

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4363
ANSWERED ON:19.05.2006
MOBILISING SMALL SAVINGS
Mohite Shri Subodh

Will the Minister of FINANCE be pleased to state:

- (a) whether the RBI has recommended that the Union and State Governments should reduce the Commission offered to the Small Savings agencies to bring down the cost of mobilizing small savings deposits;
- (b) if so, the details thereof;
- (c) whether the Government is reviewing the interest rates on small savings;
- (d) if so, the details thereof;
- (e) whether small savings deposits are declining during last year;
- (f) if so, the reasons therefor; and
- (g) the measures taken to increase the small savings?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE: SHRI PAWAN KUMAR BANSAL:

(a) to (d) Reserve Bank of India had informally forwarded to the Ministry of Finance in 2005 a copy of a technical paper on issues relating to the National Small Savings Fund (NSSF). The technical paper inter-alia, mentions that the Centre and State Governments may consider reducing the commissions that are currently being offered to the small savings agencies. However, there is no proposal at present under consideration of the Government to either reduce the commission payable to small savings agents or to revise the interest rates on small savings.

(e) & (f) No, Sir. As per the provisional figures available, gross small savings collections during 2005-06 were around Rs.196394 crore vis-À-vis gross collections of Rs.177730 crore during 2004-05.

(g) The small savings schemes, carrying different tenor and rates of interest administered by the Government of India, are designed to provide safe and attractive investment options to different sections of small savers. Central and State Governments are taking various measures to promote these schemes through print and electronic media, arranging seminars and meetings, providing training to the various agencies involved in small savings collections, etc