

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4013
ANSWERED ON:26.08.2011
`COMMITTEE ON SMALL SAVINGS`
Rajesh Shri M. B.;Reddy Shri Anantha Venkatarami

Will the Minister of FINANCE be pleased to state:

- (a) whether a committee set up to look into the operations and interest rate structure of small savings has submitted its recommendations to the Government;
- (b) if so, the major recommendations of the report; and
- (c) the action taken thereon, point-wise?

Answer

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

(a): Yes, Madam.

(b) & (c): The Committee -has, inter-alia made the following recommendations: -

1. Rationalisation of schemes, including discontinuation of Kisan Vikas Patra (KVP).
2. Annual review and resetting of interest rates of Small Saving Schemes and NSSF investments to be benchmarked to Government securities of equivalent maturity.
3. Mandatory investment in Special State Government securities from net Small Saving collections to be lowered to 50% from existing 80% with an option to take upto 100%.
4. Investment of NSSF in Central and State Government securities to have shorter tenure of 10 years against 25 years at present. Investment could also be made in infrastructure companies, such as IIFCL, NHAI and IRFC that are wholly owned by the Government.
5. Commission payable to Small Savings Agents to be reduced gradually.

Recommendations of the committee have been referred to State Governments and concerned Ministries/Departments of Central Government for their comments.