

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:3970
ANSWERED ON:21.04.2008
INCREASE IN TREND OF SMALL SAVING ACCOUNTS
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the West Bengal circle of Indian Post Offices has lost a minimum seven lakh small saving accounts during the previous year;
- (b) if so, the reasons therefor; and
- (c) the steps taken/being taken by the Government to increase the trend of small saving in the Post Offices?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI JYOTIRADITYA M. SCINDIA)

(a) Yes, Sir.

(b) The decline in number of accounts refer to inter-alia, investor's choice of alternative instruments for effecting savings.

(c) In the recent past, the Government has taken following steps to increase the trend of small savings and make the small savings schemes more attractive: -

(i) The restriction on opening of more than one account during a calendar month under the Senior Citizens Savings Scheme has been removed with effect from 24th May, 2007.

(ii) All categories of pensioners have been allowed to open and maintain 'Pension Account' under Post Office Savings Account Rules, with effect from 11th July, 2007.

(iii) The penalty on pre-mature withdrawal of deposits under the Post Office Monthly Income Account (POMIA) scheme has been rationalized from 3.5% to 2% on withdrawal on or before expiry of three years and 1% on withdrawal after expiry of three years.

(iv) The maximum deposit ceilings of Rs.3.00 lakh and Rs.6.00 lakh under the Post Office Monthly Income Account (POMIA) Scheme has been raised to Rs.4.50 lakh and Rs.9.00 lakh in respect of single and joint accounts respectively.

(v) Bonus at the rate of 5% on the deposits made under Post Office Monthly Income Account (POMIA) Scheme on or after 8th December, 2007 upon the maturity of the deposit, has been reintroduced.

(vi) The benefit of Section 80C of the Income Tax Act, 1961 has been extended to the investments made under 5-Year Post Office Time Deposits Account and Senior Citizens Savings Scheme, with effect from 01.04.2007.

(vii) Measures are also taken to promote and popularize these schemes through print and electronic media as well as holding seminars and meetings, providing training to the various agencies involved in mobilizing collection in Small Savings Schemes etc.

(viii) A website of the National Savings Institute under Government of India, Ministry of Finance has also been launched to facilitate interface with the public through wider dissemination of information on small savings and on-line registration and settlement of investors grievances. The website address is nsiindia.gov.in.