

IN AAM AADMI'S INTEREST

# ONE FOR MAHILA SAMMAN, TWO FOR SENIOR CITIZENS

FM proposes new scheme for women, doubles investment limit for SCSS, POMIS

SARBAJEET K SEN

Gurugram, 1 February

Finance minister Nirmala Sitharaman announced major changes in the small savings schemes bucket with a doubling of the maximum investment limit under the Senior Citizen Savings Scheme (SCSS) and the Post Office Monthly Income Plan (POMIS).

In her 2023-24 Union Budget speech on Wednesday, Sitharaman also announced the introduction of a limited period scheme for women — the Mahila Samman Savings Certificate (MSSC) — under which deposits can be made in the name of a woman or a girl child. The scheme will offer a fixed return of 7.5 per cent and will be available for two years, till March 2025. The scheme will also have a partial withdrawal facility. The maximum deposit permitted under the scheme will be ₹2 lakh.

The maximum investment limit under SCSS has been hiked from ₹15 lakh to ₹30 lakh, while that of POMIS has been raised from ₹4.5 lakh to ₹9 lakh, under a single name. For a joint account, the POMIS limit has been enhanced to ₹15 lakh from ₹9 lakh.

The SCSS, which offers an interest rate of 8 per cent at present, is open to individuals who are 60 years or above at the time of opening an SCSS account. Those who have attained the age of 55 years, but are below the age of 60 years and have retired on superannuation, are eligible to open an SCSS account, provided they invest within a month after retirement. The scheme has a lock-in period of 5 years and interest is paid quarterly. "SCSS is giving good returns. However, one should stagger their investments in the instrument since future interest rates are not known," Parul Maheshwari, an independent investment advisor, said.

Under the POMIS scheme, investors receive monthly income in the form of interest. The pre-



## Soon, tax on policies with premiums above ₹5 lakh

**No tax exemption will be allowed on income** from traditional insurance policies where the premium is over ₹5 lakh, finance minister Nirmala Sitharaman announced on Wednesday. The new rules will be effective on insurance policies issued on or after April 1, 2023. However, the provision will not be applicable to unit-linked insurance plans (ULIPs). "The removal of the exemption will impact only a small section of the population, especially the high net-worth individuals," Deepesh Raghav, an independent investment advisor, said.

sent rate of interest is 7.1 per cent. "POMIS is a relatively less attractive scheme even if one was to compare it to current bank fixed deposit rates. Also, it is important to keep in mind that the scheme is meant for investors who actually need a monthly income. It may or may not be suitable for an investor in the younger age group," Vishal Dhawan, founder and chief executive officer, Plan Ahead Wealth Advisors, said.

Maheshwari believes that rate of interest and

## TCS under LRS hiked to 20% in most cases

**Finance Minister Nirmala Sitharaman on Wednesday announced tweaking of the tax** collected at source (TCS) on the Liberalised Remittance Scheme (LRS). The rate of TCS for remittances above ₹7 lakh for any purpose other than education or medical treatment has been revised upwards, to 20 per cent from the earlier 5 per cent.

"The rate of TCS for foreign remittances for education and for medical treatment is proposed to continue to be 5 per cent for remittances in excess of ₹7 lakh. However, for foreign remittances for other purposes, it is proposed to increase the rates of TCS from 5 per cent to 20 per cent," Sitharaman said in her Budget speech.

tenure make the new MSSC scheme a good investment option but one should look at asset allocation before investing.

"If one has an investable surplus and can handle volatility, one can also consider mutual funds — including hybrid funds which are tax-efficient and target maturity funds (TMF) — if one is able to hold on to the investment till maturity," she said.

Dhawan suggests considering tax implications before investing in these schemes.