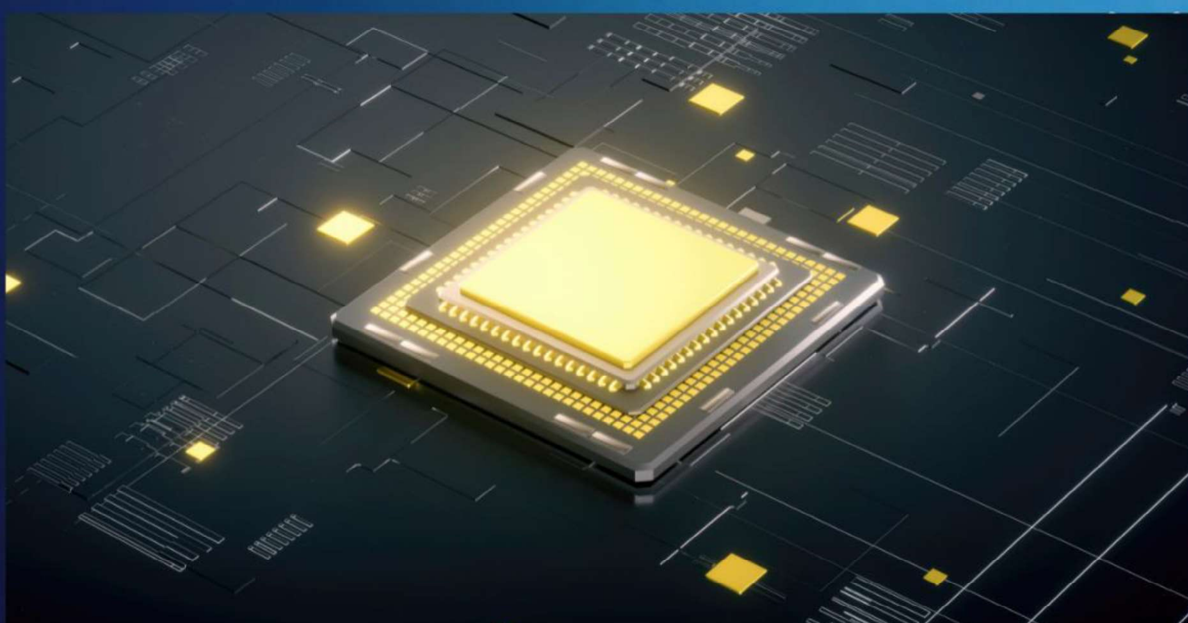
THE INSTITUTE OF
Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

WESTERN
INDIA
REGIONAL
COUNCIL

ICSI - WIRC e-NEWSLETTER

July - September 2023



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Mahila Samman Savings Certificates: An Analysis

MSSC is a proactive measure by the government to encourage women's participation in savings and investments. This program is expected to benefit millions of women across India including rural & remote areas. It is a very significant step towards financial inclusion and empowerment of the women, including the girls. Mahila Samman Savings Certificates Schemes will help women investors start investing for their short-term financial goals and needs. The MSSC is a positive step by the government to encourage rural women's participation in savings and investments. The scheme is expected to benefit millions of rural women across India. Compared to other small savings schemes like Sukanya Samriddhi Yojna (SSY), which has a maximum investment limit of Rs 1.5 lakh in a financial year, and also has a long lock-in period of 21 years, the Mahila Samman Savings Certificate provides an opportunity to invest up to Rs 2 lakh for a tenure of two years. So Mahila Samman Savings Certificates Schemes is more beneficial for the short-term investment.

Introduction

The Ministry of Finance issued the Gazette Notifications for Mahila Samman Savings Certificates, 2023 and has been made available in 1.59 lakh post offices with effect 1st April, 2023. The scheme was announced in the 2023-24 Budget by the Union Finance Minister to commemorate 'Azadi Ka Amrit Mahotsav' it is a very significant step towards financial inclusion and empowerment of the women, including the girls. The two-year tenure scheme offers an attractive and fixed interest of 7.5 per cent interest compounded quarterly with flexible investment and partial withdrawal options with a maximum ceiling of ₹ 2 lakhs. The scheme is valid for a two-year period up to 31st March 2025.

National Savings (Monthly Income Account) Scheme, 2019 has been amended through National Savings (Monthly Income Account) (Amendment) Scheme, 2023 and the maximum investment limit has been raised from ₹ 4,50,000/- to ₹ 9,00,000/- for a single account and from ₹ 9,00,000 to ₹ 15,00,000 for a joint account with effect from 1st April 2023. Likewise, Senior Citizen Savings Scheme, 2019 has been amended through Senior Citizens Savings (Amendment) Scheme, 2023 and the maximum investment limit has been raised from ₹ 15,00,000/- to ₹ 30,00,000/- recently.

Interest rates on all the small savings schemes, except Savings Deposit and PPF, have also been upwardly revised with effect from 1st April 2023. These measures will immensely benefit the post office small savings customers and attract more investment in these schemes through post offices, especially in rural areas and amongst girls, women, farmers, artisans, senior citizens, factory workers, government employees, small traders, and other sections of the society. They will get better return on their investment in small savings schemes.

Before the introduction of the Mahila Samman Savings Certificate (MSSC) this year, there were a few other savings schemes available for women and girls in India. These included:

- **National Savings Certificate (NSC):** The NSC is a popular small savings scheme that offers a interest rate of 7.7% per annum. The maturity period of the NSC is 5 years. The minimum amount that can be invested in an NSC is Rs. 1000/- and there is no maximum limit.

- **Post Office Savings Account:** It is a basic savings account that offers a fixed interest rate of 4% per annum. There is minimum balance requirement of Rs. 500/- for the Post Office Savings Account and withdrawals can be made at any time.

- **Senior Citizen Savings Scheme**: It is a savings scheme for senior citizens (aged 60 years and above) that offers an interest rate of 8.2% per annum. The maturity period of the Senior Citizen Savings Scheme is 5 years, but it can be extended for another 3 years. The minimum amount that can be invested in Senior Citizen Savings Scheme is Rs. 1,000/- and maximum up to Rs. 30 lakhs.

- **Sukanya Samriddhi Yojana (SSY):** It is savings scheme only available to girl child below 10 years. It has interest rate of 8% p.a. It was launched in 2015. Withdrawals are allowed only after 18 years & this deposit matures after 21 years from the date of opening the account. Minimum deposit is Rs. 250/- per month and maximum Rs. 1.5 lakh per annum. 80C benefit under Income Tax is available.

- The MSSC is different from these earlier savings schemes in a few ways. First, the MSSC offers a higher interest rate of 7.5% per annum. Second, the maturity period of the MSSC is only 2 years, which is shorter than the 5-year maturity period of the NSC and SCSS. Third, the MSSC is a one-time scheme, which means that you can only invest in it once.

The Mahila Samman Savings Scheme (MSSC) and Sukanya Samriddhi Yojana (SSY) are both government-backed savings schemes for women. However, there are some key differences between the two schemes.

MSSC

- The MSSC is a one-time investment scheme with a maturity period of two years.
- The minimum deposit amount is Rs. 1,000 and the maximum deposit amount is Rs. 2 lakhs.
- The interest rate is fixed at 7.5% per annum.
- The interest is compounded quarterly.
- Withdrawals are allowed after one year, but there is a penalty for premature withdrawals.
- The MSSC is not eligible for tax deduction under Section 80C of the Income Tax Act.

SSY

- The SSY is a long-term investment scheme with a maturity period of 21 years.

- The minimum deposit amount is Rs. 250 and the maximum deposit amount is Rs. 1.5 lakh per year.
- The interest rate is 8 % per annum.
- The interest is compounded quarterly.
- Withdrawals are allowed after the girl child attains the age of 18 years, but only for the purpose of her education or marriage.
- The SSY is eligible for tax deduction under Section 80C of the Income Tax Act.

Key Features of MSSC

An account opened under this scheme will be a single holder type account and the account can be opened in the Post Office or any authorised bank.

Mahila Samman Savings account can be opened by a woman for herself, or by the guardian in case of minor girl. Form - I, needs to be filled in or before the 31st March, 2025, however Mahila Samman Certificate Scheme cannot be opened jointly.

The minimum amount to be invested is Rs. 1000 and any sum in multiples of Rs.100 may be deposited in an account and no subsequent deposit shall be allowed in that account.

The maximum investment limit allowed is Rs. 2 lakhs.

The deposits made under this scheme carries interest at the rate of 7.5 per cent per annum. The interest will be compounded quarterly and credited to the account. According to the Ministry of Finance notification dated March 31, 2023. The interest payable to the account holder in respect of any account opened or deposit made which is not in consonance with the provisions of this Scheme shall be payable at the rate applicable to the Post Office Savings Account

Payment on maturity

Mahila Samman Savings Certificates, 2023 matures after two years from the deposit date, and the account holder may receive the balance by applying in Form-2 to the Accounts office at that time. Fraction of a rupee that is not exactly one rupee will be rounded up to the closest rupee when determining the maturity value. For this calculation, any sum that is fifty paisa or greater counts as one rupee, while any amount that is less than fifty paisa is not considered.

Withdrawal from account

Under Mahila Samman Savings Certificates, 2023, scheme. After the first year from the date of account opening but before the account's maturity, the account holder can withdraw a maximum of 40% of the balance by submitting a Form-3 application. However, a 2% points lesser interest is payable for the premature withdrawal (i.e. Instead of 7.5% p.a Interest, 5.5% p.a interest is payable to the account holder)

Premature closure of account

Premature account closure is not allowed, subject to the following exceptions namely
- **On the death of the account holder**

When the post office or the bank in question determines that the operation of the account is putting the account holder through undue hardship due to extreme compassionate circumstances, such as medical support for the account holder's life-threatening illnesses or the death of the guardian, it may, after thorough documentation, by order and for reasons that will be documented in writing, permit the account to be prematurely closed.

Where an account is prematurely closed, interest on principal amount shall be payable at the rate applicable to the Scheme for which the account has been held, Premature closure of an account will be allowed at any time following after six months from the date of account opening for any reason other than those listed, in which case the balance that was previously in the account would only be eligible for interest at a rate that was 2% lower than the rate specified in this Mahila Samman Savings Certificates Schemes.

Tax benefit

Unlike most of the Post office schemes such as Public Provident Fund (PPF), Sukanya Samriddhi Yojana (SSY), Senior Citizen Saving Scheme (SCSS), National Saving Certificate (NSC), Post Office Time Deposit (POTD) (5Y) offer tax benefit under 80C of Income tax. However, MSSC is currently not eligible for benefit under 80C of Income tax.

Mahila Samman Savings account can be opened by submitting account opening form, KYC Document (Aadhaar and PAN card), KYC form for new account holder, Pay-in-Slip along with deposit amount/cheque at nearest post office or bank.

An investment of Rs. 2 lakhs assuming interest of 7.5% pa., will fetch you Rs. 15,000/- interest in the first year on the principal amount and whereas in the next year the interest amount would be Rs.16,125/-. So, at the end of 2 years, one would be entitled to fetch an amount of 2,31,125/- (Initial Investment of Rs. 200000 + Total Interest (31,125/-) 2 years, which will be the maturity amount. (Assuming Annual Compounding Interest)

Mahila Samman Savings Certificates Schemes has already launched by post offices; and banks. MSSC is a good investment option for women looking for a safe and secure way to save money. This scheme not only offers competitive interest rates but a government guarantee making it a very safe investment. The two-year maturity period is also suitable for women who may need to access their funds in the near future.

Here are some of the key features of the Mahila Samman Savings Certificate scheme:

- It is a one-time small savings scheme for women and girls.
- It offers a fixed interest rate of 7.5% per annum, compounded quarterly.
- The maturity period of the scheme is two years.
- The minimum amount that can be deposited in an account is Rs. 1,000 and the maximum amount is Rs. 2 lakhs.
- An individual can open multiple MSSC accounts, but the total amount across all accounts cannot exceed Rs. 2 lakhs.
- The MSSC can be opened at any post office or participating bank.
- The interest earned on the MSSC is taxable. However, the interest income is exempt from income tax up to Rs. 3,000 per annum for women taxpayers.

Here is a table comparing the key features of the Mahila Samman Savings Certificates Schemes (MSSC) with the National Savings Certificate (NSC), Post Office Savings Account (POSA), and Senior Citizen Saving Scheme (SCSS):

Feature	MSSC	NSC	POSA	SCSS
Interest rate	7.5% p.a.	7.7 % p.a.	4% p.a.	8.2 % p.a.
Maturity period	2 years	5 years	No maturity period	5 years, can be extended further till 3 years.
Minimum investment amount	Rs. 1,000/-	Rs. 1000/- and in multiples of Rs.100/-	Rs.500/-	Rs.1000/- and multiples of Rs.1,000/-
Maximum investment amount	Rs. 2 lakhs.	No maximum limit	No maximum limit	Rs. 30 lakhs.

Rural reach

The MSSC is a good investment option for rural women who are looking for a safe and secure way to save money. The two-year maturity period is also convenient for rural women who may need to access their money in the near future. The MSSC can be opened at any post office or participating bank. The account opening process is simple and straightforward. The applicant will need to provide her/his/their KYC documents, such as Aadhaar card and PAN card.

The MSSC can be used by rural women to:

- Save money for their children's education or marriage.
- Invest in a house or land.
- Meet medical expenses.
- Provide for their old age.
- For purchasing Agricultural Tools and Equipment.

The MSSC is a positive step by the government to encourage rural women's participation in savings and investments. The scheme is expected to benefit millions of rural women across India.

Conclusion

MSSC is a valuable tool that can help to empower rural women. It can help them to save money, start businesses, invest in property, and meet their financial needs. This can lead to improved financial security and independence for rural women, which can have a positive impact on their lives and the lives of their families.

The MSSC is a good option for women who are looking for a safe and secure way to save money with a higher interest rate. However, it is important to note that the MSSC is a short-term investment, so it may not be suitable for women who need to access their money in the long term. It’s a yet another step by the Government for safe, secured & medium-term investment.