

NATIONAL SMALL SAVINGS FUND (CUSTODY AND INVESTMENT) RULES, 2001

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NATIONAL SMALL SAVINGS FUND (CUSTODY AND INVESTMENT) RULES, 2001

G.S.R. 114(E).-The National Small Savings Fund (Custody and Investment) Rules, 2001 made by the President in exercise of the powers conferred by clause (1) of Art. 283 of the Constitution of India, are hereby published for general information. PREAMBLE.-In exercise of the powers conferred by clause (1) of Art. 283 of the Constitution, the President hereby makes the following rules

regulating the custody of the Consolidated Fund of India and Contingency Fund of India, the payment of moneys into such Funds, the withdrawal of moneys therefrom, the custody of public moneys other than those credited to such Funds received by or on behalf of the Government of India, their payment into the Public Account of India and the withdrawal of moneys from such account and other matters connected therewith or ancillary thereto, namely - the National Small Savings Fund (Custody and Investment) Rules, 2001.

PART 1
INTRODUCTORY

1. Short title and commencement :-

(1) These rules may be called the National Small Savings Fund (Custody and Investment) Rules, 2001.

(2) These shall be deemed to have come into force on the 1st day of April, 1999.

2. Definitions :-

In these rules, unless the context otherwise requires,-

(a) "Net Collection" means the amount arrived at by deducting the amount of withdrawals by subscribers from the amount of deposits under a Small Savings Scheme during a given period;

(b) "Net Collections in a State or Union territory" means the amount arrived at by deducting the amount of withdrawals by subscribers in a State or Union territory from the amount of deposits in the said State or Union territory under a Small Savings Scheme during a given period;

(c) "Securities" means the Special Securities issued by the Central Government or a State Government for the purpose of investment of small savings collections.

(d) "Small Savings Scheme" means,-

(i) Post Office Savings Bank Deposits regulated under the Government Savings Bank Act, 1873;

(ii) Savings Certificates issued under the Government Savings Certificates Act, 1959 ;

(iii) Public Provident Fund Scheme regulated under the Public Provident Fund Act, 1968;and

(iv) Any other scheme as may be notified by the Central Government from time to time;

(e) "Subscriber" means a depositor or holder or subscriber as referred to in the relevant Act, sub-rule (d);

(f) "Public account of India" means the public account of India referred to in clause (2) of Art. 266 of the Constitution;

(g) "Reserve Bank of India" means any office or branch of the Banking Department of the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934).

3. Constitution of National Small Savings Fund :-

There shall be constituted a Fund to be called the National Small Savings Fund to which shall be credited all collections under the Small Savings Schemes in the public account of India.

4. Utilisation of the fund :-

The Fund shall be invested in the securities of the Central and State Governments in such ratio as are specified in these rules.

5. Receipts of the fund :-

(1) The fund shall have the following receipts :-

(a) Deposits or payments or subscriptions or repayments of loans and interest by subscribers into the Small Savings Schemes;

(b) Amount realised on discharge of investments made from the Fund into the Central and State Government Securities;

(c) The interest received on investment made from the Fund into the Central and State Government securities; and

(d) Other receipts, grants and/or contributions received from the Central and/or State Governments, if any.

6. Disbursements out of the Fund :-

(1) The fund shall have the following disbursements:-

(a) Payments, including grant of loan as admissible, to/or withdrawals by the subscribers from the Small Savings Schemes;

(b) Investments made in the Central and State Government securities;

(c) Interest payable to the subscribers under the Small Savings

Schemes;

(d) Incidental expenditure towards management of Small Savings Schemes excluding the expenditure on National Savings Organisation and any other expenditure related to the operations of the Fund.

PART 2

OPERATIONS OF THE FUND

7. Deposits etc., withdrawals etc., and payment of interest

:-

Deposits into, withdrawals from and disbursement by way of interest etc. as the case may be, under the Small Savings Schemes shall be regulated in accordance with the provisions of the Acts or Rules governing them as may be in force from time to time.

8. Accounting :-

All transactions relating to the Small Savings Schemes shall be accounted for under the public account of India as specified in the accounting procedure in Part III of these rules. However, these transactions shall be disclosed in the Annual Budget Documents as well as in the Union Finance Accounts.

9. Investment :-

(1) Sharing of Net Collections between Centre and States.-Such percentage of the net collections under all the Small Savings Schemes, as may be determined by the Central Government from time to time, shall be invested in the Central Government and State Government securities: Provided that the investment in the securities of a particular State Government shall be based on the net collections in that State.

(2) Investment of net collections in the securities of the Central and State Governments shall be made every month or at such other intervals as may be necessary.

(3) The terms and conditions of the securities eligible for investment from National Small Savings Fund shall be decided by the Central Government.

(4) The Secretary, Department of Economic Affairs, Ministry of Finance, of the Central Government or an officer authorised by him shall issue necessary sanction indicating the name of the State or Union territory and the amount of investment to be made in their

securities and also the amount to be invested in the Central Government securities as and when necessary.

(5) In case the investment is being made in the State Government securities, the Chief Controller of Accounts, Ministry of Finance shall, on receipt of the sanction referred to in the sub-rule (4), issue an advice on the Reserve Bank of India, Central Accounts Section, Nagpur authorising them to debit the Central Government account for the specified amount. Simultaneously, Chief Controller of Accounts will account for the amount of the advice issued in his books by debiting the National Small Savings Fund Account "(8007 - Investments of National Small Savings Fund) per contra credit to 8658 - Suspense Accounts/110/Reserve Bank Suspense - Central Accounts Office." On receipt of the confirmation of the transaction from Reserve Bank of India, Chief Controller of Accounts shall clear the Suspense Head by reversing the entry and crediting "8675 - Deposits with Reserve Bank."

(6) In case the investment is being made in the Central Government securities, the Chief Controller of Accounts, Ministry of Finance on receipt of the sanction referred to in sub-rule (4) above shall issue an advice on the Reserve Bank of India, Central Accounts Section, Nagpur authorising them to invest the amount in Central Securities. Reserve Bank of India, on completion of transaction, shall send a debit and credit scroll to Chief Controller of Accounts, Ministry of Finance. These scrolls shall be accounted for under "8007 - Investments of National Small Savings Fund and 6001 - Internal Debt/122 - Special Central Government Securities issued against net collections of small savings from the 1st April, 1999"

(7) The normal procedure followed in the case of the Central or State Securities shall also be applicable to the Special Securities.

(8) Interest on Investments-Reserve Bank of India shall collect the interest on the securities from the issuer on the due dates and credit the same to the account of Department of Economic Affairs, Ministry of Finance of the Central Government.

(a) In case of the State Government Securities, on receipt of this advice from Reserve Bank of India, the Chief Controller of Accounts shall debit in his books "8675 - Deposits with Reserve Bank by crediting 8008 - Income and Expenditure of National Small Savings Fund."

(b) In case of the Central Government securities, on receipt of this advice from Reserve Bank of India, the Chief Controller of Accounts shall debit in his books "2049 - Interest Payments, 01 - Interest on Internal Debt, 121 - Interest on Investment in Special Central Government Securities issued against outstanding balances of small savings as on the 31st March, 1999 and 122 - Interest on Investment in Special Central Government Securities" issued against net collections of small savings from the 1st April, 1999 by crediting "8008 - Income and Expenditure of National Small Savings Fund," as the case may be.

(9) On maturity of securities. Reserve Bank of India shall collect the amount due from the issuers of the securities and credit the same to the account of Department of Economic Affairs, Ministry of Finance of the Central Government. In the case of the State Government securities, Reserve Bank of India shall send necessary receipt scroll to Chief Controller of Accounts, Ministry of Finance, Department of Economic Affairs, who shall account for it under "8007 - Investments of National Small Savings Fund" with contra debit to "8675 - Deposits with Reserve Bank". In the case of the Central Government securities, a credit and debit scroll would be sent which would be accounted for under "8007 - Investments of National Small Savings Fund" and "6001- Internal Debt" respectively.

(10) The amount received on maturity of the investments shall devolve on the Central Government and accordingly, they shall be invested in the Central Government Securities. Such securities shall also be issued on the same terms and conditions as in the case of securities against the Central Government's share of net collections. Suitable accounting entries as mentioned in sub- rule 6 shall be made by Chief Controller of Accounts, Ministry of Finance.

10. Investment of outstanding balances as on the 31st March, 1999 :-

The fund shall also comprise of the outstanding balances under all the Small Savings Schemes as on the 31st March, 1999, the amount of which shall be invested in the "Central Government Special Securities" to be issued for this purpose. The accounting procedure for these securities shall be the same as mentioned in sub-rule 6 of Rule 9 for other "Central Government Special Securities issued against net collections of small savings from the 1st April, 1999".

11. National Small Savings Fund :-

A distinct sub-sector called "National Small Savings Fund" shall be opened in the public account of India for the purpose of accounting the transactions relating to small savings. The sub-sector "National Small Savings Fund" shall comprise of the following Major Heads :

- (1) Major Head : 8001 - Savings Deposits;
- (2) Major Head : 8002 - Savings Certificates;
- (3) Major Head : 8006 - Public Provident Fund;
- (4) Major Head : 8007 Investment of National Small Savings Fund;
and
- (5) Major Head : 8008 -. Income and Expenditure of National Small Savings Fund.

12. Deposits and withdrawals by subscribers under Small Savings Schemes :-

(1) The (account of deposits and withdrawals by subscribers under Small Savings Schemes shall be maintained in the public account of India as per the following details, namely:-

- (a) Savings Deposits under "Major Head - 8001 Savings Deposits";
- (b) Savings Certificates under "Major Head -8002 Savings Certificates - Minor Head 101 Post Office Certificates" for savings Certificates issued prior to the 1st April, 1999 and "Minor Head - 107 Post Office Certificates (new series) for Savings Certificates issued on or after the 1st April, 1999;
- (c) Public Provident Fund under "Major Head -8006 Public Provident Fund".

13. Interest Payments :-

Interest payments to subscribers shall be debited to "Major Head - 8008 Income and Expenditure of National Small Savings Fund; Sub Major Head - 02 Interest Payments to Subscribers". Separate minor heads would be used to account for the interest paid on every Small Savings Scheme as per the following details, namely:-

- (1) Minor Head 101 - Interest on Savings Deposits;
- (2) Minor Head 102 - Interest on Savings Certificates;

(3) Minor Head 103 - Interest on Public Provident Fund; and

(4) New Minor Heads may be opened as and when required.

14. Investments :-

(1) Securities issued against investment of outstanding balances under all the Small Savings Schemes as on the 31st March, 1999 shall be accounted for under the "Major Head - 8007 Investments of National Small Savings Fund - Minor Head - 101 Investment in Central Government Special Securities against outstanding balances as on the 31st March, 1999".

(2) Investments made in the Securities of Central Government against collections from the 1st April, 1999 shall be accounted for under "Major Head 8007 Investments of National Small Savings Fund; Minor Head - 102 Investments in the Central Government Special Securities against collections from the 1st April, 1999".

(3) Investments made in the Securities of State Governments shall be accounted for under "Major Head - 8007 Investment of National Small Savings Fund; Minor Head - 103 Investment in Special State Government Securities". Names of each State Government shall appear as a distinct sub-head under this minor head.

15. Interest earned on Investments :-

Interest earned on Investments shall be accounted for under "Major Head - 8008 Income and Expenditure of National Small Savings Fund; Sub-Major Head - 01 Income from Investments of small savings collections". Separate minor heads shall be used as per the following details, namely:-

(a) Minor Head 101 - Interest on Investments in Special Central Government Securities against outstanding balances as on the 31st March, 1999;

(b) Minor Head 102 - Interest on Investments in Special Central Government Securities against collections from the 1st April, 1999;

(c) Minor Head 103 - Interest on Investment in Special State Government Securities.

16. Expenditure towards management of Small Savings Schemes :-

Expenditure towards management of Small Savings Schemes shall be accounted for under "Major Head 8008 - Income and

Expenditure of National Small Savings Fund - Sub - Major Head 03- Management Cost.". Separate Minor Heads shall be used for every type of expenditure as per the following details, namely:-

- (a) Minor Head -101 Payment of agency charges to Department of Posts;
- (b) Minor Head -102 Payment of agency charges to Public Sector Banks;
- (c) Minor Head -103 Payment of agency commission to agents;
- (d) Minor Head - 104 Cost of Printing;
- (e) New Minor Heads shall be opened as and when required.

PART 4

MISCELLANEOUS

17. Interpretation :-

Where any doubt arises as to the interpretation of any of the provisions of these rules, the matter shall be referred to the Central Government whose decision shall be final.

18. Power to remove difficulties :-

If any difficulty arises in giving effect to any of the provisions of these rules, the Central Government may, subject to such restrictions and conditions, if any, as it may think fit to impose, dispense with or relax any of the provisions of these rules.