

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2950

ANSWERED ON:30.03.2012

‘COLLECTION THROUGH SAVING SCHEMES’

Ganpatrao Shri Jadhav Prataprao;Jaiswal Shri Gorakh Prasad ;Laguri Shri Yashbant Narayan Singh;Singh Rajkumari Ratna

Will the Minister of FINANCE be pleased to state:

(a) the amount collected through the various savings schemes during each of the last three years; and

(b) the factors responsible for the slow rate of growth in the amount parked under these schemes, if any, and the reaction of the Government thereto?

Answer

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

(a): The amount collected through the various small savings schemes during the last three years are as under:

(Rs. in crore)

Year	Gross Deposit	Withdrawal	Net
2008-09	158510	167961	(-) 9451
2009-10	250931	186622	64309
2010-11 (Provisional)	274720	216068	58652

(b): Over a period of time, investment options available have increased both in number and variety, offering a wider choice to investors for their savings. De-regulation of the interest rates relating to banks, financial institutions and debt markets have also contributed to directing the flow of savings into instruments other than small savings schemes of the Government.

With a view to sustaining investor's interest in the small saving schemes, the features of the schemes are reviewed from time to time and various improvements and amendments in the schemes are introduced.

Government had set up a Committee for comprehensive Review of National Small Savings Fund (NSSF). Based on the decisions taken on the recommendations of this Committee, the following measures have, inter-alia, been taken for rationalisation of small saving schemes:-

1. Interest on Post Office Saving Account has been increased from 3.5% to 4% per annum.

2. The rate of interest on small savings schemes has been aligned with G-Sec rates of similar maturity, with a spread of 25 basis points (bps) with two exceptions. The spread of 10 year NSC (new instrument) will be 50 bps and on Senior Citizens Savings Scheme 100 bps. The interest rates for every financial year will be notified before 1st April of that year. Rates have been increased twice, first w.e.f. 1.12.2011 and then w.e.f. 1.4.2012, as under :-

Scheme Old Interest Rate Rate of Interest w.e.f. 1.12.2011 Rate of Interest w.e.f. 1.4.2012

Savings Deposit	3.50	4.0	4.0
1 year Time Deposit	6.25	7.7	8.2
2 year Time Deposit	6.50	7.8	8.3
3 year Time Deposit	7.25	8.0	8.4
5 year Time Deposit	7.50	8.3	8.5
5 year Recurring Deposit	7.50	8.0	8.4
5 year SCSS	9.00	9.0	9.3
5 year MIS	8.00	8.2	8.5
5 year NSC	8.00	8.4	8.6
10 year NSC	8.7	8.7	8.9
PPF	8.00	8.6	8.8

3. The maturity period for Monthly Income Scheme (MIS) and National Savings Certificate (NSC) have been reduced from 6 years to 5 years.
4. A new NSC instrument, with maturity period of 10 years, has been introduced.
5. The annual ceiling on investment under Public Provident Fund (PPF) Scheme has been increased from Rs. 70,000 to Rs. 1 lakh.
6. Liquidity of Post Office Time Deposit (POTD) - 1,2,3 & 5 years - has been improved by allowing pre-mature withdrawal at a rate of interest 1% less than the time deposits of comparable maturity. For pre-mature withdrawals between 6-12 months of investment. Post Office Savings Account (POSA) rate of interest will be paid.