

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5245
ANSWERED ON:10.12.2010
`PROMOTION OF SAVINGS IN RURAL AREAS`
Dhurve Jyoti

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is implementing any scheme in post offices or banks to promote savings in the rural areas;
- (b) if so, the details thereof;
- (c) whether the Government is also considering to increase rate of interest on the savings accounts; and
- (d) if not, the steps being taken by the Government to promote savings in rural areas?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE SHRI NAMO NARAIN MEENA

(a): Yes, Madam.

(b): Currently following small saving schemes are being implemented through post offices and banks:-

1. Post Office Savings Account (POSA)
2. Post Office Time Deposit (POTD)
3. Monthly Income Account Scheme (MIS)
4. Post Office Recurring Deposit Scheme (PORD)
5. Senior Citizens Savings Scheme (SCSS)
6. Public Provident Fund Scheme (PPF)
7. National Savings Certificate -VIII issue (NSC)
8. Kisan Vikas Patra (KVP)

(c): There is no such proposal currently.

(d): As part of this ongoing exercise, Government has taken the following steps to make the small savings schemes more attractive and investor friendly:-

(i) The restrictions 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 rationalised 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. 4.5 lakh and Rs. 9.00 lakh in respect of single and joint accounts respectively.

(v) Bonus at the rate of 5 per cent on the deposits made under Post Office Monthly Income Account (POMIA) Scheme on or after 8th December, 2007 upon the maturity of the deposit, had 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 1.4.2007.

(vii) 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.