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A broken formula: On the hike in small savings rates.

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In News: For other schemes, the increase is more nominal — 40 basis points for senior citizens and monthly income schemes and just 20 basis points for the National Savings Certificate and Kisan Vikas Patra. Returns on the popular long-term savings avenue, the Public Provident Fund (PPF), have been left unchanged at 7.1%, prevailing since April 2020 when they were slashed from 7.9% at the onset of the pandemic. Neither is there relief for those investing in the Sukanya Samriddhi Account Scheme, launched by Prime Minister Narendra Modi in January 2015 to encourage families to invest in the education of girl children and save for their marriage expenses, under the Beti Bachao, Beti Padhao campaign.

What is the News?

The government increased the returns on some small savings schemes for the first quarter of 2023 by 20 basis points to 110 basis points, or 0.2 to 1.1 percentage points. These will kick in for eight of the 12 small savings schemes where small investors park their household surpluses through banks and post offices.

What are Small Savings Schemes?

These schemes are operated through about 1.54 lakh post offices throughout the country. Public Provident Fund Scheme is also operated through about 8000 branches of public sector banks in addition to the post offices. Deposit Schemes for Retiring Employees are operated through selected branches of public sector banks only.

- Post Office Monthly Income Scheme (MIS)
- National Savings Certificate (NSC)
- Public Provident Fund (PPF)
- Post Office Time Deposit Scheme
- Senior Citizen's Savings Scheme
- Post Office Savings Account

What is National Small Saving Fund (NSSF)?

- NSSF was set up on 1 April 1999 with an objective to account all the monetary transactions under small savings schemes of the Union Government under one umbrella.
- It was set up in the Public Account of India.
- The net accretions under the small savings schemes are invested in the special securities of various States/ Union Territories (with legislature)/Central Governments.
- States not only can borrow from this account but have the obligation to borrow.
- The minimum obligation of States to borrow from the NSSF has been brought down from 100% to 80% of net collections from 2007.

What is Sukanya Samriddhi Account Scheme?

Objective: Aims to ensure equitable share to a girl child in resources and savings of a family

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Scheme: It is small deposit scheme for girl child launched under “Beti Bachao, Beti Padhao” Scheme. The scheme offers higher interest rate than PPF. But it is only for girls below age of 10 years with longer lock in period.

What is the objective of Beti Bachao, Beti Padhao Campaign?

Objective of the Campaign is Survival, protection & education of the girl child.

Scheme: It is also called “Save girl child, educate girl child” It aims to address the issue of declining Child Sex Ratio (CSR) through a mass campaign across the country targeted at changing societal mind sets & creating awareness about the criticality of the issue.

It will cover all the 640 districts (as per census 2011) of the country to have a deeper positive impact on Child Sex Ratio (CSR). Implemented under the overall guidance and supervision of concerned District Magistrate/Deputy Commissioners.

The Union Ministry of Women and Child Development (WCD) is nodal ministry for programme at the central level. The focus of BBBP is on awareness and advocacy campaign, multi-sectoral action enabling girls’ education and effective enforcement of Pre-Conception & Pre Natal Diagnostic Techniques (PC&PNDT) Act. The specific objectives of the scheme are preventing gender biased sex selective elimination, ensuring survival and protection of the girl child and ensuring education and participation of the girl child.