

## Making life easier for small savers

The Union Cabinet in February 2018 decided to bring a law to make life easier for small savers, especially those who save for girl children and senior citizens, and to “further strengthen the objective of ‘minimum government, maximum governance’”. It proposed the Government Savings Promotion Act by merging the Public Provident Fund (PPF) Act of 1968, the Government Savings Banks Act of 1873 and the Government Savings Certificates Act of 1959. There is no proposal to take away existing benefits to depositors through this merger. The main objective, as stated by the Ministry of Finance, is to make implementation easier for the depositors through this Act.

The government says that the proposed Act has certain new benefits for depositors. For example, the PPF Act states that an account cannot be closed before completion of five financial years. So, if any depositor wished to close his account before five years, she could not. The proposed Act seeks to make premature closure of an account easier by introducing provisions through a specific scheme notification. The benefits of premature closure of Small Savings Schemes (SSS) may now be introduced to deal with medical emergencies, higher education needs, and so on.

Second, investment in SSS can be made by a guardian on behalf of minor(s). Under the provisions in the proposed Act, the guardian may also be given associated rights and responsibilities.

There was no clear provision earlier regarding deposits by minors in the existing Acts. A provision has been proposed to promote a culture of savings among children. And if the minor dies and there is no nomination, the balance amount shall be paid to the guardian. The entire rigmarole of procuring a succession certificate has been done away with. The Bill also has clear provisions on the operation of accounts in the name of physically infirm and differently abled persons.

As per the existing Acts, if a depositor dies and nomination exists, the outstanding balances will be paid to the nominee. The proposed law has clearly defined the right of nominees.

Unlike the existing laws, the proposed law allows the government to put in place a mechanism for redressal of grievances and for amicable and expeditious settlement of disputes relating to small savings.

Receive the best of The Hindu delivered to your inbox everyday!

Please enter a valid email address.

When a child faces brutality, in or outside the family, society’s contract with its own spirit is violated

END

Downloaded from [crackIAS.com](http://crackIAS.com)

© **Zuccess App** by [crackIAS.com](http://crackIAS.com)