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EXAMINATION



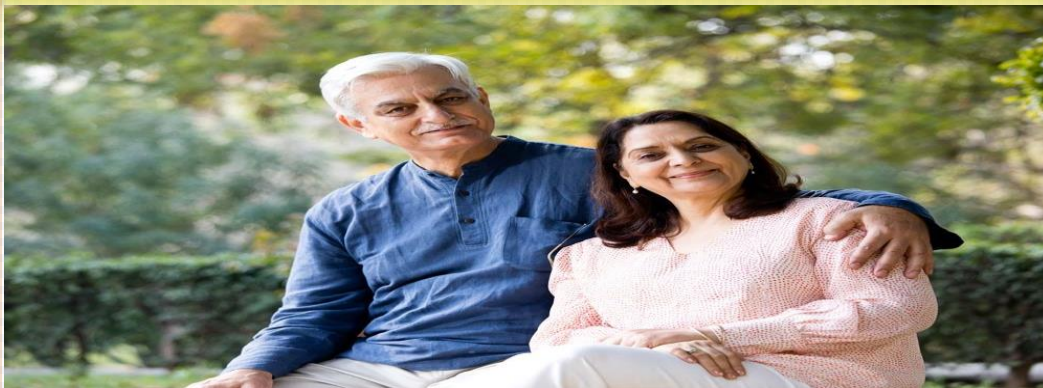
BANKING
AWARENESS

SENIOR CITIZENS SAVINGS SCHEME, 2004

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Senior Citizens Savings Scheme (SCSS) 2004

- Senior Citizens Savings Scheme (SCSS) 2004 is a Government of India Product.
- Being a government-backed scheme, SCSS comes with all the protection and assertion associated with all government schemes i.e. sovereign debt.
- It is one of the highest interest payable scheme.
- The scheme offers capital protection, along with quarterly interest payment as a source of income.
- Tax benefit is also available in the scheme.

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ELIGIBILITY FOR SCSS INVESTMENT

- ❖ An individual who has attained the age of 60 years and above on the date of opening of an account.
- ❖ An individual of the age of 55 years or more but less than 60 years who has retired on superannuation or under VRS can also open account subject to the condition that the account is opened within one month of receipt of retirement benefits.
- ❖ Earlier, retired defence personnel were allowed to invest in this scheme irrespective of their age, subject to other conditions. However, on October 3, 2017 the government issued a notification stating that the investment age has been fixed at 50 years.
- ❖ However, non-resident Indians (NRIs) and Hindu Undivided Families (HUFs) are not allowed to invest SCSS.



OPENING OF SCSS ACCOUNT

- A depositor may open the account in individual capacity or jointly with spouse.
- Any depositor may open an account at any post office or at a scheduled commercial bank by making an application in **Form-A** along with the age proof.
- A depositor may get his account transferred from one deposit office to another / one bank to another after paying transfer fees of Rs. 5 per lakh of deposit if the deposit of above Rs. 1 lakh. Such application should be given in **Form-G**.
- While deposits in the SCSS accounts can be made in cash, this is allowed only for amounts less than Rs. 1 lakh. If the deposit amount for Senior Citizens Savings Scheme exceeds Rs. 1 lakh, using cheque/demand draft for making the deposit is mandatory.



DOCUMENTS REQUIRED FOR INVESTMENT

Following is the list of the documents required for investing in the scheme:

- a) Duly filled application form, available at the post office or bank;
- b) Know Your Customer (KYC) documents including Aadhaar;
- c) Photographs of the applicant/s;
- d) Permanent Account Number (PAN);
- e) Address proof;
- f) Age proof;
- g) In the case of retirees, a certificate from the employer, stating the retirement was on superannuation or otherwise, retirement benefits.



MINIMUM MAXIMUM DEPOSIT LIMITS UNDER SCSS

- ✓ Any depositor may open an TDR (SCSS) at any Account deposit office.
- ✓ Depositors are allowed to make a lump sum deposit with minimum deposit of Rs. 1000. Deposits greater than Rs. 1000 have to be made in multiples of Rs. 1000.
- ✓ A depositor may operate more than one account subject to the condition that deposits in all accounts taken together shall not exceed the maximum limit of Rs. 30 lakh.
- ✓ In case depositor age is less than 60 years, deposit is restricted to retirement benefits or Rs. 30 lakh whichever lower.



DEPOSIT & WITHDRAWALS

- ❖ **Period:** All accounts will be fixed for five years.
- ❖ **Maturity:** The deposit made will mature after the expiry of 5 years from the date of opening of the account on production of the passbook accompanied by a written application (withdrawal form) **Form-E**.
- ❖ **Renewal:** The depositor may extend the account for a further period of 3 years after maturity. An application in **Form-B** should be made for renewal within a period of one year after the date of maturity period.
- ❖ **Overdue Term Deposit:** In case account is not extended nor closed, post maturity interest will be applicable as per Post Office Saving Bank interest rate up to the end of the month preceding the month of closure.



PREMATURE CLOSURE OF ACCOUNT

- Individuals can withdraw the amount and close the account at any time subject to the following conditions. If account closed before one year - interest paid on the deposit in the account shall be recovered from the deposit.
- Depositor may be permitted to withdraw the deposit on an application in Form-E and close the account at any time after the expiry of 1 year from the date of opening of the account subject to the following conditions:-
- In case the account is closed after the expiry of 1 year but before the expiry of 2 years from the date of opening of the account, an amount equal to 1.5% of the deposit shall be deducted and the balance paid to the depositor.
- In case the account is closed on or after the expiry of 2 years from the date of opening of the account, an amount equal to 1% of the deposit shall be deducted and balance paid to the depositor.



RATE OF INTEREST & NOMINATION

Rate of Interest:

- Interest Rate is fixed by the Ministry of Finance, Government of India annually.
- From 01.04.2024, interest rates for SCSS is 8.20% per annum.
- Interest from the date of deposit payable in the saving account at the end of each calendar quarter e.g. 31st March / 30th June / 30th September / 31st December.
- Compounding of interest is not permissible.

Nomination:

- The depositor may nominate a person or more than one person, at the time of opening of the account or at any time after the opening of the account but before its closure, by an application on Form-C accompanied by the passbook to the Branch.
- Nomination made by the depositor can be cancelled or varied.



DEATH OF THE DEPOSITOR

- In case of death of the depositor before maturity, the account shall be closed and deposit refunded on application in **Form-F** along with interest to the nominee or legal heirs in case the nominee has also expired or nomination was not made as per rules.
- If the total amount including interest payable is up to Rupees one lakh, it may be paid to the legal heirs on production of (i) letter of indemnity (ii) an affidavit (iii) a letter of disclaimer on affidavit (iv) a certificate of death of the depositor on stamped paper in the form as in Annexure to **Form-F**.



TAX BENEFITS IN SCSS

- ❖ Investment in SCSS qualifies for deduction under Section 80C of the Income-tax Act. However, this tax benefit is under the overall current ceiling of Rs. 1.5 lakh per annum fixed for all investments under Section 80C.
- ❖ There is a tax deducted at source (TDS) on the interest payment if the amount is more than Rs 50,000 per annum as per current tax laws.
- ❖ The interest received under the scheme is taxable in the hands of the depositors. However, senior citizens can claim deduction under section 80TTB for the maximum up to Rs. 50,000 in a single financial year.



VARIOUS SCSS RELATED FORMS

The application forms to be used for various SCSS related activities are as under:

- a) Form A - Application for opening of SCSS account.
- b) Form B - Application for extension of SCSS account.
- c) Form C - Nomination under SCSS account.
- d) Form D - Pay-In-Slip for deposits under SCSS account.
- e) Form E - Application for closure of SCSS account by depositor.
- f) Form F - Application for closure of SCSS account by Joint holder/ nominee/ legal heir.
- g) Form G - Application for transfer of SCSS account.



Thank You!

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