

RBI/2004-05/484

Ref.No.CO.DT.15.15.001/H-10236-10258/2004-05

June 3, 2005
Jyestha 13, 1927 (S)

The General Manager
Government Accounts Department
State Bank of India and Associate Banks ;
Allahabad Bank / Bank of Baroda / Bank of India /
Bank of Maharashtra / Canara Bank / Central Bank of India /
Corporation Bank / Dena Bank / Indian Bank /
Indian Overseas Bank / Punjab National Bank / Syndicate Bank /
UCO Bank / Union Bank of India / United Bank of India /

Dear Sir,

Operation of the Senior Citizens Savings Scheme, 2004 (SCSS)

In continuation of our Circular No.RBI/2004-05/352 dated January 27, 2005, we now forward herewith a copy of Office Memorandum F.No.2-8/2004-NS-II dated May 31, 2005 containing clarifications on various issues relating to the captioned scheme. You are requested to convey the clarifications to your designated branches for implementation / guidance. You may also ensure that a copy of the clarification issued is displayed on the notice board by the designated branches for the guidance of the agents / investors.

2. Please acknowledge receipt.

Yours faithfully,

(D.Rajagopala Rao)
Deputy General Manager

Encl: As above

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 MAY 31, 2005.

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 various quarters 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. How to calculate interest for broken period (less than a quarter)	Interest for any period less than a 'quarter'(as prescribed under the rules) shall be calculated as per the following formula: $\frac{\text{Number of days} \times \text{yearly rate of interest}}{365 \text{ or } 366(\text{in case of a leap year})}$
2. Subscribers may be permitted to obtain Loans by pledging the deposits/accounts under the scheme.	The facility of pledging, available in respect of few other small savings schemes, can not be provided in respect of SCSS as the subscriber of a pledged account will not be able to withdraw the interest amount periodically, defeating the very purpose of the scheme.
3. Premature withdrawal / partial withdrawals may be allowed for emergent medical treatment.	The facility of premature withdrawal /closure of account after one year is already permissible under rule-9 of the scheme. It is not possible to allow premature/partial withdrawals for any specific purpose before completion of one year. However, in case it is felt that any provision(s) of the scheme is/are causing undue hardships to any subscriber, this Ministry may consider requests of such subscriber(s) for premature closure of accounts before completion of one year on a case to case basis depending on merits, in relaxation of normal rules provided the case(s) is/are specifically recommended by Financial Advisor (Posts) / Member (Development), Postal Services Board in respect of Department of Posts and Chief/General Manager, in charge of Government Accounts Department in the case of banks.
4. How to calculate the 30 days' period after receipt of retirement benefits when benefits are received in piece meal on different dates.	The facility of opening multiple accounts is already available under the scheme. The retired person can open more than one account, on receipt of the retirement benefits in piece meal, provided the relevant account is opened within one month of receipt of the particular retirement benefit.

(P. C. SINGH)
UNDER SECRETARY TO THE GOVERNMENT OF INDIA
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