

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1744

ANSWERED ON:19.11.2010

TAX ON INTEREST ON SENIOR CITIZENS SAVINGS SCHEME

Mahtab Shri Bhartruhari

**Will the Minister of FINANCE be pleased to state:**

- (a) the details of the saving schemes available to the senior citizens;
- (b) whether interests earned therefrom enjoy benefits under the Income Tax Act, 1961;
- (c) if so, the details thereof and other steps under consideration of the Government in this direction; and
- (d) other financial benefits extended to senior citizens through various Government agencies like banks?

**Answer**

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

(a) The Senior Citizens Saving Scheme, 2004 is saving scheme specifically designated to meet the need of a regular flow of income for the senior citizens with security of investment, liquidity of funds and operation convenience. A higher rate of interest at 9 percent per annum is offered to all senior citizens under this scheme. The maximum deposit limit under the scheme is Rs.15 lakhs.

(b) No Madam.

(c) Does not arise. No such proposal is under consideration.

(d) Under the extant guidelines of the RBI, banks are formulating with the approval of their Boards of Directors, fixed deposit schemes specifically for resident Indian senior citizens offering higher and fixed rates of interest as compared to normal deposits of any size generally higher by 50 basis points compared to normal rates.

Reverse Mortgage Loan (extended by Scheduled Banks,Housing Finance Companies registered with National Housing Bank) enables a senior citizen to avail periodical payments from a tender against the mortgage of house while remaining the owner and occupying the house.