



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2011-12/359

DGBA.CDD. No.H- 4836 /15.02.001/2011-12

January 20, 2012

The Chairman and Managing Director/Managing Director
Head Office, Government Accounts Department
State Bank of India/State Bank of Patiala/
State Bank of Bikaner & Jaipur/State Bank of Travancore/ State Bank of Hyderabad/
State Bank of Mysore/ Andhra Bank/ 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/ Vijaya Bank/IDBI Bank Ltd./ICICI Bank Ltd.

Dear Sir/Madam,

Clarification on regulation of interest rates for Small Savings Schemes

As per the decision of the Government on the recommendations of the Committee for Comprehensive Review of National Small Savings Fund (NSSF), the rate of interest on small savings schemes will be aligned with G-Sec rates of similar maturity with a spread of 25 basis points (bps), with two exceptions. The spread on 10 year National Savings Certificate (NSC) will be 50 bps and on Senior Citizens Savings Scheme, 2004 (SCSS, 2004) 100 bps. The interest rates for every financial year will be notified before April 01st of that year. Notifications on changes in the interest rates, in various small savings schemes with effect from December 01, 2011 have already been issued by Government of India. We have also, vide our [circular No. RBI/2011-12/291 dated December 05, 2011](#) circulated Government's Notification dated November 25, 2011 indicating change in the interest rate on Public Provident Fund Scheme, 1968 (PPF, 1968).

2. It is observed that news items are appearing in certain sections of the press, which convey an impression that the interest rates on small savings schemes linked to G-Sec rates, are floating in nature and will undergo change depending on the yields on G-Sec during the currency of an instrument.

यह विभाग आइएसओ 9001-2000 प्रमाणित है।

सरकारी और बैंक लेखा विभाग, केन्द्रीय कार्यालय, भायखला ऑफिस बिल्डिंग,
4 थो मंजिल, मुंबई सेन्ट्रल रेलवे स्टेशन के सामने, भायखला, मुंबई-400 008

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3. As per the rules of small savings schemes, the rate of interest on an investment made in all schemes except PPF, 1968 on a particular date, remains unchanged for the entire duration of the investment, till maturity, irrespective of the revisions in subsequent years.

4. The above clarification may be brought to the notice of the branches of your bank operating the PPF Scheme, 1968 and SCSS, 2004 advising them to display the same on their notice boards.

Yours faithfully

(P S Ranga Rao)

Assistant General Manager