



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalsivam Kamarajar"

National Savings Certificate

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Why is in news? Some small savings schemes have been unreasonably left out of the rate hikes

The government increased the returns on some small savings schemes for the first quarter of 2023 by 20 basis points to 110 basis points, or 0.2 to 1.1 percentage points.

These will kick in for eight of the 12 small savings schemes where small investors park their household surpluses through banks and post offices.

The National Savings Certificate is a **fixed income investment scheme** that can be open with any post office branch. It is a kind of savings bond that encourages mainly small to mid-income investors to invest while saving on income tax.

A fixed-income instrument like Public Provident Fund and Post Office FDs, this scheme too is a **low-risk fixed-income product**. It can be bought from the nearest post office with a **fixed maturity period of 5 year**.

There is **no maximum limit on the purchase** of NSCs and there is a fixed interest.

Hindu Undivided Families, trusts, private and private limited companies, NRIs not allowed to invest in NSCs. The scheme is open **only for individual Indian resident citizens**.

The principal invested in NSC qualifies for tax savings under **section 80c of Income tax Act up to Rs. 1.5 lakhs annually**.

NSC certificates are accepted as collateral or security for secured loans in banks and NBFCs.

Investors need to provide an original identification proof like passport, PAN Card, Voter ID, Driving License.

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