

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:4206
ANSWERED ON:19.02.2014
PROMOTION OF SMALL SAVINGS
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) the present worth of postal savings in the country as compared to banks;
- (b) whether the interest rates of postal savings are lower than banks and other financial institutions;
- (c) if so, the details thereof and the action taken by the Government to increase the interest rates of postal savings; and
- (d) the other measures taken and facilities provided by the Government to customers of postal savings schemes?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. (SMT.) KILLI KRUPARANI)

(a) Madam, as on 31.03.2012 the outstanding balance in Small Savings Schemes was Rs 606585 crore and in Savings & Term Deposits of Public Sector Banks the outstanding balance was Rs 4120201 crore.

(b)& (c) The Small Savings Schemes, carrying different terms and rates of interest administered by Government of India, are designed to provide safe and attractive option to all individuals who invest in these savings schemes. Banks have been given freedom by Reserve Bank of India (RBI) to fix their rates on domestic term deposits of various maturities. Interest rates on Small Savings Schemes have been aligned with Government Securities rates of similar maturity with a spread of 25 basis points (bps) with two exceptions. The spread on 10 year NSC will be 50 bps and on Senior Citizens Savings Scheme 100 bps. The interest rates for every financial year are notified before 1st April of that year. Therefore, interest rates of Small Savings Schemes are not comparable with the rates being offered by the Banks for their various term deposit schemes. However, presently interest offered on Small Saving by Post Offices on all tenors is higher than the modal deposit rate offered by the Scheduled Commercial Banks (SCBs) on all tenors.

(d) Central and State Governments take various measures from time to time to promote and popularize Small Savings Schemes through print and electronic media as well as holding seminars, meetings and providing training to the various agencies involved in mobilizing deposits under various Small Savings Schemes. Further, with a view to sustaining investor's interest in the Small Savings Schemes, the features of the schemes are reviewed from time to time and various improvements and amendments in the schemes are introduced.