

RBI/2004-05/213

CO.DT.No. 15.02.001/H.3484 - 3520 /2004-05

October 7, 2004
Ashwina 15, 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

You may be aware that in terms of GOI Notification No.G.S.R.490 (E) dated August 2, 2004, Government have introduced the Senior Citizens Savings Scheme (SCSS), 2004 with effect from August 2, 2004 through Post Offices. GOI have now decided to operate the above Scheme through all the branches of Public Sector Banks **which are operating 'PPF Scheme, 1968'** (Office Memorandum No.2-8/2004-NS.II dated 30th September 2004). The involvement of the Agency banks in operation of above scheme would be on the lines of PPF Scheme, 1968. We forward herewith 10 copies each of the Notification dated 2.8.2004 and a copy of Office Memorandum dated 30.9.2004 for your information and necessary action.

2. It may be observed from the Office Memorandum dated 30.9.2004 that GOI have stipulated the following procedure for operating the Scheme:

A) Small Savings agents working under the Standardised Agency System (SAS), are eligible to mobilize deposits under the scheme and commission @ 0.5% (half a per cent) of the deposit shall be payable to such agents. The "at source commission payment system", adopted in case of commission payments to PPF agents, as envisaged in the Office Memoranda No.18/5/99-NS.II dated 10th February, 2004 and 20th May, 2004 of Government of India, Department of Economic Affairs, Ministry of Finance will also be applicable to the agents mobilizing deposits under SCSS. It may be mentioned that SAS agents were mobilizing deposits under the erstwhile Deposit Schemes for Retiring Employees.

B) Details of accounting procedure for various transactions under the scheme are under process of finalization. Pending this, the transactions under the Scheme may be classified as under:-

- i) **Deposits and withdrawal of principal**: Major Head: 8001 - National Savings Deposits: 00.103- Fixed and Time Deposits.
- ii) **Interest payments to the depositors**: Major Head: 8008-Income and Expenditure of National Small Savings Fund: 02- Interest Payments to Subscribers: 101- Interest on National Savings Deposits.
- iii) **Commission payable to agents**: Major Head: 8008- Income and Expenditure of National Small Savings Fund: 03 - Management Cost 103-Payment of Commission to Agents: 02. Payment of commission by banks: 01- Payment of commission to SAS Agents: 50 - Other charges.

C) You are advised to acquaint your designated branches with the modalities for implementation of SCSS 2004 and also equip them with the required stationery articles etc. As GOI is keen to operate the Scheme through Public Sector Banks (PSBs) at the earliest but not later than 1.11.2004, we advise you to initiate immediate steps for successful launching and smooth operation of the SCSS -2004.

3. We are also enclosing **Annexure I** containing details of the accounting procedure and reporting system to be followed by the PSBs, for your information and necessary action. The highlights of the SCSS, 2004 are also furnished in the **Annexure II** for your information and necessary action.

4. In view of the above, you are advised to issue suitable instructions to your Zonal / Divisional / designated branch offices under advice to us. You are also advised to ensure that the deposits under SCSS - 2004 are accepted at your designated branches at the earliest but not later than November 1, 2004.

5. Please acknowledge receipt.

Yours faithfully,

(B.B. Sangma)
General Manager

Encls: As above.

Senior Citizens Savings Scheme, 2004

1) Participating Banks - It has been decided to operate the Scheme through all designated branches of Public Sector Banks (PSBs), which are operating the PPF Scheme, 1968.

2) Reporting & Accounting Procedure for transfer of funds

A. The branches of PSBs will remit the amount of subscriptions under SCSS -2004 to their Link Cell at Nagpur **on daily basis** as per the extant procedure for credit to the Government Account at Central Accounts Section, Reserve Bank of India, Nagpur. Further, as per the existing procedure, remittance of subscription for credit to Government Account beyond 3 days from the date of receipt would attract penal interest at the coupon rate.

B. The following reporting system will be followed by the agency banks.

i) The designated branches of SBI handling the transactions relating to SCSS, 2004 will report directly or through their nodal branches to their GAD, Navi Mumbai. The SBI, GAD, Navi Mumbai will consolidate and report **branch-wise and State-wise** data to CAS, Nagpur for settlement of funds. The final record structure for reporting of the transactions relating to SCSS, 2004 may be obtained from our Central Accounts Section, Nagpur.

ii) Designated branches of Associate banks & Public Sector Banks will report **either directly or through their nodal branches**, the transactions under SCSS - 2004 to **their Link Cell at Nagpur**.

iii) The Link Cells of Associate banks & Public Sector Banks in Nagpur will consolidate and report the **State-wise and branch-wise SCSS, 2004 transactions** on a daily basis to CAS, Nagpur and settle funds directly with CAS, Nagpur. The final record structure for reporting of the transactions relating to SCSS, 2004 may be obtained from our Central Accounts Section, Nagpur.

iv) The nodal branches of State Bank of India at district level **shall not accept** such reports of Associate Banks and Public Sector Banks and **will not settle funds on account of SCSS, 2004 transactions**.

v) RBI Offices at Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Guwahati, Hyderabad, Jaipur, Kanpur, Chennai, Mumbai, Nagpur, New Delhi, and Patna & Thiruvananthapuram **will not accept the reports relating to SCSS, 2004 transactions** either from Associate Banks or Public Sector Banks.

3. The Link Cells of the agency banks at Nagpur/ SBI, GAD, Navi Mumbai are required to submit a monthly statement to Principal Accounts Officer, Department of Economic Affairs, Ministry of Finance, Government of India, New Delhi and to this Department in the first week of the following month to which the statement relate.

Senior Citizens Savings Scheme, 2004

Tenure of the Scheme

5 years, which can be extended by 3 more years

Interest rate

9% p.a.

Frequency of computing interest

Quarterly

Tax aspects

Interest is fully taxable

Investment to be in multiples of

Rs.1,000

Maximum investment limit

Rs.15 lakh

Minimum eligible age

60 years (55 years for those who have retired under a voluntary or a special voluntary scheme)

Facility of premature withdrawals

Available after 1 year of holding but with penalty

Transferability feature

Not available

Tradability

Not available

Nomination facility

Available

Mode of Holding

Generally single, Joint mode is permitted but only spouses will be allowed to open accounts jointly with beneficiaries.

Availability of applications forms

Through the post offices and designated branches of Public Sector Banks