



The Union Government has announced revised rates of interest on Small Savings Schemes for the First Quarter of 2017-18 to bring them somewhat closer to market rates. Small Savings schemes will continue to be attractive as some of them enjoy income tax benefits and additional interest rate spreads.

Revision of rates is a reflection of calibrated reform of the Union Government in the financial sector to ensure better interest rate transmission.

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The Union Government has announced revised rates of interest on various small savings schemes for the first quarter of the financial year 2017-18. To bring such rates somewhat closer to market rates, the Government has decided to effect a reduction of 0.1 percentage points (10 basis points) in interest rates across the board in all the schemes except the Post Office Savings Account, which has been left untouched.

Government continues to accord highest priority to the interest of small savers, especially savings for the benefit of girl child, the senior citizens and the regular savers who form the backbone of our savings architecture. The current revision of rates is reflective of the Government's commitment to calibrated reform in the financial sector to ensure better interest rate transmission.

Various small savings schemes will continue to be very attractive compared to bank deposits of similar maturities and tenor even after this marginal reduction in interest rates by 0.1 percentage points. Apart from offering higher interest rates compared to bank deposits, some of the small savings schemes also enjoy income tax benefits. Further, small savings schemes like Senior Citizens Savings Scheme (SCSS), Sukanya Samriddhi Account (SSA), PPF, 5 year National Savings Certificate (NSC), 5 year Monthly Income Scheme (MIS) and 5 year Time Deposits (TD) enjoy additional interest rate spreads. This additional interest rate spread is 100 basis points in the case of Senior Citizen Savings Scheme, 75 basis points in Sukanya Samriddhi Account and 25 basis points spread in PPF, 5 year NSC, 5 year MIS and 5 year TD.

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