

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2506
ANSWERED ON:08.12.2006
RATE OF INTEREST ON DEPOSITS
Chaudhary Shri Pankaj;Pallani Shamy Shri K.C .

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware of the problems being faced by the small savings account holders/pensioners who are dependent on interest income due to lower returns; and

(b) if so, the details thereof and the action taken thereof?

Answer

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

(a) & (b): The small savings schemes are designed keeping in view the needs of different segments of investors. The schemes enjoy a number of incentives like zero risk, regular income, tax-concession and easy accessibility. A new savings scheme, viz., Senior Citizens Savings Scheme 2004 was introduced with effect from 2nd August, 2004. The scheme is designed to meet the need of a regular flow of income for the senior citizens and retired persons alongwith security of investment, liquidity of funds and operational convenience. The deposits under the Scheme carry a uniform rate of interest of nine per cent per annum payable quarterly which is higher than the interest available on any other comparable savings instrument in the market.