



# Interest Rate Adjustments in Small Savings Schemes

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## Why in News?

Recently, the Union government decided to raise the returns on the [Sukanya Samriddhi Account Scheme \(SSAS\)](#) from 8% to 8.2%, and **on the 3-year Post Office Time Deposit Scheme (POTDS)** from 7% to 7.1%, for the first quarter of 2024, while keeping the interest rates unchanged for all other [small savings schemes](#).

## What is Sukanya Samriddhi Account Scheme?

### ▪ About:

- The **Sukanya Samriddhi Account Scheme (SSAS)** is a small deposit scheme by the **Ministry of Finance** exclusively for a girl child and is launched as a part of the [Beti Bachao Beti Padhao Campaign](#).
  - The scheme is meant to meet the **education and marriage expenses** of a girl child.

### ▪ Eligibility:

- Any girl child who is a resident Indian from the time of opening the account till the time of maturity/closure.
- The account may be opened by **one of the guardians in the name of a girl child**, who has **not attained the age of ten years** as of the date of opening of the account.
- A family can open a maximum of two accounts under this scheme for girl children. However, exceptions allow opening more than two accounts for twins or triplets born in the first or second order, supported by an affidavit and birth certificates.

### ▪ Benefits:

- The Minimum Investment is Rs 250 per annum; the Maximum Investment is Rs 1,50,000 per annum. The **Maturity Period is 21 years**.
  - At present, SSAS has several tax benefits and the **highest rate of interest among all the Small Savings Schemes**.

## What is the Post Office Time Deposit Scheme?

### ▪ About:

- The POTDS also known as **National Savings Time Deposit scheme** is a government-backed savings option that allows individuals to deposit an amount for a fixed tenure and earn a predetermined interest rate on their investment. This scheme is offered by [India Post Payments Bank \(IPPB\)](#).

### ▪ Features of the POTDS:

- It offers four types of accounts with varying maturity periods: **1 year, 2 years, 3 years, and 5 years**.
- It allows deposits from Rs. 1,000 to any amount, in multiples of Rs. 100.
- It allows joint accounts, minor accounts, and nomination facility.
- It **provides income tax benefits for the 5-year account** under Section 80C of the Income Tax Act, of 1961.
  - Section 80C of the [Income Tax Act, of 1961](#), allows for deductions from gross

total income for certain investments and expenses made by individuals and Hindu Undivided Families (HUFs).

- It **encourages savings and investments** in specific avenues, thereby reducing taxable income and providing tax benefits to taxpayers.

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