government security, it may proceed to determine the person who shall for the purposes of the Bank be deemed to be the person entitled thereto.

(2) The Bank shall give notice in writing to each claimant of whom it has knowledge, stating the name's of all other claimants and the time when and the officer of the Bank by whom the determination of the Bank will be made.

(3) The Bank shall give notice in writing to each claimant of the result of the determination so made.

(4) On the expiry of six months from the issue of the notices referred to in sub-section (3), the Bank may make an order vesting in the person, found by the Bank to be entitled to the security, the security and any unpaid interest thereon

Section 13. Law applicable in regard to Government securities

Notwithstanding that as a matter of convenience ¹[the Government] may have arranged for payments on a Government security to be made elsewhere than in ²[India], the rights of all persons in relation to Government securities shall be determined in connection with any such questions as are dealt with by this Act by the Law and in the Courts of ³[India].

1. Substituted for the words "the Central Government" by the Public Debt (Central Government) Amendment Act, 1949 (6 of 1949), section 6 (1 -4-1949).

2. Substituted for the words "Part A States and Part C States" by the Public Debt (Amendment) Act, 1956 (57 of 1956), section 8 (15-10-1956).

3. Substituted for the words "those States", Substituted for the words "Part A States and Part C States" by the Public Debt (Amendment) Act, 1956 (57 of 1956), section 8 (15-10-1956).

Section 14. Recording of evidence

(1) For the purpose of making any order which it is empowered to make under this Act, the Bank may request a District Magistrate ¹[* * *] to record or to have recorded the whole or any part of such evidence as any person whose evidence the Bank requires may produce. A District Magistrate so requested may himself record, or may direct any Magistrate of the first class subordinate to him or any Magistrate of the second class subordinate to him and empowered in this behalf by general or special order of the ²[State Government] to record the evidence, and shall forward a copy thereof to the Bank.

(2) For the purpose of making a vesting order under this Act the Bank may direct one of its officers to record the evidence of any person whose evidence the Bank requires or may receive evidence upon affidavit.

(3) A Magistrate or an officer of the Bank acting in pursuance of this section may administer an oath to any witness examined by him. "We have not considered it necessary to introduce a reference to an affirmation in sub-clause (3), since the word 'oath' as defined in the General Clauses Act includes an affirmation."-S.C.R., Gaz. of India, 1944, Pt. V, page 86.

1. The words "or in a Part B State the Political Agent" were omitted by the Public Debt (Amendment) Act, 1956 (57 of 1956), section 9 (15-10-1958).

2. Substituted for words "Provincial Government" by A.L.O., 1950.

Section 15. Postponement of payment and registration of transfers pending the making of a vesting order

Where the Bank contemplates making an order under this Act to vest a Government security in any person, the Bank may suspend payment of interest on or the maturity value of the security or post-pone the making of any order under section 11-or the registration of any transfer of the security until the vesting order has been made.

Section 16. Power to Bank to require bonds

(1) Before making any order which it is empowered to make under this Act, the Bank may require the person in whose favour the order is to be made to execute a bond with one or more sureties in such form as may be prescribed or to furnish security not exceeding twice the value of the subject-matter of the order, to be held at the disposal of the Bank, to pay to the Bank or any person to whom the Bank may assign the bond or security in furtherance of sub-section (2) the amount thereof.

(2) A Court before which a claim in respect of the subject-matter of any such order is established may order the bond or security to be assigned to the successful claimant who shall thereupon be entitled to enforce the bond or realise the security to the extent of such claim.

Section 17. Publication of notices in Official Gazette

Any notice required to be given by the Bank under this Act may be served by post, but every such notice shall also be published by the Bank in ¹[the Gazette of India or the Official Gazette of the State, according as the notice relates to a security, issued by the Central Government or a State Government], and on such publication shall be deemed to have been delivered to all persons for whom it is intended.

1. Substituted for the words "the Official Gazette" by the Public Debt (Central Government) Amendment Act 1949 (6 of 1949), section 7 (1-4-1949).

Section 18. Scope of vesting order

An order made by the Bank under this Act may confer the full title to a Government security or may confer a title only to the accrued and accruing interest on the security pending a further order vesting the full title.

Section 19. Legal effect of orders made by the Bank

No recognition by the Bank of a person as the holder of a Government security, and no order made by the Bank under this Act shall be called in question by any Court so far as such recognition or order affects the relation of ¹[the Government] or the Bank with the person recognised by the Bank as the holder of a Government security or with any person claiming an interest in such security and any such recognition by the Bank of any person or any order by the Bank vesting a Government security in any person shall operate to confer on that person a title to the security subject only to a personal liability to the rightful owner of the security for money had and received on his account.

1. Substituted for the words "Central Government" by the Public Debt (Central Government) Amendment Act 1949 (6 of 1949), section 7 (1-4-1949).

Section 20. Stay of proceedings on order of Court

Where the Bank contemplates making with reference to any Government security any order which it is empowered to make under this Act, and before the order is made the Bank receives from a Court in ¹[India] an order to stay the making of such order, the Bank shall either-

(a) hold the security together with any interest unpaid or accruing thereon until the further orders of the Court are received, or

(b) apply to the Court to have the security transferred to the official Trustees appointed for the ²[State] in which such Court is situated, pending the disposal of the proceedings before the Court.

1. Substituted for the words "a Part A State or a Part C State" by the Public Debt (Amendment) Act, 1956 (57 of 1956), section 10(15-10-1956),

2. Substituted for the word "Province" by A.L.O.. 1950.

Section 21. Cancellation by the Bank of vesting proceedings

Where the Bank contemplates making an order under this Act vesting a Government security in any person, the Bank may, at any time before the order is-made, cancel any proceedings already taken for that purpose and may, on such cancellation. proceed anew to the making of such order.

Section 22. Discharge in respect of interest on Government securities

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

Section 23. Discharge in respect of bearer bonds

¹[The Government] shall be discharged from all liability on a bearer bond or on any interest coupon of such a bond on payment to the holder of such bond or coupon on presentation on or after the date when it becomes due of the amount expressed therein, unless before such payment an order of a Court in ²[India] has been served on the Government re-straining it from making payment.

1. Substituted for the words "the Central Government" by the Public Debt (Central Government) Amendment Act, 1949 (6 of 1949), section 6 (1 -4-1949).

2. Substituted for the words "the States" by the Public Debt (Amendment) Act, 1956 (57 of 1956), section 11 (15- 10-1956).

Section 24. Period of limitation of Central Government's liability in respect of interest

Where no shorter period of limitation is fixed by any law for the time being in force, the liability of ¹[the Government] in respect of any interest payment due on a Government security shall terminate on the expiry of six years from the date on which the amount due by way of interest became payable.

1. Substituted for the words "Central Government" by the Public Debt (Central Government) Amendment Act 1949 (6 of 1949), section 7 (1-4-1949).

Section 25. Inspection of documents

No person shall be entitled to inspect, or to receive information derived from any Government security in the possession or custody of ¹[the Government] or from any book, register, or other document kept or maintained by or on behalf of ¹[the Government] in relation to Government securities or any Government security save in such circumstances and manner and subject to such conditions as may be prescribed.

1. Substituted for the words "Central Government" by the Public Debt (Central Government) Amendment Act 1949 (6 of 1949), section 7 (1-4-1949).

Section 26. The bank and its officers to be deemed public officers

For the purposes of section 124 of the Indian Evidence Act, 1872-, the provisions of Part IV of the Code of Civil Procedure, 1908-, relating to suits by or against public officers in their official capacity, and the provisions of Rule 27 of O.V, and Rule 52 of Order XXI of the said Code, the Bank and any officer of the Bank acting in his capacity as such shall be deemed to be a public officer.

Section 27. Penalty

(1) If any person, for the purpose of obtaining for himself or for any other person any title to a Government security, makes to any authority under this Act in any application made under this Act or in the course of any inquiry undertaken in pursuance of this Act any statement which is false and which he either knows to be false or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months, or with fine or with both.

(2) No Court shall take cognizance of any offence under sub-section (1) except on the complaint of the bank.

Section 28. Power to make rules

(1) The Central Government may, subject to the condition of previous publication, by notification in the-Official Gazette, make rules¹ to carry out the purposes of this Act.

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

(a) the forms in which Government securities may be issued;

(b) the form of the obligation referred to in clause (iv) of sub-clause (a) of clause (2) of section 2-;

(c) the conditions subject to which Government securities may be issued to the ²[Rulers of former Indian States];

- (d) the manner in which different forms of Government securities may be transferred;
- (e) the holding of Government securities in the form of stock by the holders of offices other than public offices, and the manner in which and the conditions subject to which Government securities so held may be transferred;
- (f) the manner in which payment of interest in respect of Government securities is to be made and acknowledged;
- (g) the conditions governing the grant of duplicate, renewed, converted, consolidated and sub-divided Government securities;
- (h) the fees to be paid in respect of the issue of duplicate Government securities and of the renewal, conversion, consolidation and sub-division of Government securities;
- (i) the form in which receipt of a Government security delivered for discharge, renewal, conversion, consolidation or sub-division is to be acknowledged;
- (j) the manner of attestation of documents relating to Government securities in the form of stock;
- (k) the manner in which any document relating to a Government security or any endorsement on a promissory note issued by ³[the Government] may, on the demand of a person who from any cause is unable to write, be executed on his behalf.
- (l) the form of the bonds referred to in sub-section (1) of section 16 -;
- (m) the circumstances and the manner in which and the conditions subject to which inspection of Government securities, books, registers and other documents may be allowed or information there from may be given under section 25-;
- (n) the procedure to be followed in making vesting orders;
- (o) the authority by whom the certificate referred to in the proviso to section 7-is to be granted and the manner of making the inquiry therein mentioned;
- ⁴[(p) the form in which and the persons in whose favour nominations may be made under section 9-B-, the manner in which and the conditions and restrictions subject to which such nominations may be made, the registration, variation or cancellation of such nominations and the fees that may be levied for such registration, variation or cancellation;
- (q) the manner in which any person may be appointed for the purposes of sub-section (4) of section 9-B-.]
- ⁵[(3) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.]
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1 For the Public Debt (Central Government) Rules, 1946, see Gazette of India, 1946, Pt. I, p. 575.

For the Public Debt (Compensation Bonds) Rules, 1954, see S.R.O. 2754, dated 18-8-1954 published in Gazet India, 1954, Pt. II, section 3, p. 2060.

For the Public Debt (Annuity Certificates) Rules, 1954, see S.R.O. 2480, dated 25-8-1954 published in ibi 2148.

For Public Debt (Annuity Deposit Certificates) Rules, 1966, see Gaz. of Ind., 8-10-1966, Pt. II, section 3(1729).

2. Substituted for the words 'Rulers of Part B. States' by the Public Debt (Amendment) Act, 1956 (57 of 1956). section 12(15-10-1956).

3. Substituted for the words 'the Central Government' by the Public Debt (Central) Government Amendment Act, 1949 (6 of 1949), section 6(1-4-1949).

4. Inserted by the Public Debt (Amendment) Act, 1959 (44 of 1959), section 3 (w.e.f. 1-8-1960).

5. Substituted for for former sub-section (3) by the Public Debt (Amendment) Act, 1972 (44 of 1972), section 4 (w.r.e.f. 1-9-1972).

Section 29. Certain Laws not to apply to Government Securities

¹[Certain Laws not to apply to Government Securities. The Indian Securities Act, 1920 and any law corresponding to that law in force in any Part B State immediately before the commencement² of the Public Debt (Amendment) Act, 1956, shall cease to apply to Government securities to which this Act applies and to all matters for which provision is made by this Act.

Provided that any such corresponding law shall continue to apply to or in relation to any securities created and issued by the Government of Hyderabad, Saurashtra or Travancore-Cochin on or before the 31st day of March, 1953, for such period not exceeding one year from the commencement of the Public Debt (Amendment) Act, 1956, as the Central Government may, by notification in the Official Gazette, specify

1. Substituted for the original section, by the Public Debt (amendment) Act, 1956 (57 of 1956) section 13 (15-10-1956)

2. That is, 15th October, 1956.

Section 30. Construction of reference to laws not in force before 1st April in Part B, States

¹[Construction of reference to laws not in force before 1st April in Part B, States. Any reference in this Act to any law which did not extend to any Part B State or any part of such State before the commencement of the Part B States (Laws) Act, 1951, shall wherever necessary, be

construed as including a reference to the corresponding law, if any, in force in that State, or, as the case may be, any part thereof, before the said date.]

1. Inserted by the Public Debt (Amendment) Act, 1956 (57 of 1956) section 14 (15-10-1956)

Section 31. Construction of references to laws not in force in Jammu and Kashmir

¹[Construction of references to laws not in force in Jammu and Kashmir. Any reference in this Act to a law which is not in force in the State of Jammu and Kashmir shall, wherever necessary, be construed as including a reference to the corresponding law, if any, in force in that State.]

1. Inserted by the Public Debt (Amendment) Act, 1972 (44 of 1972) section 5 (w.r.e.f. 1-9-1972).
