

F.No.5-2/2010-NS.II  
Ministry of Finance  
Department of Economic Affairs  
(Budget Division)  
-----

New Delhi, the 8<sup>th</sup> July, 2010.

**OFFICE ORDER**

**Sub:** Constitution of Committee on the recommendations made by the Thirteenth Finance Commission for comprehensive review the NSSF structure, interest rate, tenor and other administrative matter.

The Thirteenth Finance Commission, in its report has made recommendations to provide debt relief to States, in which the Commission inter alia recommended that the interest rate on loans contracted by the States till 2006-07 and outstanding at the end of 2009-10 be reset at a common interest rate of 9% in place of 10.5% or 9.5%. The Commission has also recommended that all aspects of the design and administration of the NSSF be examined with the aim of bringing transparency, market linked rates and other, much needed reforms to the scheme.

2. The Government has accepted 'in principle' the recommendations of the Thirteenth Finance Commission to reset the rate of interest on NSSF loans to States contracted till the end of 2006-07 and outstanding at the end of 2009-10. It has also been decided by the Government to set up a Committee for comprehensive review the NSSF structure, interest rate, tenor and other administrative matters.

3. Accordingly, a Committee headed by Deputy Governor, Reserve Bank of India, is hereby set up with the following composition:-

(i)	Smt. Shyamla Gopinath, Deputy Governor, Reserve Bank of India	Chairperson
(ii)	Joint Secretary (Budget), Ministry of Finance	Member
(iii)	Shri Anil Bisen, Economic Adviser, Ministry of Finance, DEA	Member
(iv)	Principal Secretary (Finance), Govt. of Maharashtra	Member
(v)	Principal Secretary (Finance), Govt. of West Bengal	Member
(vi)	Dr. Rajiv Kumar, Director & Chief Executive, Indian Council for Research on International Economic Relations (ICRIER)	Member
(vii)	Shri J.M. Garg, Chairman and Managing Director, Corporation Bank	Member

contd.....

4. The terms of reference of the Committee will be as under:-

- (i) To review the existing parameters for the small saving schemes in operation and recommend mechanisms to make them more flexible and market linked.
- (ii) To review the existing terms of the loans extended from the NSSF to the Centre and States and recommend on the changes required in the arrangement of lending the net collection of small savings to Centre and States.
- (iii) To review and recommend on other possible investment opportunities for the net collections from small savings and the repayment proceeds of NSSF loans extended to States and Centre.
- (iv) To review and recommend on the administrative arrangement including the cost of operation.
- (v) To review and recommend on the incentives offered on the small savings investments by the States.

5. While making its recommendations, the Committee will also consider the following:-

- (i) The importance of small savings within the overall savings in the economy especially its contribution in promoting savings amongst small investors.
- (ii) The need of NSSF to be a viable fund, ensuring that the expenditure in the form of interest payment to investors and administrative costs are met from the return on investment made from the net collections of small savings.

6. The Budget Division of Department of Economic Affairs, Ministry of Finance will provide secretarial assistance to the Committee.

  
8.7.10  
(SHAKTIKANTA DAS)

Joint Secretary to the Government of India

To

- (i) Smt. Shyamla Gopinath, Deputy Governor, Reserve Bank of India, Central Office, Mumbai.
- (ii) Joint Secretary (Budget), Ministry of Finance, DEA.
- (iii) Shri Anil Bisen, Economic Adviser, Ministry of Finance, DEA, North Block, New Delhi.
- (iv) Principal Secretary (Finance), Govt. of Maharashtra, Mantralaya, Mumbai.
- (v) Principal Secretary (Finance), Govt. of West Bengal, Writers' Building, Kolkata.
- (vi) Dr. Rajiv Kumar, Director & Chief Executive, Indian Council for Research on International Economic Relations (ICRIER), Core 6A, 4<sup>th</sup> Floor, India Habitat Centre, Lodhi Road, New Delhi- 110 003.
- (vii) Shri J.M. Garg, Chairman and Managing Director, Corporation Bank, Corporate Office, Mangala Devi Temple Road, Pandeshwar, Mangalore - 575001 (Karnataka).