

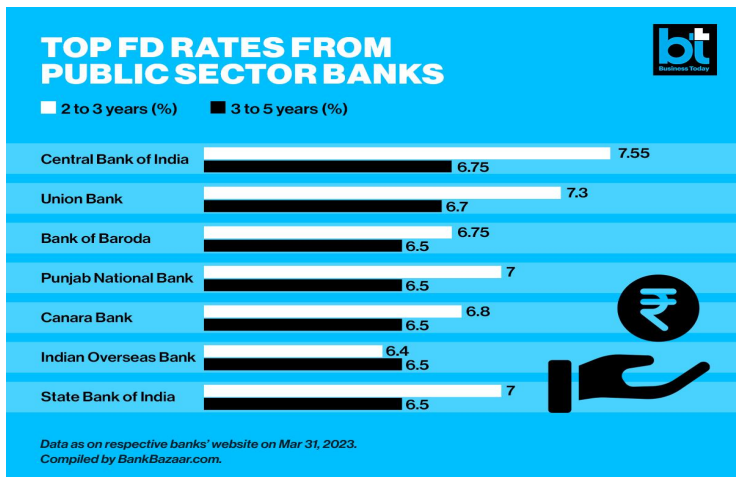
# Post Office Small Savings schemes: Interest rate war between bank FDs vs NSCs

The biggest hike was in National Savings Certificate (NSC) which went up by a whopping 70 basis points from 7 per cent to 7.7 per cent, and the 5-year term deposit which went up by 50 basis points from 7 per cent to 7.5 per cent.

Teena Jain Kaushal Updated Apr 03, 2023, 1:18 PM IST



The recent revision in interest rates has put post office small savings scheme rates at par with those offered by fixed deposits. The biggest hike was in National Savings Certificate (NSC) which went up by a whopping 70 basis points from 7 per cent to 7.7 per cent, and the 5-year term deposit which went up by 50 basis points from 7 per cent to 7.5 per cent. On the other hand, SBI fixed deposit currently offers an interest rate of upto 7 per cent for a tenure of 2-5 years.



Given the higher rate of interest in NSC, should one invest in the post office scheme over FDs? "We believe that whilst the NSC is a good option with the enhanced interest rates for a longer period, investors who plan to invest in NSCs will need to be comfortable with the relative operational challenges in working with a post office as compared to a bank," said Vishal Dhawan, Founder and CEO, Plan Ahead Wealth Advisors.

one comes across in dealing with post offices. Here is the comparison between post office schemes vs FDs from Public Sector Banks

Clearly, small savings schemes are offering an advantage discounting the procedural hassles

### REVISED SMALL SAVINGS SCHEMES RATES

Small Savings Scheme	Interest rate Apr-June (%)
Senior Citizens' Saving Scheme (SCSS)	8.2
Sukanya Samriddhi Yojana	8
NSC	7.7
Post Office Time Deposit (5 years)	7.5
KVP	7.5 for 115 months
Post Office Monthly Income Scheme	7.4
PPF	7.1
Post Office Time Deposit (3 years)	7
Post Office Time Deposit (2 years)	6.9
Post Office Time Deposit (1 year)	6.8
Post Office Recurring Deposit	6.2
Post Office Savings Account	4

Incidentally, the interest rate of PPF is kept unchanged at 7.1 per cent. However, Sukanya Samriddhi Yojana or SSY scheme for a girl child, now offers 8 per cent return, a 40 basis point hike from the previous rate of 7.6 per cent. The difference between PPF and SSY has now increased from 0.50 per cent to 0.90 per cent. Rates of other schemes, such as the Senior Citizen Savings scheme (SCSS), Term Deposits, Kisan Vikas Patra, and Recurring Term Deposits have also risen by up to 10-40 basis points.

"Being tax-efficient investments that yield assured returns, small savings schemes may be suitable for investors planning for special financial goals and have a low-risk appetite," said Adhil Shetty, CEO, of BankBazaar.com.