

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3740
ANSWERED ON:27.04.2012
AGENT COMMISSION ON SAVINGS SCHEMES
Yadav Shri Madhusudan

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has reduced the commission to be provided to the agents on the short-term savings schemes; and
(b) If so, the details thereof, scheme-wise and reaction of the Government thereto?

Answer

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

(a): Yes, Madam.

(b): The payment of commission to agents of Public Provident Fund (PPF) Scheme and Senior Citizens Savings Scheme has been discontinued, with effect from 1st December 2011. Commission under all other schemes (except MPKBY Agents) has been reduced from 1% to 0.5%. However, commission to Mahila Pradhan Kshetriya Bachat Yojana (MPKBY) agents will continue at the existing rate of 4%.

The Committee set up by the Government for comprehensive review of National Small Savings Fund (NSSF) had, inter-alia, recommended rationalisation of commission rate structure. Based on the recommendations, the Government has decided to reduce/abolish the agency commission, the main intention for which is to make these schemes more investor centric than agent centric. Market linked rates to investors, market linked interest rates on loans to States and Centre and viability of NSSF can only be ensured if the administrative cost of NSSF, of which this commission is a part, is brought down and the benefit of market alignment of rates is passed on to the investor rather than burdening the structure with higher administrative costs. To this effect, the decision of Government is pro investor and also keeps in mind the interest of agents where required.