

RBI/2004-05/229

CO.DT.No. 15.15.001/H.3764-86/2004-05

October 21, 2004
Ashwina 29, 1926 (S)

The Chairman & Managing Director
State Bank of India / Associate Banks
15 Public Sector Banks

Dear Sir,

**Operation of the Senior Citizens Savings
Scheme, 2004 (SCSS) through Public Sector Banks**

In continuation of our Circular RBI/2004-05/213 dated October 7, 2004 on the captioned subject, we forward herewith a copy of Office Memorandum F.No.2-8/2004-NS-II dated October 13, 2004 since received from Government of India containing clarifications on certain queries in respect of various provisions of the Senior Citizens Savings Scheme, 2004. You may please forward the same immediately to the designated branches for their guidance. Please ensure that a copy of the clarifications issued is displayed on the notice board by the designated branches for guidance of the agents / investors.

2.. Please acknowledge receipt.

Yours faithfully,

(P.Loganathan)
Assistant General Manager

Encls: AA

F. NO. 2-8/2004-NS-II
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)
NORTH BLOCK, CENTRAL SECRETARIAT,
NEW DELHI-110001, THE OCTOBER 13, 2004.

OFFICE MEMORANDUM

SUBJECT: Senior Citizens Savings Scheme, 2004 (SCSS)-clarifications regarding.

The undersigned is directed to say that this Ministry has been in receipt of various suggestions and queries from Department of Posts (DOP) as well as senior citizens seeking clarifications in respect of various provisions of the Senior Citizens Savings Scheme, 2004 (SCSS). These suggestions and queries have been examined in this Department and necessary clarifications are issued as under:-

ISSUES RAISED

CLARIFICATION

1. Can a joint account be opened with any person?

The account can be opened jointly with spouse only.

-Rule-3(3)

2. What should be the age of spouse in case of a joint account?

In case of a joint account, age of 1st applicant/depositor is the only factor to decide the eligibility to invest under the scheme. There is no age bar/limit for the 2nd applicant/joint holder (i.e. Spouse)

Rule-3(3)

3. Share of the joint account holder in the deposit in an account.

The whole amount of investment in an account under the scheme is attributed to the 1st applicant/Depositor only. Question of any share of the 2nd applicant/joint account holder (Spouse), therefore, does not arise. (Rule-3(3))

4. In case the depositor does not close the account on maturity and also not extend the account for a period of three years within a period of one year after maturity, how, the interest is to be calculated/paid after the maturity period?

The account shall be treated as matured and post maturity interest at the rate applicable to the deposits under Post Office Savings Accounts from time to time, shall only be admissible for the period beyond maturity in accordance with the rules. The amount of excess interest paid (at higher rate applicable to the deposits under SCSS) after maturity shall be deducted-Rule-7(9).

5. Whether any Income Tax rebate/exemption is admissible?

No Income/Wealth Tax rebate and/or exemption is admissible under the scheme. The existing Income tax provisions shall apply.

6. Whether 'A' can open a joint account with his/her Spouse 'B' with maximum admissible deposits of Rs. 15 lakhs and similarly 'B' can open another account individually or jointly with 'A', with any amount of deposit.

Yes. Both the Spouses can open individual and/or joint accounts with each other with the maximum deposits upto Rs. 15 Lakh each, provided both are individually eligible to invest under relevant provisions of the rules governing the scheme.

-Rules 3 & 4.

7. Whether new savings account is required to be opened for getting the interest credited periodically?

No such requirement is specified. The Depositors may get their interest, due on the deposits under the scheme, credited to their existing savings account(s), at the deposit office where their account under this scheme stands. Further, the savings account may be a single or joint (type 'A' or 'B') account, subject to the condition that the maximum limit of balance specified, if any, in the savings account, is not crossed by credit of the interest. -Rule 7(4).

8. Multiple withdrawals, as per requirements of the depositor, may be permitted.

No. This will lead to confusion and also distort the interest calculations/payments by the deposit offices from time to time. There is, however, no bar on the depositors for opening of new/multiple accounts within the overall ceiling of Rs. 15 lakh.

9. Whether any fee is to be charged for nomination and/or change/cancellation of nomination?

No such fee has been specified. –Rule 6.

10. Instead of clubbing the interest payments to the last day of the quarter of the calendar year, interest may be paid on completion of a quarter from/ based on the date of deposit. Similar provision exists under POMIA scheme.

The Department of Posts is offering the facility of Electronic Credit System(ECS) in computerized post offices and also providing the facility of post-dated cheques. No change in the existing provisions is, therefore, desirable.

11. Head(s) of account for booking of various transactions, charges, etc., under the scheme.

Detailed accounting procedure for booking of various transactions in respect of the SCSS is under the process of finalisation.

12. Successors/heirs of deceased serving persons should also be made eligible to deposit the terminal benefits under the scheme.

The suggestion can not be accepted. Apart from the SCSS, there are a number of other options/avenues of investment available under small savings schemes.

13. Whether documents viz: Ration cards, Voter Identity cards, not bearing date of birth, can be accepted as age proof.

- Department of Posts.

Yes. There is no ambiguity in this regard. The documents carry age on the date of issue.

- Note: 1 below Application Form (FORM-A)

14. Period upto which post-maturity interest can be given.

In case the account is not closed on completion of the 5 years' maturity period and also not extended under rule 4(3), post-maturity interest @ the rate applicable to Post Office Savings Accounts from time to time shall be paid till the end of the month preceding the month of closure. No time limit has been prescribed. –Rule 7(9).

15. Automatic electronic transfer of interest to a savings account at a post office/bank other than the deposit office.

The Department of Posts is offering the facility of Electronic Credit System(ECS) in computerised post offices and also providing the facility of post-dated cheques to the subscribers of POMIA scheme. Similar facilities may be provided to the subscribers of SCSS also.

16. Post dated cheques / warrants may be issued towards repayment of principal on maturity.

This aspect will be examined in detail separately in consultation with the Department of Posts as well as RBI, etc.

17. Whether State Governments are eligible to the share of net collections under the scheme.

Yes. The scheme is a part of small savings accounted for in the National Small Savings Fund. Entire net

collections under the scheme are transferable to State/UT(with legislature) Governments on the terms of other transfers from small savings.

Some more suggestions/queries are under examination in this Department and decision on the same will be communicated in due course.

This issues with the approval of the Secretary (Expenditure & Budget).

(P. C. SINGH)

UNDER SECRETARY TO THE GOVERNMENT OF INDIA

Tele: 2309 3035

TO

**The Department of Posts [Kind Attn: Mrs. P. Gopinath, DDG (FS)],
Dak Bhawan, Sansad Marg, New Delhi-110001.**

Copy to:-

- 1. Principal / Finance Secretaries of all State / UT Governments & Administrations.**
- 3. Shri Prabal Sen, CGM (DGBA), RBI, CO, Mumbai.**
- 4. Shri B. Mohapatra, CGM (IDMD), RBI, CO, Mumbai.**
- 2. Shri Anil Bhattacharya, Joint National Savings Commissioner, Nagpur.**

(P. C. SINGH)

UNDER SECRETARY TO THE GOVERNMENT OF INDIA