

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2322

ANSWERED ON:23.07.2004

INTEREST RATE ON SMALL SAVINGS

Das Gupta Shri Gurudas;Gadakh Shri Tukaram Gangadhar;Kanodia Shri Mahesh Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that reduction of interest rate on long term deposits in banks and post offices etc. seriously hurting the senior citizens;
- (b) if so, the details thereof;
- (c) whether the Government proposes to reduce further interest rate on small savings;
- (d) if so, the reasons therefor; and
- (e) the steps taken by the Government to hike interest rate on small savings in banks and post offices to give a boost to grow investment habit of common people and senior citizens?

Answer

FINANCE MINISTER :(SHRI P. CHIDAMBRAM :)

(a) to (e) The Finance Minister has already announced the introduction of a new Senior Citizens Savings Scheme, offering an interest rate of nine per cent per annum, in the Budget Speech on 8th July, 2004, He has also announced that he does not propose to make any change in the existing rates of interest on small savings instruments.

Suitable steps to inculcate the habit of thrift and saving amongst the common people including senior citizens and to increase mobilization of resources through small saving? schemes are taken by the Central and State Governments from time to time.