

**RBI/2004-05/347**

No.CO.DT.13.01.299/H.6284-6313 /2004-05

January 15, 2005

The Chairman and Managing Director  
State Bank of India and Associate banks  
and 17 Nationalised banks.

The Managing Director  
ICICI/IDBI/HDFC/UTI Bank Ltd.  
Stock Holding Corporation of India Ltd.

Dear Sir,

Relief / Savings Bonds Schemes – issue of Payment Orders / Drafts for matured Bonds

We have been receiving suggestions from the Joint Holders of the captioned bonds that the Payment Orders representing the Maturity Proceeds in respect of Relief / Savings Bonds be issued in the name of any one of the investors instead of all the holders as is being done at present. The matter was examined by us and we advise that "Section 45 of the Indian Contract Act, 1872 deals with the devolution of joint rights. It provides for a contrary intention to be declared. Joint Holders Power of Attorney declares the intention of the Joint Holders who sign it. As such, there can be no objection to release the payment of maturity proceeds in favour of the joint holder in whose favour all other remaining holders have executed a power of attorney as per the prescribed format of Joint Holders Power of Attorney. It will be in order to issue a pay order in the name of the Joint Holder in whose favour the said Power of Attorney has been executed".

2. In the light of the above and with a view to providing better customer service, it has now been decided to allow release of Maturity Proceeds also in favour of one of the joint holders in whose favour all other remaining holders have executed a Power of Attorney as per the Joint Holders Power of Attorney (format enclosed). Interest Warrants are already allowed to be issued in the name of first holder subject to obtention of Joint Holders Power of Attorney. (cf. No.CO.DT.13.01.201/1488/2000-01 dated September 20, 2000).

3. You may, therefore, issue Payment Order representing the Maturity Proceed, if requested, in the name of the Joint Holder in whose favour the Power of Attorney has been executed.

4. Please issue necessary instructions to the designated branches operating the scheme.

5. Please acknowledge receipt.

Yours faithfully

Sd/-

(D. Rajagopala Rao)  
Deputy General Manager