

RBI/2005-2006/240

Ref.No.DGBA.CDD15.15.001/H- 8662 /2005-06

December 23 ,2005
Pausha 2, 1927 (S)

The Chairman and Managing Director
Government Accounts Department, Head Office,
State Bank of India/State Bank of Indore/State Bank of Patiala/
State Bank of Bikaner & Jaipur/State Bank of Saurashtra/
State Bank of Travancore/State Bank of Hyderabad/State Bank of Mysore/
Allahabad Bank/Bank of Baroda/Bank of India/
Bank of Maharashtra/Canara Bank/Central Bank of India/
Dena Bank/Indian Bank/Indian Overseas Bank/Punjab National Bank/
Syndicate Bank/UCO Bank/Union Bank of India/United Bank of India/
Corporation Bank/ICICI Bank Ltd.

Dear Sir,

**Senior Citizens Savings Scheme, 2004(SCSS) - Interest
for broken period (less than a quarter) - Clarification**

Please refer to clarification furnished under item No.1 of the Office Memorandum F.No.2/8/2004-NS/II dated 31st May 2005, forwarded vide our Circular RBI/2004-05/484 dated 3rd June 2005 on the above subject. Government of India, Ministry of Finance, Department of Economic Affairs (Budget Division), have since issued a corrigendum dated 8th December 2005 in the matter (copy enclosed). The revised formula prescribed vide corrigendum dated 8th December 2005 may be applied while calculating interest for broken period (less than a quarter) for the SCSS Accounts from the quarter ending 31st December 2005 onwards

2. We, therefore, advise you to **urgently** convey Government's revised instructions to your designated branches for strict implementation/guidance. You may also ensure that interest on deposits is credited/paid on due dates by your designated branches, as the objective of the Scheme is to ensure regular flow of income to the Senior Citizens/investors.

3. Please acknowledge receipt.

Yours faithfully,

(B.B.Sangma)
General Manager

**F.No.2-8/2004-NS-II
GOVERNMENT OF INDIA
MINISTRY OF FINNACE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)**

**NORTH BLOCK, CENTRAL SECRETARIAT
NEW DELHI 110 001. THE DECEMBER 8, 2005**

CORRIGENDUM

SUBJECT : Senior Citizens Savings Scheme 2004 (SCSS) – clarification – reg.

The clarification issued by this office vide O.M. of even number dated the May 31,2005 on how to calculate interest for broken period (less than a quarter) is hereby modified as under :

For	Read
Interest for any period less than a 'quarter' (as prescribed under the rules) shall be calculated as per the following formula :	Interest for any period less than a 'quarter' (as prescribed under the rules) shall be calculated as per the following formula :
$\frac{\text{Number of days} \times \text{yearly rate of interest}}{365 \text{ or } 366 \text{ (in case of a leap year)}}$	$\frac{\text{Number of days in the period} \times \text{interest for the quarter}}{\text{Total number of days in the quarter}}$

2. A number of complaints have been received regarding delay in the crediting of interest on due dates under the Senior Citizen Scheme. It may be ensured that interest on deposits is credited / paid on due dates as the objective of the Scheme is to ensure regular flow of income to the depositors.

This issues with the approval of J.S. (Budget).

(C.A. BABY)
Accounts Officer
Tele. 2309 4050