

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1809
ANSWERED ON:10.12.2004
SENIOR CITIZENS DEPOSIT SCHEME NO.
Mehta Shri Alok Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have started a new Deposit Scheme for the Senior Citizens;
- (b) if so, the details thereof;
- (c) whether there is a proposal to keep the interest earned from this scheme free from income tax provisions as in the case of Provident Fund; and
- (d) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

a)&b) Yes, Sir. A Senior Citizens Savings Scheme, 2004 has been introduced by the Government with effect from 2nd August, 2004. Main features of the Scheme are as under :

- (i) Persons of 60 years of age and above are eligible to invest. Single or joint account (with spouse) can be opened.
- (ii) Persons who have retired from service and have attained the age of 55 years or more but less than 60 years are also eligible to invest, subject to conditions.
- (iii) Deposit in multiples of Rs. 1000 subject to a maximum of Rs. 15 lakh is allowed.
- (iv) The deposit carries interest at the rate of 9 per cent per annum.
- (v) The maturity period of the deposit is five years, extendable by another three years subject to conditions.
- (vi) Premature withdrawal is allowed, subject to conditions.
- (vii) The investment is non-tradable and non-transferable. However, nomination facility is available.
- (viii) The scheme is available at post offices and designated branches of public sector banks.

c) No, Sir.

d) The senior citizens already enjoy specific concessions under the Income-tax Act. Further, the rate of interest under the Senior Citizens Savings Scheme is higher than the rate available under other savings instruments.