

F. No. 14/1/2018-NS-Part(1)  
Ministry of Finance  
Department of Economic Affairs  
Budget Division

North Block, New Delhi  
Dated: 12th July, 2024

To

1. The DDG (FS)  
Ministry of Communications  
Department of Posts (FS Division)  
Dak Bhawan, New Delhi – 110001
2. Government Business Unit of all Agency Banks

**Subject: Regularization of accounts opened in deviation to Rules stipulated under National Small Savings Schemes for select Schemes– Guidelines communicated - reg.**

Madam/Sir,

I am directed to refer to the guidelines framed by Ministry of Finance from time to time to regularize Small Savings Accounts opened in deviation to the extant rules by operating agencies and depositors. New guidelines (in addition to those already in operation) are now communicated to address the issue of irregular accounts. The new guidelines, summarized below, are anchored in the principle of 'balance of obligation' *vis a vis* sharing of costs arising from existence of such irregular small savings accounts.

2. At the outset, it needs to be noted that the power to regularize irregular small savings accounts is vested with Ministry of Finance and not with Department of Posts/ agency banks. Therefore, all cases pertaining to irregular accounts should be forwarded to the Budget Division, M/o Finance, with requisite documents and clear recommendation of the operating agency. This communication is for the guidance of D/o Posts and agency banks so that investor concerns are addressed properly.

3. Following six categories have been identified. Relevant guidelines, as approved by the competent authority, are summarized below:

( 1 ) **Irregular NSS accounts:** These have been assessed to be of the

following types:

*(a) Two NSS-87 accounts opened prior to DG Posts' Order. No. 35-19/90-SB-III dated 02.04.1990 :*

- i. The earliest/ first opened account will get prevailing scheme rate.
- ii. The second account (opened after the first account) will get prevailing PoSA rate plus 200 bps on the outstanding balance.
- iii. Points (i) and (ii) will be subject to the following conditions:
  - a. Cumulative deposits in both the accounts put together should not exceed the applicable deposit limits for each year.
  - b. Excess deposits (if any) shall be refunded to the investor without any interest.
- iv. Points (i) to (iii) are in the nature of one-time special dispensation allowed to investors of NSS-87 till 30 September 2024 from the date of this OM.
- v. From 1 Oct 2024 onwards, both the accounts will earn zero percent rate of interest.

*(b) Two NSS-87 accounts opened after DG Posts' Order. No. 35-19/90-SB-III dated 02.04.1990 :*

- i. The earliest/ first opened account will get the prevailing scheme rate.
- ii. The second account (opened after the first account) will get prevailing PoSA rate on the outstanding balance.
- iii. Points (i) and (ii) are subject to the following conditions:
  - a. Cumulative deposits in both accounts together should not exceed the applicable deposit limit for each year.
  - b. Excess deposits (if any) shall be refunded without any interest to the investor.
- iv. Points (i) to (iii) are in the nature of one-time special dispensation to the investors of NSS-87 till 30 September 2024 from the date of this OM.
- v. From 1 Oct 2024 onwards, both the accounts will earn zero

percent rate of interest.

(c) *In case of more than two NSS-87 accounts*

Principles outlined for two accounts opened before/ after DG Posts' Order. No. 35-19/90-SB-III dated 02.04.1990, shall apply. For the third account/ more irregular accounts, no interest shall be paid and the principal amount shall be refunded to the investor.

Please be advised that all accounts opened under NSS-87 and NSS-92 shall get zero percent rate of interest from 1 October 2024.

**(2) PPF account opened under the name of a minor :**

(a) PoSA interest shall be paid for such irregular accounts until the individual (minor) becomes eligible for opening of account, that is, the individual attains 18 years of age. Thereafter, the applicable interest rate will be paid.

(b) Maturity period for such accounts will be calculated from the date the minor becomes an adult, that is, the date from which the individual becomes eligible to open the account.

**(3) More than one PPF Account:**

(a) The primary account shall earn the scheme rate of interest subject to the deposit being within the ceiling applicable for each year. (Primary Account is one of the two accounts chosen by the investor in any Post Office/ agency bank where the investor prefers to continue with the account upon regularization).

(b) The balance amount in the second account shall be merged with the first account subject to the primary account remaining within the applicable investment ceiling in each year. Post merger, the primary account will continue to enjoy the prevailing scheme rate of interest. Excess balance in the second account, if any, shall be refunded with Zero percent rate of interest.

(c) Any additional accounts beyond the primary and second account, shall earn zero percent rate of interest from the date of opening of that

account.

**(4) Extension of PPF account by NRI**

For only those active NRI's PPF accounts opened under the Public Provident Fund Scheme (PPF), 1968, where Form H did not specifically ask the residency status of the account holder, POSA rate of interest shall be given to the account holder (Indian citizen who became NRI during the currency of Account) till 30th September 2024. Thereafter, the said account shall earn zero percent rate of interest.

**(5) Small Savings scheme account opened under the name of a minor (except PPF and SSA):**

Such irregular accounts may be regularized with simple interest. The interest rate for calculation of simple interest on the account should be the prevailing POSA rate.

**(6) Regularization of Sukanya Samriddhi Account (SSA) opened by Grandparents, other than Guardian:**

(a) In case of accounts opened under the guardianship of grandparents (who are other than legal guardian), the guardianship shall be transferred to a person entitled under the law in force, that is, to the natural guardian (alive parents) or Legal Guardian.

(b) If more than two accounts are opened in a family in violation of Para 3 of Sukanya Samriddhi Account Scheme, 2019, then the irregular accounts shall be closed by treating it as account opened in contravention to the scheme guidelines.

4. D/o Posts and agency banks are directed to obtain PAN and Aadhaar details of the account holder(s)/ guardian (if not already available) without fail and feed the same in the system before applying the aforesaid special dispensation.

5. D/o Posts and agency banks shall take urgent action to implement the aforesaid guidelines in respect of small savings schemes operated by them and, also inform such account holders of the approved guidelines through all channels currently available with them. It is incumbent upon all operating agencies to

proactively track cases that warrant regularization so as to avoid inconvenience to account holders for the small savings schemes operated by them.

6. This issues with the approval of the competent authority.

Yours faithfully,

(Rathna Gurumurthy)  
Under Secretary to Govt of India  
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