

ESTIMATES COMMITTEE
1960-61

HUNDRED AND EIGHTH REPORT
(SECOND LOK SABHA)

MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS)

Action taken by Government on the recommendations of the Estimates Committee contained in the Forty-seventh Report (Second Lok Sabha) on the Ministry of Finance (Department of Economic Affairs)—National Savings Organisation



LOK SABHA SECRETARIAT
NEW DELHI-1

February, 1961/Magha, 1882 (Saka)

Price : 0.90 nP.

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 41. Peoples' Book House,
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ESTIMATES COMMITTEE
1960-61

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*Elected with effect from 25.11.60 *vice* Shri Dinesh Singh resigned.

(iv)

SECRETARIAT

Shri A. K. Ray—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee, present this Hundred and Eighth Report of the Estimates Committee on the Action taken by Government on the recommendations contained in the Forty-Seventh Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Finance (Department of Economic Affairs)—National Savings Organisation.

2. The Forty-Seventh Report of the Estimates Committee (Second Lok Sabha) was presented to the Lok Sabha on the 15th April, 1959. The Government furnished their replies to the recommendations contained in the Report between the 26th June, 1959, to 14th July, 1960. The Study Group 'G' of the Estimates Committee 1959-60 and 1960-61 examined these replies on the 1st April, 1960 and 12th August, 1960 respectively.

3. The Report has been divided into the following ^{four} ~~five~~ Chapters:

- I. Report.
- II. Recommendations that have been accepted by the Committee.
- III. Replies of the Government that have not been finally accepted by Committee.
- IV. Replies of Government that have not been accepted by the Committee.

4. An analysis of the action taken by Government on the recommendations contained in the Forty-Seventh Report (Second Lok Sabha) of the Estimates Committee is given in Appendix IV. It will be observed therefrom that out of the recommendations made in the Report 34.6 per cent of the recommendations have been accepted fully by Government while 26.7 per cent of the recommendations have been accepted partly. Of the rest, replies of Government in respect of 29.4 per cent of the recommendations have been accepted by the Committee, while replies in respect of 9.3 per cent of the recommendations have not been accepted by the Committee.

NEW DELHI—1,
1st February, 1961.

Magha 12, 1882 (Saka).

H. C. DASAPPA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

The Estimates Committee in paras 35 and 36 of their Forty-seventh Report (Second Lok Sabha) referring to many difficulties mainly of a procedural nature experienced often by prospective investors, recommended measures for solving such difficulties and suggested in that connection that there should be a periodical review of the prescribed procedures in regard to the various investment schemes so as to improve the effectiveness of the Savings Movement. While making the above recommendation the Committee were aware that there was a P. & T. Small Savings Board and the Savings Advisory Committee to look into the procedural delays and difficulties. The Government have, however, stated in reply that the main object of the P. & T. Small Savings Board and the Savings Advisory Committee was to look into the procedural delays and difficulties. The Committee are not satisfied with this reply. *Considering the difficulties experienced by the prospective investors it would seem that the review conducted by the P. & T. Small Savings Board and the Savings Advisory Council is inadequate. They, therefore, urge that there should be a periodical expert examination to enquire into all procedural matters connected with the National Savings Movement.*

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

S.No. of the Recommendation	Reference to para No. in the Report	Summary of Recommendations	Reply of Government
1	2	3	4
2	14	<p>The Committee suggest that it should be arranged with the officials of various agencies at present working in rural and other areas such as the Health, Agriculture and the Social Education Departments of the State Governments that their tour programmes are intimated to the officials and non-officials of the Savings Organisations including workers of the W.S.C. so as to enable the latter to make use of the transport arrangements, when necessary, of the former. In this connection the possibility of making such vehicles available to the Women's Savings Campaign workers for a few days each month preferably for a few days in a week exclusively for their use may also be considered.</p>	<p>An approach will be made to the State Governments on the lines desired by the Committee.</p> <p style="text-align: right;"><i>[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.]</i></p>

3 & 4. The Women's Savings Campaign is being re-organised and a combined committee is proposed to be set up at the Centre and in each State. Every effort is and will be made to ensure proper co-ordination between the official and non-official agencies.

[Ministry of Finance (Department of Economic Affairs)
O.M. No. F.11(7)-NS/59 dated the 26th June, 1959.]

3 15 The Committee understand that the Government had since instructed all the District Organizers to see that the work done by the Members of the Women's Savings Campaign Advisory Boards was followed up and that promises secured by them were collected by activating the social organisations or by the District Organizers themselves. The Committee feel, however, that in the interest of the Savings Movement, office and other assistance for the members of Women's Savings Campaign State Advisory Boards through Assistant National Savings Officers, District Organizers, etc., and welfare assistance to the Women's Savings Campaign workers to the extent necessary may also be provided.

4 16 The Committee understand that there is a feeling among the workers of the Women's Savings Campaign as well as the officials of the National Savings Organisation that the results of the enthusiasm or business created by the efforts of one are often carried away by the other. They have no doubt that the existence of such feelings would hamper the savings effort on the part of all concerned. The Committee feel that maximum co-ordination is necessary and should be ensured at every level between the official and the non-official agencies doing the savings work. They also suggest that wherever honorary services of Women's Savings Campaign workers are available, they might be given preference over others.

11 30 The Committee feel surprised at the extent of clerical and Class IV staff in the Savings Offices, both in the central organisation and in the States organizations. The work of the Savings Organisation being essentially to generate enthusiasm among the public for savings work and to mobilise the savings, the contribution which clerical and similar other staff can make to savings work is difficult to comprehend.

The strength of the clerical staff is determined on the basis of the work loads. Considering that there are 14 Regional Offices and the Headquarters Office, 78 Assistant National Savings Officers each of whom has to be given an L.D.C., 15 Women's Savings Campaign offices and one Women's Savings Campaign/Central Advisory Board office, the strength of the clerical staff is only adequate to meet the needs. In addition, the staff also deals with the issue of Receipt Books and check and payment of commission to authorised agents in Bombay, Madras and Calcutta.

Class IV staff has also to be given on the same basis. In addition peons have to be provided to District Organisers to help them arrange meetings, distribute publicity materials and look after their offices in the absence of the District Organisers. This staff also includes the staff employed on the running and maintenance of publicity vans and equipment. The position will be reviewed from time to time.

[Ministry of Finance (Department of Economic Affairs)
O. M. No. F. 11(7)-NS/59 dated the 26th June,
1959.]

The Committee realise that the National Savings Movement has yet to spread throughout the length and breadth of the country. Nevertheless, they cannot help feeling that there is scope for economy in the employment of staff in the savings organisation. They, therefore, suggest a review of the strength of the officers and staff in the National Savings Commissioners's Office, in the regional offices, in the district offices, as well as in the States' Organisations.

The present strength of the staff was determined as a result of a detailed review conducted in 1956. Since then, as a result of the emphasis placed on the Savings Movement and the greater interest displayed by the State Governments, the work of the Department has increased considerably. The position will be reviewed from time to time.

[*Ministry of Finance (Department of Economic Affairs)*
O. M. No. F. 11(7)-NS/59 dated the 26th June, 1959.]

The Committee consider the existing position in regard to training of officials and workers as hardly satisfactory and, therefore, suggest that suitable arrangements should be made in this matter and provision also made for refresher courses. The Committee suggest that Government might examine the feasibility of holding an examination for persons dealing with small savings in India on the lines of the tests carried out by the Savings Bank Institute in U.K. during the war.

The training of officers and workers is receiving constant attention and shibirs are being frequently held for this purpose in collaboration with the States. The Posts and Telegraphs have also their training centres for their staff.

[*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.]

Further information received at the stage of factual verification :

“Training is provided to District Organisers on recruitment. Training camps are also periodically held for District Organisers and Assistant National Savings Officers. These officers are also tested during their training and during tours

of senior officers with a view to judging their suitability for dealing with the Small Savings work. The recommendation of the Committee is, therefore, being implemented in substance.”

[*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F. 11(7)-NS/60 dated the 7th Jan., 1961.]

15 37 (ii) The feasibility of enabling other agencies such as Scheduled Banks, Cooperative Societies, Pan-chayats, etc. to stock and sell certificates, etc., so that the intending purchaser has not always to go to the Treasury or the Post Office to purchase them might be considered.

Necessary legislation*, permitting the sale of savings certificates through agencies other than the Post Office was undertaken in August-September 1959 session of the Parliament. The feasibility of entrusting other agencies with the responsibility for stocking and selling savings certificates is being considered in consultation with the Reserve Bank.

[*Ministry of Finance (Dept. of Economic Affairs)*
O.M. No. F. 11(7)-NS/59 dated the 3rd June, 1960.]

15 37 (iii) The feasibility of setting up mobile savings vans and special booths to collect savings in the harvest season specially in rural areas might be considered.

This is already being done.

[*Ministry of Finance (Dept. of Economic Affairs)*
O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.]

15 The application forms and receipt books for the National Savings Certificates might be made available in the regional languages. As far as possible persons dealing with this work in the Post Offices should also be conversant with the regional languages.

37
(iv)

The State Governments have already been asked to print the forms etc. in regional languages. Employees in the Post Offices are also expected to be conversant with regional languages.

[Ministry of Finance (Deptt. of Economic Affairs)
O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.]

17 42-43

A peculiar feature of the various agency systems is that the terms of appointment of agents, the securities they have to offer etc., vary from system to system. While the Committee realise that to mobilise the savings resources of the various sections of the people there might have to be a variety of agencies, they do not consider it desirable that their terms of appointment, Commission, security etc., should vary from system to system. The Committee recommend that Government should remove to the extent possible these disparities and standardise the agency system, preferably one for institutions appointed as agents and another for individuals appointed as agents.

A standardised Agency System is being devised and is expected to be introduced shortly.

[Ministry of Finance (Deptt. of Economic Affairs)
O.M. No. F. 11(7)-NS/59 dated 26th June, 1959.]

19 45

The Committee observe that little progress had been made in the formation of savings groups, even in the urban areas, while in rural areas there are hardly any savings groups.

Noted.

[Ministry of Finance (Deptt. of Economic Affairs)
O. M. No. F. 11(7)-NS/59 dated 26th June, 1959.]

*The necessary legislation to enable the sale of National Plan Savings Certificates etc. through agencies other than the Post Offices has since been enacted by Parliament.

Further information received at the stage of Factual verification.

It is one of the duties of the officials of the National Savings Organisation to see that Savings Groups are formed with the assistance of internal agents and that they function regularly in Government Offices, factories, etc. The progress made in this connection is regularly reviewed by higher officials.

A Pay Roll Savings Scheme under which deductions may be made from the salaries of employees with their consent for investment in Small Savings is also in operation in a number of large commercial establishments and business houses.

Special steps are taken from time to time for the formation of Savings Groups in Government and other offices and for the extension of Pay Roll Savings Scheme to commercial and other large establishments. In this connection, a copy each of two circulars addressed by the Ministry of Finance to all the Ministries of the Government of India No. 4388—BII/56, dated the 14th April, 1956 regarding the formation of Savings Groups in Government offices and No. F. 3(25)—NS/60 dated 22nd September, 1960 (*vide* Appendix I) regarding the introduction of the Pay Roll Savings Scheme in corporate Government undertakings is enclosed. (Annexure II to Appendix I)

It will thus be seen that the recommendation of the Committee has been accepted.

[*Ministry of Finance (Deptt. of Economic Affairs)*
O.M. No. F. 11(7)—NS/60 dated the 7th Jan.,
1961.]

22 The Committee realise that if the village level workers were to work as paid agents canvassing the National Savings Certificate, their primary aim of community development might suffer. Nevertheless since the village level workers have a well developed organisation in the block areas, the Committee suggest that the National Savings Organisation should utilise their agency to the extent possible at least for spreading the message of small savings and the movement. In addition the village level workers could also assist in organising women's organisations which might take up agencies under the Women's Savings Campaign.

9
This suggestion has been brought to the notice of the Ministry of Community Development and Cooperation a number of times and suitable instructions have been issued by them in their letters No. 27(10)-57-PRG and No. 5(1)/58-PRG. I dated 23rd July, 1957 and 6th April, 1959 (*vide* Appendix II). The Block agencies have been asked to give the fullest cooperation for the promotion of the Small Savings Movement, but the Ministry consider that the role of Extension staff is more of an educational nature. They have also suggested that in place of village level workers and other Blocks functionaries the Village Panchayats should be encouraged to be enrolled as authorised agents as they are likely to be more effective, and the commission earned by them can be utilised for augmenting the funds for Community benefits. It has also been proposed that shields and trophies should be awarded to the Development Blocks making the largest collections.

[*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F. 11(7)-NS/59 dated the 3rd June,
1959.]

Further information received at the stage of factual verification:

The suggestion that the Community Projects and National Extension Services Block Agencies should assist the National Savings Organisation in spreading the message of Small Savings has been accepted by the Ministry of Community Development & Co-operation. A copy of the instructions issued by them to all State Governments in their letter No. 5(1)/60—pgg. dated 29th Oct., 1960 is given in Appendix III.

[*Min. of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7) NS/60 dated the 7th January, 1961.*]

23 51 The Committee recommend that since the Life Insurance Corporation has a well knit organisation of agents throughout the country, the feasibility of having agents for the National Savings in common with the Life Insurance Corporation and similar other agencies may be examined by Government.

25 57 There appears to be a feeling that certain officials often bring pressure on the people to take savings certificates or to deposit more money in Post Office Savings Bank accounts to push up the figures of savings in their respective districts etc., so as to show better results of their efforts, with

The Life Insurance Corporation have given a list of their active agents and efforts are being made to appoint them as authorised agents under the National Savings Scheme.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.*]

The Government of India are in agreement with the Committee's view and every endeavour is being made to promote the movement on a voluntary basis.

the result that often at the first opportunity the investors not being sufficiently influenced by the savings publicity or propaganda, cash their certificates or withdraw their deposits. The Committee regret the practices which have led to it. They suggest that it should be ensured that small savings are mobilized not by coercion but by persuasive methods so as to help develop the savings habits among the people and bring in long term savings which only could materially contribute for implementation of the Plans.

The Committee suggest that Government might examine the feasibility of introducing following further measures to enhance the collection of small savings :

(i) To enable better realisation of efforts required to be made in each area so as to work upto the plan target, the Government of India should lay down with reference to past achievements and future potentialities an annual target for the collection in each State which should be further broken up for each region, district, block etc.

The Committee suggest that the various types of statistics that are already received and which may be prepared in future should be properly collated, circulated to the various agencies of the N.S.O. and also publicised so as to enable the movement to be carried forward.

[Ministry of Finance (Department of Economic Affairs)
O.M. No. F. 11 (7)-NS/59 dated the 26th June, 1959.]

This is already being done. State and district-wise targets have been laid down.

[Ministry of Finance (Department of Economic Affairs)
O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.]

Noted. Statistics are being published in the "San-chaya", the house magazine of the National Savings Organisation and the "Small Saver" of Bombay. Collections made are intimated to the Reserve Bank of India and are published in their monthly bulletins.

[Ministry of Finance (Dept. of Economic Affairs) O.M.
No. F. 11(7)-NS/59 dated the 26th June, 1959.]

35 The Committee observe that the Savings Deposit Certificates and Annuity Certificates which attract comparatively meagre savings and issued at the Treasuries and sub-treasuries under the various State Governments and at branches of the Reserve Bank of India etc., unlike the other Savings Schemes that are operated at the post offices. The Committee recommend that it should be examined whether any organisational change in this respect is likely to improve the popularity of the various savings schemes.

36 The Committee would also suggest that it should be examined whether the Savings Scheme could be operated at a larger variety and number of institutions—Government, semi-Government and even private—such as Post Offices, various banks etc.

72 The principle of selling the Treasury Savings Deposit Certificates through the post offices has already been accepted and arrangements to introduce this facility are in train.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.*]

73 The Committee would also suggest that it should be examined whether the Savings Scheme could be operated at a larger variety and number of institutions—Government, semi-Government and even private—such as Post Offices, various banks etc.

36 Necessary legislation* to enable the sales of National Plan Savings Certificates and any other securities that may be issued under the Post Office National Savings Ordinance, 1944 through agencies other than the post offices is under consideration.

* *Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.*]

41 The Committee feel that in view of the need for increased internal resources to meet the requirements of the Plan, the scheme of prize bonds might with advantage be introduced in India after divorcing the element of gambling from it as indicated in para 79.

78 The scheme of 5-year Interest-Free Prize Bonds has been introduced with effect from the 1st April, 1960

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated the 3rd June, 1960.*]

43 The Expenditure on publicity at present forms only a little over 2% of the total expenditure on

Noted. The provision for publicity expenditure has been increased with effect from 1958-59.

Small Savings Schemes and little over 16% of the total expenditure excluding commission and payments to P. & T. This low expenditure on publicity appears strange to the Committee since the savings movement has yet to spread in the country and a climate favourable to savings has yet to be created. The Committee therefore recommend that it should be realised that intelligent publicity which would reach every home offers the best means of spreading the savings movement and that expenditure on this account should not be grudged.

The Committee feel that under the present arrangements there is a possibility of the publicity done through the various agencies being duplicated without its reaching a proportionately larger area or population. The Committee, therefore, suggest that the present arrangements for publicity by various agencies should be reviewed so as to minimize possibilities of organisational overlap as well as duplication of same types of publicity and also so that it may reach a wider section of the population.

The Committee cannot help feeling that the Savings Movement is too much dominated by an official outlook. It seems that the movement in spite of the National Savings Advisory Committees etc. is still far from being a people's movement which alone would ensure its success.

In addition to the publicity through Central agencies, grants for local publicity are now being placed at the disposal of the State Governments.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F.11(7)-NS/59 dated the 26th June, 1959.*]

Noted.

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 11 (7)-NS/59 dated the 26th June, 1959.*]

While the collection of savings and their repayment has necessarily to be done through official agencies, the Government agree that for propagating thrift and for developing a popular movement, non-official co-operation should be secured to the utmost extent.

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.*]

*The necessary legislation to enable the sales of National Plan Saving Certificates etc. through agencies other than the post offices has since been enacted by parliament.

- 49 96 The Committee feel that an arrangement like that of Women's Savings Campaign which is a voluntary organisation with little official assistance could with advantage be extended to be the pattern all over the country.
- 50 97 (vii) At the Centre, there might be a National Savings Committee consisting of the representatives of the State Savings Committees and leading non-officials and assisted by the National Savings Commissioner.
- 50 97 (xi) All the Committees should meet regularly to enable them to function effectively and to give suitable directions to the officials and the voluntary workers. It should be their endeavour to assist in the formation of savings groups in rural as well as in urban areas and in various institutions and professions, etc. for the collection of savings.
- 52 99 The Committee would suggest that the organisation, suggested in para 97, should develop a close liaison with other organisations which might assist in savings work, e.g., the Life Insurance Corporation, the Banks, the Co-operative Movement, etc. For this purpose, non-officials and officials connected with these movements may also be associated with the organisation at various levels.
- Every endeavour is being made to increase the association of voluntary organisations with the Small Savings Movement.
- [*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F.11(7)-NS/59 dated the 26th June, 1959.]
- (vii) This recommendation is accepted. Steps to re-constitute the National Savings Committee on these lines have already been taken.
- [*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F.11(7)-NS/59 dated the 26th June, 1959.]
- (xi) Accepted. The recommendation will be forwarded to the Committee concerned.
- [*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.]
- Noted.
- [*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F.11(7)-NS/59 dated the 26th June, 1959.]

CHAPTER III

REPLIES OF GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

S. No. of Recommendation in the Report	Summary of Recommendation.	Reply of Government
1	2	3
7	<p>7 The Committee find that frequent complaints about post offices are still heard. They, therefore, suggest that in order that the purpose for which the P & T Small Savings Boards and the P & T circle committees are being set up is fulfilled, it would be desirable to associate non-officials with these Committees.</p>	<p>7 and 8. The P & T Small Savings Board and circle Committees are executive bodies dealing with administrative and procedural matters. The association of non-officials with these bodies will not, therefore, be appropriate.</p>
8	<p>8 The Committee are of the view that the valuable assistance of non-officials in the savings work should be obtained and utilised not merely by associating them with advisory committees which are not effective enough but in a manner which would enable them to feel a sense of active participation and responsibility for the savings work.</p>	<p>The views expressed by Advisory Committees, however, receive every consideration by Government.</p> <p><i>[Ministry of Finance O.M. No. F.II(7)-NS/59 dated the 26th June, 1959.]</i></p>

9 The Committee feel that *prima facie* the payment to the P & T Department on account of savings work seems to be on the high side. They suggest that an expert enquiry into this matter might be made. In this connection the Committee understand that the extension of the Savings Movement to rural areas is being hampered because of lack of postal facilities for savings work, since savings facilities are provided only at 15,756 out of a total of 58,871 post offices. The Committee, therefore, suggest that payments made to the P & T Department by the Savings Organisation should be used for extending such facilities to the rural areas as early as possible.

The existing rates, at which payment is made to the P & T Department on account of Savings work, etc. came into force from the year 1951-52 and were intended to be applicable for a period of ten years or until the rates of pay and/or allowances underwent substantial revision, whichever was earlier. The P & T Department have been urging for a re-examination of these rates, particularly, as a result of the changes brought about by the Pay Commission's recent award. The matter is accordingly proposed to be examined afresh shortly in all its aspects and it has been agreed that for a correct assessment of the cost involved, the data should be checked by the Comptroller and Auditor General.

As regards the suggestion of the Committee that payments made to the P. & T. Department by the Savings Organisation should be used for extending postal facilities for savings work to the rural areas as early as possible, the Committee would appreciate that as payment is made to the department on the basis of actual

expenditure incurred, the question of its utilisation for the purpose of extending such facilities in the rural areas does not arise. The need for extending facilities is, however, always kept in view.

[*Min. of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated 14th July, 1960.*]

15

37(1) The desirability of giving some incentive to the employees of the P. & T. Department doing savings work might be considered.

This suggestion has been examined a number of times but the D.G.P. & T. have not found it possible to accept it. The staff entrusted with the savings work, etc. is frequently interchanged with the other branches of the Department and any special recognition of the former would lead to administrative difficulties. Besides, the strength of the staff is determined on the basis of a scale of output and the staff is increased correspondingly with the increase in work load. The P. & T. Department is thus not in favour of giving any special incentives to the Savings Bank staff and consider that the existing arrangements for promotion and advancement provide sufficient inducement.

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[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated the 14th July, 1960.*]

Further information received at the stage of factual verification :

The question of giving incentives to the employees of the P. & T. Department is being re-examined by the Director General, P. & T.

[*Min. of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/60 dated the 7th January, 1961.*]

16 41 The Committee feel that there is no justification for payment of commission at different rates on the various investment schemes.

The rate of commission is 1 1/4% in the case of National Plan Savings Certificates and 1/2% in the case of Treasury Savings Deposit Certificates. The reason for this difference is that the labour entailed in securing investments in Treasury Savings Deposit Certificates is less.

18 44 The Women's Savings Campaign had recommended that Government should permit unregistered organisations also to be appointed as authorised agents. The Committee suggest that Government should give earnest considerations to this recommendation of W.S.C. with the provision of suitable safeguards, if necessary. In this connection they might point out that agents of the W.S.C. although receiving commission, are voluntary workers since the commission that they earn goes to the social welfare organisations and not to individual members bringing in business.

Appointment of unregistered organisations as authorised agents involves legal difficulties in the matter of entering into valid enforceable agreements with them.

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.*]

46—48 The percentage collections through the efforts of the agents had been on the decline since 1955-56. The collections brought in under the various agencies do not compare favourably in the number of agents under each system. It is evident that special efforts are required on the part of the agents to justify the award of the agency and to improve the collections. The Committee recommend that such incentives to agents as might enable better collections might be provided.

20 & 21. In the last 2 years, there has been a concentrated drive for the recruitment of rural agents. It is obvious that the collections by such agents cannot compare with the collections of the urban agents.

It is not possible to discriminate between rural and urban agents as there is no clear demarcation of territory in which an agent may operate.

[*Ministry of Finance (Deptt. of Economic Affairs)*
O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959.]

49 The Committee invite attention to the fact that it is generally known that the message of small savings has reached rural areas even to a smaller extent than in urban areas and suggest that extra encouragement be given to the Rural Agency System namely, the Panchayat Agency System, the Primary School Teachers' Agency System and the extra Departmental Branch Post Master Agency System.

19
Further information received at the stage of factual verification:

Under the new Standardised Agency System which has been introduced with effect from 1st October, 1960 the field of operation of an agent has been extended to the full area of a State. There is, therefore, no distinction between rural agents and urban agents. Nor is it possible to offer different rates of commission to different agents. However, special steps are being taken to recruit more agents for working in rural areas. For this purpose, a nominal security of Rs. 100/- has also been prescribed entitling the agents to receipt books of the value of Rs. 5,000/-. Further the security has been waived in the case of village officials and panchayats, so that the message of

need for vigilance in this matter. Further, propaganda and other means of direct contact with investors and public should be fully developed so as to serve as a preventive measure in this regard.

27 60 The Committee feel concerned at the shortfall in net collections of small savings as compared to the targets during the last two years, which might affect adversely the progress of the Plan.

28 61 The Committee note that the collections during years from 1955-56 to 1957-58 have been more or less steady in spite of substantial increase in staff and expenditure. They feel that this trend underlines the necessity of more effective steps not only to work up to the targets laid down for small savings in the Second Plan but to improve on them.

29 62 The Committee recommend that special attention should be given to those states which offer savings potentialities and also where the performance has been poor.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959.]

27, 28 & 29. Collections during 1958-59 have improved and have reached figure of over Rs. 78 crores. Progress made by movement is kept under constant watch and all efforts are directed towards further increase in collections.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959.]

Further reply received from the Ministry at the stage of factual verification :

The collections have shown further improvement in 1959, being about Rs. 85 crores. In the current year, till the end of October, 1960, they amounted to about Rs. 45 crores, registering an increase of about Rs. 14 crores over the collections in the corresponding period last year. Besides, these are exclusive of the sale of prize bonds of the value of about Rs. 11 crores in this period.

[Min. of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/60, dated the 7th January, 1961.]

30 65(ii) Government should examine the feasibility of allocating a certain percentage of the net collection in an area for the developmental work in that area. The precise proportion may be determined by the State Govts., and may be different for rural and urban areas.

2/3rd of the net collections in a State are given as loan to the State for developmental purposes. It is not possible to specifically spend any part of the local collections on local works but the State Governments have been asked to stimulate interest in the movement by linking local development works with the local collections.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959.*]

Further reply received at the stage of factual verification:

It is not possible to specifically spend any part of the local collections on local works. The main reasons in support of this view are :

- (i) The development plans take into account the entire resources available to the country both at the Centre and in the States. It is not, therefore, possible to extend the Plan by including schemes not already approved merely as a result of collections made in a local area ;
- (ii) If the collections made in any particular area are earmarked for expenditure in that area, it would mean that the existing disparities

between the progressive and backward parts of the country would continue as at present, if not actually accentuate. In other words, it would upset all approved priorities and the planned development that the Five-Year plans seek to secure for the country as a whole ; and

(iii) At present two-thirds of the net collections under the Small Savings Schemes are made available to the States as loans. It is not therefore, possible to make over the entire proceeds in any particular area to the local bodies for expenditure in those areas.

The only feasible course, therefore, is to link the local development works already included in the Plan with the actual savings collections in the areas concerned as a visible proof of the achievements realised from the contributions received from the public.

[*Ministry of Finance (Deptt. of Economic Affairs)*
O.M. No. F. 11(7)-N.S., 60, dated the 7th January,
1961.]

The system followed in the Bombay State of awarding prizes to the District which collects the largest savings might be extended to other States also. The feasibility of extending this scheme to areas smaller than districts such as blocks as well as to individuals, including agents, might

30 65(iii)

The suggestion to award suitable prizes in form of shields, trophies, etc. will be commended to the States. Since agents are remunerated by commission on their sales it is not advisable to give additional cash prizes to them. Compulsory letters are also being issued to in-

also be considered.

dividuals for outstanding work in the cause of small savings.

Ministry of Finance (Deptt. of Economic Affairs)
O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959].

30 65(iv)

The Government should examine the feasibility of ensuring that all prizes at Government functions are given in National Savings Certificates. Similarly bonuses, rewards etc. may also be given in savings certificates. The feasibility of extending this to other functions by issue of suitable instructions, where necessary, and by persuasion, where possible, should be explored.

This suggestion is being followed as far as possible.

30 65(v)

Government should take special steps to persuade more employers to introduce the scheme of regular savings from the salaries of their employees. With the amendment of the Payment of Wages Act in April, 1958 it should be possible for the employers to show better results in the matter.

This is being done.

[Ministry of Finance (Deptt. of Economic Affairs)
O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959].

30 65(vi)

It is desirable that Government of India should fully explore the possibilities of securing compulsory contributions for small savings.

Noted.

[Ministry of Finance (Department of Economic Affairs)
O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959].

66 The Committee feel that an examination of the savings potential of various classes of people is important in connection with the spreading of the savings movement. In this connection, they were informed that the Ministry of Community Development proposed to conduct a survey of the incidence of savings in rural areas. The Committee think that a survey should be made in urban areas also and an analysis of the results of such surveys properly utilised by the National Savings Organisation in spreading the savings movement among various classes.

67 The Committee find that so far no attempt has been made to correct or study statistics relating to savings with a view to finding out the savings potential of the different classes of people in rural and urban areas; the preferences for different savings schemes; reasons for premature withdrawal from Savings Bank accounts and premature encashment of national savings certificates etc. The Committee recommend collection of all these and other relevant data so as to improve and broaden the small savings movement and to make it an effective means of fulfilling the Plan.

31 & 32. In an era of fluctuating prices, no useful purpose will be served by making a survey of the savings potential of various classes of people as the pattern would have changed by the time the results of the survey become available, especially in urban areas. The results of surveys made by other bodies like the Ministry of Community Development and the National Council of Applied Economic Research would be used by the Organisation when they become available.

[*Ministry of Finance (Deput. of Economic Affairs)*
O.M. No. F.11(7)-NS/59, dated the 26th June, 1959].

Further reply received at the stage of factual verification :

It is one of the essential functions of the field officers of the National Savings Organisation to conduct periodical surveys of the savings potential of the various classes of people in particular areas as a part of their normal duties. Besides, as already stated in the Office Memorandum of 26th June, 1959, full advantage is availed of by Government of the surveys made by other bodies like the Ministry of Community Development and Co-operation, Reserve Bank of India and the National Council of Applied

Economic Research. It is understood that the National Council of Applied Economic Research is making a detailed investigation into the potential for savings in both Urban and Rural areas. It is felt that the question whether a separate survey should be undertaken by Govt., with a view to collecting any further material, should be examined after the Council has completed its investigations and formulated its conclusions.

Ministry of Finance (Deptt. of Economic Affairs)
O.M. No. F. 11(7)-NS/60, dated the 7th January, 1961].

The various types of investments on offer are kept under constant review in consultation with the Reserve Bank of India and changes are introduced from time to time as may be found necessary. There are also Advisory Committees consisting of officials and non-officials both at the Centre and in the States whose recommendations are taken into account in making such changes. Government do not, therefore, consider that there is scope for an Expert Committee for this purpose. [Ministry of Finance (Department of Economic Affairs) O.M. No. F.11(7)-NS/59, dated the 26th June, 1959].

Noted. As already indicated earlier, steps are being taken to improve the statistical information available from the postal records.

The Committee would suggest that the various investment schemes and the response of the public to them should be constantly reviewed to see what procedural and other improvements could be made therein. They feel that it would be desirable to appoint a small expert Committee to make a comprehensive review and to make concrete suggestions for increasing collections thereunder.

The Committee were informed that it was not possible for Govt. to say whether the various saving schemes really attracted small savings. In regard to the savings bank accounts, they

were informed that the records were confidential and the amounts deposited or withdrawn by a person could not be disclosed. In this connection the Committee feel that it should be possible to put all individual withdrawals together at each centre without divulging individual accounts. The Committee further consider it desirable that information in regard to holdings of savings certificates etc. should be collected to the extent possible and sample survey be made to determine whether the objects of the savings movement were being fulfilled. They would therefore, suggest that statistics for this purpose should be collected to the extent possible and an analysis made thereof.

39

The Committee observe that in spite of the recommendations in the First Five - Year Plan that new methods of small savings should be explored, only two new Schemes have been introduced since then (i) the 15-Year Annuity Certificates introduced in 1954 and (ii) the Cumulative Time Deposit Scheme introduced from 2-1-59, other schemes being only slight variants of the existing ones. While the former has not been much of a success the latter was introduced three years after the National Savings Advisory Committee had recommended in 1956 that the introduction of that scheme should be expedited. The Committee consider such delays in introducing investment schemes, especially, those recommended by the Advisory Committee, as very unfortunate. In this connection the Committee

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The suggestion to lower the monthly deposit from Rs. 5 to Rs. 2 per month can be considered only after some experience is gained of the actual working of the scheme which was introduced recently.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959].

commend a suggestion that to facilitate acceptance of the Cumulative Time Deposit Scheme by labour and Class III and IV Govt. employees the lowest monthly deposit should be lowered from Rs. 5 to Rs. 2 per month.

40 77

The Committee understand that the existing small savings schemes do not appeal much to vast sections of the public especially the agricultural and the labour classes. The Committee recommend that the feasibility of modifying the existing schemes and of introducing new and more attractive schemes should be constantly explored.

As explained earlier, the various small savings schemes are kept under constant review and modifications therein or new schemes introduced whenever found feasible.

[*Min. of Finance (Dept. of Economic Affairs)*
O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959].

42 80

The Committee feel that it might be worthwhile considering a scheme of issuing gold bonds against gold surrendered by people. The bonds could be made encashable after 10 to 12 years. To make the scheme a success, the purchase price might also be fairly reasonable with a reasonable interest and protected against gold price fluctuations. The Committee recommend that Government may examine the feasibility of introducing such a scheme with proper safeguards and incentives in India.

This suggestion has been considered a number of times, but in view of the numerous practical difficulties involved it has not been found possible to accept it. The proposal will, however, remain under consideration as part of the problem for mobilisation of resources for the Third Plan.

The Committee feel that in order that the savings movement may succeed and spread the savings drives should avail of in a larger measure the assistance of notable public men, Members of Legislatures, political parties etc.

This is being done generally.
 [Ministry of Finance (Department of Economic Affairs)
 O.M. No. F.11(7) NS/59, dated the 26th June, 1959].

The Committee feel that the publicity in regard to savings schemes should be integrated with plan publicity with particular reference to the local development plans, so as to enthuse the public to save for fulfilling those plans which interest them most. In this matter, the Committee feel that the agency of the States and non-officials and voluntary bodies would be invaluable in the conduct of publicity.

Noted. This, in fact, is being done already as far as possible.
 [Ministry of Finance (Deptt. of Economic Affairs)
 O.M. No. F.11(7)-NS/59, dated the 26th June, 1959].

The Committee cannot help concluding that the Savings Movement in the country suffers from being conducted by several independent organisations even on the official side. The Committee wonder why an arrangement similar to that of Khadi Commission, Handloom Board, etc., could not be arrived at in the case of the National Savings Movement, also.

The money collected by the National Savings Movement constitute the debt of the Government of India. The responsibility for raising, managing and repaying this debt cannot, therefore, be transferred to an autocratic organisation. In running the Small Savings Movement, however, the National Savings Organisation, as has been explained in the earlier replies, works in the closest co-operation with the various official agencies, both at the Centre and in the States.

[Ministry of Finance (Department of Economic Affairs)
 O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959].

50 97 The Committee suggest a reorganisation of the National Savings Movement on the following pattern:

(i) There should be broadly speaking a single organisation for conducting the National Savings Movement in the country. It might have separate Women's Branch. The organisation should be built from below to make it a genuine people's movement.

50 97 (ii) In the rural areas at the Panchayat level there should be Panchayat Savings Committees consisting of voluntary workers. They should have the assistance of prominent non-officials of the area. The Committee should be made responsible for all the savings work in the area of the Panchayat.

50 97 (iii) At the next higher level *i.e.* at the Block level there should be a Block Savings Committee which should consist mainly of the representatives of the Panchayat Savings Committees in that Block and other prominent non-officials. It should be in charge of the Savings works in that Block and coordinate the work of all the Panchayat Committees in that Block. It might be assisted by a whole-time official who will provide secretarial and other

(i) This has been dealt with in answer to recommendations Nos. 1 and 47.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959].

(ii), (iii), (iv), (v) and (vi). These suggestions will be commended to the State Governments.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F.11(7)-NS/59, dated the 26th June 1959].

assistance to the Block Committees and all the Panchayat Committees in that Block in doing their work and in collecting the Savings.

- 50 97 (iv) In urban areas, there might be a Savings Committee for each well demarcated area like the Municipal Ward, etc. and one for the entire urban areas composed of the representatives of the former etc.
- 50 97 (v) There should be at the District level a District Savings Committee consisting of representatives of the Savings Committees of Blocks and of urban areas in that District and of non-officials. It might be assisted by a District Official.
- 50 97 (vi) The above pattern might be repeated at the State level with the formation of the State Savings Committee.
- 50 97 (vii) At various levels, the Savings Committees might have publicity advisory bodies to enable the publicity to be made effective.
- 50 97 (ix) At each level the savings committee should have a Woman's Savings sub-committee.
- (x) At each level savings committees might have a publicity advisory sub-Committee to enable publicity to be made effective.
- (viii)-(x). The Savings Committees may, in their discretion, constitute such sub-committees as they would like to have.

[Ministry of Finance (Department of Economic Affairs)
O.M. No. F.11(7)-NS/59, dated the 26th June,
1959].

50 97 (xii) The National Savings Committee might be given adequate funds to enable it to satisfactorily discharge its responsibilities and also adequate powers to regulate its procedure as required by circumstances. It should be free of Govt. control in regard to day-to-day administration. There might also be adequate decentralisation within the organisation to facilitate its becoming people's movement so as to maximise the savings work.

(xii) The National Savings Committee is purely advisory. It has no administrative functions to perform and the question of placing funds at its disposal or freeing it from Government control does not, therefore, arise.

50 97 (xiii) If the above pattern of organisation is accepted, there might be no necessity of agents and the commission paid to them might be made available to the various Savings Committees for their work. Payments to non-official voluntary Welfare Organisations should however continue.

(xiii) In view of the large collections which are being made through authorised agents, as stated in paras 46 & 47 of their Report, Govt. do not consider it practicable to abolish such agents. Actually they were once abolished and had to be revived in response to public demand and the representation of the State Governments.

50 97 (xiv) Further, there might also be no necessity of a large official organisation. A few officials with qualities of leadership in them and experience of developmental work to assist the various committees and to give them expert advice in regard to savings work should suffice.

(xiv) National Savings Officials are selected for their qualities of leadership & experience of developmental work. They assist and will continue to assist the various committees.

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While undertaking the reorganisation outlined in para 97 the organisation of the National Savings Committee in the U.K. (Briefly given in Appendix VII of this Report) might be kept as the model to the extent possible.

The conditions in India and in the U.K. are different. There is need to have paid agents in India, although in the U.K. pattern or organisation there are no agents on commission basis; otherwise the movement in India is being run broadly on the same lines as in the U.K.

[*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F.11(7)-NS/59, dated the 26th June, 1959].

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The Committee feel that the enthusiasm among the people for work relating to Savings is at present dormant. They have no doubt that a reorganisation as suggested above would enthuse the people and enable savings to be mobilised for the success of the Plans on which the future of the country so much depends.

No comments.

[*Ministry of Finance (Department of Economic Affairs)*
O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959].

CHAPTER IV

REPLIES OF GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Serial Number (as in the Appendix VIII of the Report)	Reference to Para number of the report	Summary of Recommendation/ Conclusion	Reply of the Government	Comments of the Committee
1	2	3	4	5

I 10 The Committee understand that there is a feeling among certain State Governments that the existence of a Central and a State Organisation operating in the same area for savings work results in duplication. The Committee consider that maximum coordination is necessary and should be ensured between Central and

Until 1957-58 there was only a Central Organisation in each State. During that year, it was felt that setting up a supplementary organisation by State Governments will help the movement. A full complement of such organisations began to be set up only in 1958-59. The two organisa-

The working of Central and State agencies may be reviewed after a period of two or three years.

State efforts and all duplication avoided. They, therefore, recommend that there should be only a single official organisation in each State for doing the savings work.

tions work in close co-operation and duplication of effort is avoided to the utmost. The result of this experiment will be watched for some time before the question of any further change is considered.

[*Ministry of Finance Department of Economic Affairs*) O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959.]

5 19 The Committee observe that since its constitution nearly three years ago, the National Savings Advisory Committee has met only three times, *viz.*, in December 1956, in April, 1957 and in June, 1958. As regards the States' Advisory Committees, they observe that while some of them had met a number of times, some others had met only once. The Committee regret that the Advisory Committees should meet so infrequently. They feel that the Secretaries of these Committees, *viz.*, the National Savings Commissioners, the Regional National Savings Officers, etc. should take greater initiative in these matters and have the meetings of the

The Advisory Committee, besides being reconstituted should also be reorientated so that they might function more regularly and in a businesslike manner. The Government might also take suitable steps to ensure that the Committees function more purposefully such as framing rules in regard to frequency of meetings, collection of statistical information, holding reviews etc.

5 & 6. The frequency of the meetings has depended largely upon the interest taken by the Chairman and the Members of the Central and State Committees. These Committees are now, however, being reconstituted and it is hoped that they would meet more frequently in future.

[*Ministry of Finance (Department of Economic Affairs)* O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959.]

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Committee convened regularly.

6 21 The Committee wonder what public enthusiasm for savings the Advisory Committees of the National Savings Organisation at the Centre and in the States holding their meetings so infrequently could possibly generate. They also wonder whether these Advisory Committees would themselves feel enthusiastic about their work when it takes Government considerable time to take action on their recommendations. The Committee, therefore, consider the device of setting up these Advisory Committees for obtaining the assistance of non-officials in savings work as hardly satisfactory.

10 28 In regard to the increased expenditure on administration contributing to the rise in the cost of collection, the Committee feel that one of the reasons for it might be the duplication of effort between the Central and the State Committees. The Committee had observed that the percentage of the cost of collections to the amount collected was rising. The Committee feel that the explanations furnished that the increased costs is attributable to the increased collections from year to year. As stated earlier, there is hardly any duplication between the Central and the State Committees.

ween the Central and the State Administrative agencies engaged in the Small Savings Work.

State Organisations.

cost is attributable to the increased collections does not, therefore, appear to be adequate.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959.*]

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35-36 The Committee understand that some of the procedural difficulties experienced by prospective investors are considered to be very irksome and act as deterrent to collections of Small Savings. They recommend that it should be the constant endeavour of the officials of the National Savings Organisation to ascertain the procedural difficulties experienced by prospective investors and to get them solved. This would necessitate greater personal contact between the public and the officials of the N.S.O. It should also be duty of the non-officials connected with the Savings Movement to bring the difficulties in this regard to the notice of the officials of the N.S.O. and to get them redressed. The Committee would

See Chapter I.

This is being done. The main object of the P. & T. Small Savings Board and the Savings Advisory Committees is to help eliminate such procedural delays and difficulties.

[*Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 11(7)-NS/59 dated the 26th June, 1959.*]

suggest that there should be a periodical review of the prescribed procedures in regard to the various investment schemes.

15 37(ϕ)

Government should examine the possibility of issuing pass books to all certificate holders as is done in the case of depositors in the Postal Savings Bank accounts, because the simple receipt that is at present issued in lieu of the purchase of certificate is liable to be lost and stocking of certificates is not easy especially for rural people.

This was considered but was not found feasible. Facilities exist for lodging the Certificates for safe custody with the Treasuries.

[*Ministry of Finance (Department of Economic Affairs) O.M. No. F. 11(7)-NS/59, dated the 26th June, 1959.*]

It would seem essential that some alternative to the present arrangement of maintaining the certificates in loose form either with the investors themselves or at the treasuries should be devised. As they have mostly to be kept for a long period and in some cases they may have to be bequeathed to the successors of the investors. The present arrangement does not seem to be satisfactory. The Committee reiterate their recommendation.

34 71

The Committee observed that whereas the net deposits in the Post Office Savings Bank increased from Rs. 1609 lakhs in 1953-54 to Rs. 3648 lakhs in 1955-56, there has been a decline since then, the deposits in the

As has been stated earlier in answer to recommendation No. 24 it is difficult to assess the exact reasons for the decline in the net collections of the Post Office Savings Bank which may be due

A sample survey with regard to the savings bank deposits may be conducted to see why the trend in deposits has fallen.

years 1956-57 and 1957-58 being Rs. 3128 lakhs and Rs. 1800 lakhs respectively. The Finance Minister also admitted while presenting the Budget for the year 1959-60 that the postal savings banks were still not doing as well as in the past. The Committee regret this trend and recommend that the reasons therefor be examined and attempts made to improve the savings banks collections.

to several factors such as, rise in the cost of living and a shift towards more profitable investments. Every possible attempt is being made to improve collections by improving the working of the post offices and widening the facilities available. Thus, during the last few years, the rate of interest has been increased, facility of withdrawals by cheques has been extended, two withdrawals permitted per week and extra remuneration allowed to the postal staff for work in excess of their norms.

[*Ministry of Finance (Department of Economic Affairs) O. M. No. P. 11(7)-NS/59, dated the 26th June, 1959.*]

Further Reply received at the stage of factual verification:

The question of conducting a survey in regard to the Savings Bank deposits had been examined. An opinion survey

was also conducted by the Reserve Bank of India in collaboration with the P. & T. Department through a random sample survey of post offices. The analysis of the material collected did not, however, add materially to the knowledge that was already available in the Ministry. It was, therefore, considered whether a more detailed statistical survey in this connection could be undertaken. It was, however, found that the cost in conducting such a survey would be considerable and would not be commensurate with the results likely to be achieved. The consideration of the proposal has, therefore, been postponed. It might be stated in this connection that the net deposits in the post office savings bank have been rising since 1957-58 as will be evident

from the following figures :—

	Rs. crores
1957-58	17.98
1958-59	20.18
1959-60	27.32
1960-61	12.29

(To end of Oct. 1960).

[Ministry of Finance (Department of Economic Affairs)
O. M. No. F. 11(7)-NS/60
dated the 7th Jan., 1961.]

NEW DELHI ;
February 1, 1961/Magha 12, 1882(S).

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX I

No. 4388-BII/56

FINANCE SECRETARY

GOVERNMENT OF INDIA

New Delhi, Dated the 14th April, 1956

My dear

You are no doubt aware that the Second Five Year Plan assumes a target of Rs. 500 crores as resources under the Small Savings Scheme. This more than doubles the target in the First Plan and intensive efforts have, therefore, to be made in all directions and among all classes of people if we are to achieve the objective. As one of the measures towards this end, it has been decided to encourage the formation of voluntary savings groups in Government offices, firms, factories, etc. Savings groups are necessary to sustain a National Savings movement and have brought most encouraging results in other countries which have established them; but in India although a few such groups have been functioning for some time, they have not yet attracted adequate support. A fresh start has now been made in the Economic Affairs Department of this Ministry. The results so far obtained in this Department are quite encouraging and I am confident that no less promising results will follow if a systematic effort is made in other Ministries and Departments and in the organisations under them, including industrial plants and field organisations.

A brief note on the scheme as prepared by the National Savings Commissioner is enclosed (Annexure I) for your information. So far as this Department is concerned, each Section Officer has been nominated as the Group Leader for the section working under him and collections are being made both through the Group leaders and the cashiers. Similarly, two officers, a Deputy Secretary and an Under Secretary, have been made Group leaders for making collections from officers. The collections are then handed over by them to the representatives of the Regional Organisation of the Delhi State who take further action towards the purchase of certificates in the names of the investors.

I am writing this to enlist your enthusiastic support for this movement and would be grateful if you would be so good as to initiate action in your Ministry/Department towards the formation of Savings Groups among all categories of personnel. The Regional National Savings Officer, Delhi, can be contacted for any assistance and further information in the matter.

I shall be grateful if you will kindly keep me informed of the action you take. It is my intention later to arrange a meeting when we may be able to exchange our current experience of the working of these groups with a view to developing them in directions that appear calculated to yield best results.

Yours sincerely,

Sd|-

H. M. PATEL.

A BRIEF NOTE ON THE SCHEME

A National Savings Committee would be formed in each office or Deptt. as the case may be. The Committee will be presided over by the Head of Office or any other officer and will consist of some Heads of Sections and two or three other representatives of the staff as may be found best suited to the needs of such office or Deptt. This Committee will nominate "Group Leaders" from among the staff of the office each such "Leader" being in charge of a group of about 20 or 30 prospective members. The "Group Leader" will canvass to the members of his group and obtain promises in a prescribed form from each such person who may be willing to save. The forms duly filled up should then be shown to the Head of Office who will issue orders to the Office Cashier on that form authorising him to make deductions from the employee's pay for the amount promised to be saved. The "Group Leader" will obtain the amount promised by each member of the group from the Cashier in each month, will complete the application form for purchase of Certificates, get it signed by the member and obtain the Certificates from the Post Office to be handed over promptly to the investor. If the promised amount is less than Rs. 5, the "Group Leader" will purchase National Savings Stamps, have them posted on the Savings Card and hand it over to the saver for safe custody for being changed into Certificate through the "Group Leader" when the requisite amount of stamps is affixed. The connected transactions will be accounted for both by the Cashier and the Group Leader in the diary in the prescribed form and will be submitted to the Head of Office for scrutiny at suitable intervals. The Savings Committee should also meet regularly and take stock of the progress made.

No. F.3(25)-NS/60

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 22nd September, 1960
(31st Bhadra, 1882).

OFFICE MEMORANDUM

SUBJECT: *Introduction of Pay Roll Savings Scheme in corporate Government undertakings.*

The Ministry of Commerce & Industry, etc. are, no doubt, aware of the importance of Small Savings in mobilising resources for the country's economic development. With a view to facilitate regular investment of small sums by employees in the Small Savings Schemes of the Government of India, a Pay Roll Savings Scheme has been introduced with the concurrence of the employers in several industrial establishments and large business undertakings. The scheme not only facilitates easy savings by the employees but is also likely to develop the habit of thrift among them and further bring about harmonious relations between the employees and the employers. A note on the scheme as prepared by the National Savings Commissioner is enclosed (*vide* Annexure).

The National Savings Central Advisory Board have recommended that the scheme should be introduced in all corporate bodies under the Government of India and State Governments. The Scheme has already been introduced in various industrial establishments under the Ministry of Labour and Employment and action is also being taken to extend it to the Undertakings under the Ministry of Railways. The Ministry of Commerce & Industry, etc., are, therefore, requested to advise suitably the Managing Directors, etc. of the corporate bodies under them in regard to the introduction of the scheme by them, under intimation to this Ministry and also to the National Savings Commissioner, Nagpur.

A. R. SHIRALI,
Additional Budget Officer.

To

All the Ministries of the Govt. of India.

Copy forwarded to Finance Secretaries of all State Govts. & Union Territories with a request that the Pay Roll Savings Scheme may be brought to the notice of all corporate bodies under them for being introduced therein.

Copy forwarded for information to the National Savings Commissioner, Nagpur, with reference to para 8 of the minutes of the meeting of the National Savings Central Advisory Board held at Bangalore on the 16th and 17th May, 1960.

A. R. SHIRALI,
Additional Budget Officer.

ANNEXURE II

NOTE ON THE PAY ROLL SAVINGS SCHEME

The Pay Roll Savings Scheme is a voluntary arrangement between employers and employees to facilitate regular investments of the savings of employees in Small Savings securities. It promotes thrift among the employees and provides an easy method to enable them to save as they earn: the saving is a first charge on the income, not, as is usual, the last.

2. The Scheme promotes harmonious relations between the employees and the employers: the employees feel that the employer is interested in their welfare and in making a provision for their future the employer gains the trust and confidence of his employees and assures a stable, contented and thrifty labour force to help increase production in industry and efficiency of service in trade and commerce. The Savings fulfil a social purpose in collecting loans for national development and checking inflation.

3. The mechanism of the Pay Roll Savings Scheme is simple:

First step: The employers are requested to display posters on National Savings, distribute pamphlets, folders and other literature, put the message of savings in the house magazine and notice boards, show our films, and generally, to publicise the movement.

Second Step: A Savings Committee is to be formed with representatives of employers and employees to propagate the message of savings, give ideas on spreading the movement, investigate and remedy any grievances or difficulties experienced in working, and arrest any falling off in membership and collections of the group.

Third step: The Savings Committee, voluntary workers from the industry or outside, paid workers and agents obtain consent letters from every employee agreeing to the deduction of a stated amount from his pay regularly for deposit in Post Office Savings Bank or Cumulative Time Deposit accounts or investment in National Plan Savings Certificates or Treasury Savings Deposit Certificates.

Such deduction is permitted under the recent amendment of the Payment of Wages Act. These consent letters are handed over to the employer by those who collect them.

Fourth step: The employer, through his staff, time-keeper, cashier, etc. effects the collections and sends a consolidated amount giving separately lists of employees for deposit in (a) Post Office Savings Bank, (b) Cumulative Time Deposit Account, (c) investment in National Plan Savings Certificates, or (d) investment in Treasury Savings Deposit Certificates.

Where such accounts have not been opened, the first remittance is accompanied by an account opening form. Where such accounts already exist, the list is accompanied by the relevant pass book. The Savings Committee will encourage the workers to leave the pass books with the employers to facilitate periodical remittances.

For investment in N.P.S.Cs. and T.S.D.Cs., a few signed application forms signed by the employees are kept with the employers and sent along with the remittance.

The employer obtains the certificate from the Issuing Office on behalf of his employees and distributes them individually; he may keep the certificates in safe custody if the employee desires it.

Collection charges at 1 per cent of the amounts collected towards N.P.S.Cs. and $\frac{1}{2}$ per cent. towards T.S.D.Cs. and C.T.D. Scheme are allowed to the employer towards his expenses of collection. This amount is intended to be utilised for the general good of the employees or distributed to the staff engaged in actual collection work.

APPENDIX II

No. 27 (10)/57-PRG

GOVERNMENT OF INDIA

MINISTRY OF COMMUNITY DEVELOPMENT

New Delhi, July 23, 1957

To

The Development Commissioners.

(All State Governments)

SUBJECT: *Small Savings—association of the block staff in the small savings movement.*

Sir,

In order to promote small savings movement on an intensive scale and associate the block staff with this work, a number of circulars have been issued by this Ministry (marginally noted).

It is recognised that the already heavy work load of the staff of the development blocks may not permit them to devote much time to small savings without prejudice to their own work. They should, however, endeavour to give support to this movement to the extent possible and consistent with the efficient discharge of their own duties. For an implementation of this objective the following measures are recommended in consultation with the National Savings Commissioner:—

- (1) A sub-committee consisting of active members may be formed out of the Block Advisory Committee for promoting small savings. The Social Education Organiser of the Block may function as its Secretary. The Sub-Committee should hold regular meeting once a month to review the progress and fix targets for the block, devise necessary steps to popularise the movement and recommend suitable persons for appointment as agents on a commission basis, to promote small savings. The Regional National Savings Officer may be informed of the formation of the committees from time to time.
- (2) The District Planning and Development Committee should also be actively associated with the small savings movement and may supervise the work done by the Block Sub-Committees. The

No. 30(II)/
56-PRG dt.
26.7.1956.
No. 30(II)/
56-PRG dt.
21.12.56.
No. 30(II)/
56-PRG dt.
19-2-1957.

District Organiser of the Small Savings may be associated with the District Planning and Development Committee whenever topics relating to small savings are discussed.

- (3) The National Savings Commissioner would be bringing out suitable publications which would be helpful to the Village Level Workers for popularising the scheme in the rural areas.
- (4) The Social Education Organisers will help the Small Savings Movement by doing publicity with the materials to be furnished by the National Savings Organisation. The District Organisers would be maintaining active liaison with the Social Education Organisers in this connection.
- (5) State Governments may call for quarterly progress reports on National Savings from the blocks. A copy thereof may be endorsed to the Regional National Savings Officer concerned.
- (6) Two to Four Pilot Projects in each State depending upon the size of the State may be established in selected development blocks for an intensive drive in small savings for which purpose special staff will be provided by the National Small Savings Organisation to work with the Block staff.
- (7) Outstanding work done in the development blocks in connection with the National Savings scheme will be given publicity in *Kurukshetra* and for this purpose suitable material may be made available to its editor.
- (8) Rewards and prizes which are at present being given in cash or kind may hereafter be given in the shape of National Plan Savings Certificates.

Suitable instructions may kindly be issued to the block staff in this connection under intimation to this Ministry.

Yours faithfully,
Sd./-

S. L. KHURANA,

Deputy Secretary to the Govt. of India.

Copy forwarded to Shri N. V. Nayudu, National Savings Commissioner for India, Simla-3.

Sd./-

S. L. KHURANA,

Deputy Secretary to the Govt. of India.

No. 5(1)|58-Prg. 1.

GOVERNMENT OF INDIA

MINISTRY OF COMMUNITY DEVELOPMENT AND COOPERATION

(Department of Community Development)

Krishi Bhavan,

New Delhi, the 6th April, 1959

Chaitra 16, 1880

From

Shri S. Athar Husain, IAS,
Under Secretary to the Govt. of India.

To

The Development Commissioners,
All State Governments.

SUBJECT: *Small Savings—Promotion of in Block Areas.*

Sir,

It has been repeatedly emphasised by the National Savings Central Advisory Committee that much could be done to tap the savings potentialities in the rural areas with the help of Community Development workers. Agreeing with the overall objective of promoting the Small Savings campaign in the Development Blocks through education and propagation, the Ministry had issued the necessary directives in their Circular letter No. 27(10)/57-Prg. dated the 23rd July, 1957 as well as in a number of earlier circulars. It was not, however, at any time intended that the Village Level or extension workers should be utilised as collection agents for that would hamper their effective role in promoting their own specific responsibilities as a part of the programme of Community Development. They were, however, desired to give full cooperation to the Small Savings campaign by utilising all opportunities for educating the villagers in the importance of savings and in promoting the necessary climate for making the campaign of Small Savings a success.

Unfortunately a few States have decided to utilise the services of Village Level Workers and of the Social Education Organisers as agents for the Small Savings. Experience shows that in view of the overriding priority being given to the increased agricultural production, the Village Level Worker is not in a position to shoulder the additional responsibility of acting as an agent for the scheme.

In the circumstances explained above, State Govts. are once again requested to direct the Block agency to give the fullest cooperation to the Small Savings Campaign through publicity and propagation of its advantages etc. without actually appointing any of them as Collection agents.

Yours faithfully,

Sd.- S. ATHAR HUSAIN,

Under Secretary to the Government of India.

APPENDIX III

Copy of letter No. 5 (1) /60-Prg, dated 29th October, 1960, from Shri T. S. Sankaran, Deputy Secretary to the Government of India, Ministry of Community Development and Cooperation, Department of Community Development, to the Secretaries-in-charge of Community Development, All State Governments|Union Territories, etc.

SUBJECT: *Small Savings—Promotion in Block Areas—Association of Block Staff in the Small Savings Movement.*

*No. 5(1)/58-
Prg. I, dt.
6-4-1959.
No. 5(1)/58-
Prg. I, dt.
8-9-1959.
No. 4(10)/60-
Panch, dt.
4-5-60,
No. 5(1) 60,
dt. 28-7-60.

I am directed to refer to the marginally noted *letters of this Ministry on the above subject and to state that this subject was discussed at the recent conference of the National Savings Central Advisory Board held at Bombay. Many members stated that on receipt of these instructions, the Block staff seem to regard the Small Savings work to be not part of their work and are not extending necessary cooperation. One member stated that in his State the Small Savings Movement was regarded as non-block non-developmental work. It is proposed, therefore, to restate clearly the obligations of Community Development regarding promotion of national savings in the Block areas.

2. The Small Savings movement is designed both to encourage thrift and to contribute towards the resources required for Development Plans. The Community Development movement has, therefore, a positive role in promoting Small Savings, and the block organisation—officials and non-officials—must play an active part in encouraging every villager to save and to invest his savings in National Savings.

3. Community Development works through extension methods and the Small Savings programme should also be worked accordingly. The elected members on the Panchayats and Panchayat Samitis should be requested to take a leading part in educating the villagers in the virtues of thrift and in the advantages of Small Savings. The Block Development Officer and the block staff will impress upon the members of these bodies the importance of their obligations in this respect and assist them in the discharge of these obligations. In particular, the Block Development Officer, the Social Education Officer and the Village Level Worker, should familiarise themselves with the various technical aspects of National Savings, namely, details of the

schemes offered, the procedure for investment and places where investments can be made, etc. They should also act as technical advisers to the non-official members in devising special Extension programmes for developing Small Savings. This may be by organisation of saving groups, "Bachat" grams or as a special drive for small savings on special occasions, namely, Dusehra, Diwali, marriages, birth-days, etc.

4. The block staff, however, should not be appointed as agents to canvass and to collect individual subscriptions. The view is often expressed that unless the staff has such financial incentive it may not do the work efficiently. The block staff is responsible for extension work in many fields, **including National Savings**. The offer of monetary incentive only in one case will give a distorted importance to that item of the work to the detriment of others, and this is not the intention. Moreover, it is very desirable that Panchayats should become agents both for Small Savings and for rural insurance within their jurisdiction. The block staff cannot, obviously, compete with the Panchayat for the commission to be earned. The earnings will be consequence of the joint efforts of the Block staff and non-officials and must rightly accrue to the Panchayats and not to any individual member.

5. The position should be explained to all the block staff and they should be required to extend full cooperation in extending National Savings. They should regard it a part of the regular block work. In addition, steps should be taken to appoint Panchayats as authorised agents for the sale of the various securities under the Small Savings Scheme.

APPENDIX IV

Analysis of the Action Taken by Government on recommendations contained in the Forty-Seventh Report of the Estimates Committee (Second Lok Sabha).

I.	Total Number of recommendations made	75*
II.	Recommendations accepted fully by Government (<i>Vide</i> recommendations in Chapter II).	
	Number	.. 26
	Percentage to total	.. 34.6%
III.	Recommendations accepted by the Government partly or with modifications (<i>Vide</i> recommendations Nos. 15(1), 27, 28, 29, 30(iii) (iv) (v) (vi), 31, 32, 38, 40, 45, 46, 47, 50(ii) (iii) (iv) (v) (vi) in Chapter III).	
	Number	.. 20
	Percentage to total	.. 26.7%
IV.	Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (<i>Vide</i> recommendations 7, 8, 9, 16, 18, 20, 21, 24, 26, 30(ii), 37, 39, 42, 50(1) (viii) (ix) (x) (xii) (xiii) (xiv), 51, 52 in Chapter III).	
	Number	22
	Percentage to total	.. 29.4%
V.	Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>Vide</i> recommendations in Chapter IV).	
	Number	.. 7
	Percentage to total	.. 9.3%

*This includes 25 items into which S. Nos. 15, 30 and 50 have been split up.