



GOVERNMENT OF ANDHRAPRADESH

ABSTRACT

PUBLIC SERVICES- Welfare - Andhra Pradesh State Employees Group Insurance Scheme 1994- Revised Rates of Interest on accumulated savings fund-Orders-Issued.

FINANCE (ADMN.II) DEPARTMENT

G.O.(P) No. 671

Dt. 14-10-2004

Read the following:-

1. G.O.Ms.No.293. Fin & Plg (FW.Accts - II) Dept Dt. 08-10-1984.
2. G.O.Ms.No.381. Fin. &Plg. (FW.Admn.II) Dept.. Dt. 05-12-1994.
3. G.O.Ms.No.382, Fin. & Plg. (FW.Admn.II) Dept., Dt. 05-12-1994.
4. Government of India Ministry of Finance. Department of expenditure O.M. No. 7(4)/EV/2000, dt 30-01-2001.
5. Government of India Ministry of Finance. Department of expenditure O.M.No. 7(I)/EV/2001. dt. 02-01-2002.
6. Government of India Ministry of Finance. Department of economic Affairs) No. F5(1)/OPD/2002, dt. 30-03-2002.
7. G.O.MS.NO. 63. Finance & Planning (FW.Pen.II) Department. dt. 06-06-2001.
8. G.O.Ms.No. 345. Finance & Planning (F.W.Pen.II) Department, dt 7-07-2001.
9. G.O.MS.NO. 703, Finance & Planning (FW:Pen.II) Department, dt. 19-07-2002.
10. Government circular Memo.No. 34520/147/Admn.II/A2/1999, dt. 18-11-1999.
11. From the Director of insurance Lr.No. I/GIS- 1/2/2001-2002, dt. 29-10-2002.
12. G.O. (P), No. 973, Fin. (Admn.II) Department.. (dt. 11-12-2002.
13. Circular Memo.No. 1671/20/A2/2001, dt. 11-12-2002.
14. Govt. of India Ministry of Finance, Dept. of expenditure. New Delhi. O.M. No. 7(2)/EV/2003. dt. 08-01-2004.
15. Govt. of India Ministry of Finance. Dept., of expenditure. New Delhi, O.M. No. 7(2)/EV/2003 dt 05-03-2004
16. G.O.Ms.No. 625. Fin.(Pen.II) Dept., dt. 02.09.2004.
17. From the Director of Insurance, Lr.No.I/GIS-1/2/2004-2005, dt. 10-09-2004.
18. From the Director of Insurance, Lr.No. 1/GIS-1/2/2004-2005, Dt. 10-09-2004.

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ORDER:-

In terms of the recommendation of the Committee constituted to review the working of the A.P. State Employees Group Insurance Scheme and in modification of the Para 8 of the G.O. Ist read above, orders were issued revising the rate of interest @ 12% per annum compounded quarterly with effect from 1-11-1994 on the accumulations of the savings fund under Group Insurance Scheme. According to Para 9 of the G.O. Ist read

above, The accumulations of savings fund part and insurance fund part shall carry interest at the rates prescribed by Government from time to time. The rates shall be revised based on the revision of rates of interest made by Government of India from time to time on their savings funds i.e., G.P.F. etc.,

2. In the reference 4th, 5th and 6th read above the Government of India have revised the rate of interest of G.P.F. and other similar funds reducing the rate of interest at 11% p.a. from 1.4.2000 to 31.3.2001, at 9.5% p.a. from 1.4.2001 to 31.3.2002 and at 9% p.a. from 1.4.2002 onwards respectively. Consequently, State Government have issued orders in G.O.Ms.No.63, Finance (Pen.II) Department, dt. 6.6.2000, G.O.Ms.No. 345, Finance (Pen.II) Dept., dt. 7.7.2001 and G.O.Ms.No.703, Finance (Pen.II) Dept., dt. 19.7.2002, revising the rates of interest as 11% w.e.f. on G.P.F. and other similar funds vide reference 7th to 9th read above. Accordingly orders were issued in the G.O. 12th read above revising the rates of interest on the A.P, State Employees Group Insurance Savings Fund at 11% p.a.w.e.f. 1.4.2000 to 31.3.2001, at 9.5% p.a. from 1.4.2001 to 31.3.2002 and at 9% p.a. from 1.4.2002 onwards compounded quarterly on cessation of membership from the scheme. The connected tables of benefits have been issued in the circular Memo. 13th read above.

3. In the reference 14th and 15th read above Government of India have revised the rate of interest on Central Government Employees Group Insurance Scheme and other similar funds reducing the rate of interest at 8% p.a. from 1.1.2004. Consequently, State Government have issued orders in G.O.Ms.No. 625, Finance (Pen.II) Dept., dt. 2.9.2004, revising and reducing the rate of interest at 8% from 1.4.2004 on GPF and other similar funds vide reference 16th read above. Therefore there is need to revise the rate of interest accordingly on the A.P. State Employees Group Insurance savings fund also. The Commissioner and Director of Insurance has furnished the proposals for revising the rates of interest on the A.P.G.I.S.Funds in the reference 17th and 18th read above. He has proposed for revision of rates of interest on the A.P.G.I.S. fund at 8% p.a. w.e.f. 1.9.2004 to 31.10.2005, compounded quarterly on cessation of membership from the scheme and stated that it could be better to adopt such revision with effect from 1st April of the year, since interest payable on savings component is linked to G.P.F. rate of interest which indirectly linked to National Savings Scheme interest rate and normally rates are altered during the Union Budget. He has therefore stated that Group Insurance Scheme Interest Tables are not amendable to be revised with retrospective effect since benefits would have been claimed as per tables in force. If such revision is made it could lead to legal complications as the existing tables are as per Government Orders in force up to October, 2004 and in certain cases payments have been made accordingly. Keeping this in view, he has also furnished the tables for benefits which have been prepared by the consultant Actuary and scrutinized by the Commissioner and Director of Insurance.

4. In the circumstances proposed by the Commissioner and Director of Insurance in the reference 17th and 18th read above the matter has been examined carefully. It is seen that the tables of interest were revised in G.O.(P). No. 973, Finance (Admn.II) Department, dated. 11.12.2002 read with Govt. Circular Memo.No. I67I/20/A2/2001, dt. 11.12.2002 revising the rates of interest on the A.P. Group Insurance Savings Fund at 11% per annum from 1.4.2000 to 31.3.2001, at 9.5% per annum from 1.4.2001 to 31.3.2002, and 9% per annum from 1.4.2002 onwards quarterly on cessation of membership of the scheme. The Tables of interest given based on the above orders are covered upto October, 2004. Therefore, the Commissioner and Director of Insurance has sent the

proposals to revise the rates of interest at 8% per annum with effect from 1.11.2004 to 31.10.2005, though Government of India revised the rates of interest on G.P.F. and Group Insurance Scheme and other funds with effect from 1.1.2004. In this connection, it may be observed that in the past, every time Government of India revised the rates of interest on G.P.F. and Group Insurance etc. with effect from 1st January of every year, Government of Andhra Pradesh used to revise the rates of interest w.e.f. 1st ' April of every year. Hence, to have uniformity on par with G.P.F. it is proper and justified to revise the rate of interest on the Group Insurance Scheme Savings Fund 8% per annum from 1st April, 2004 onwards. But in the circumstances explained by the Commissioner and Director of Insurance, the tables may be issued from the period covering form 1.4.2004 to 31st March, 2005. However, the cases of cessation of membership up to October, 2004 shall be settled as per the rates interest tables issued in G.O.(P). No. 973, Finance (Admn.II) Department, dt. 11.12.2002 read with Government Circular Memo.No.1671/20/A2/2001; dt. 11.12.2002, because it may not be possible to change the tables already issued. However, the next revision of rate of interest on Group Insurance Scheme Savings Fund shall be considered based on the revision made by the Government of India with effect from 1.1.2005.

5. In the above circumstances and after careful examination of the issue Government hereby order that the rates of interest on the A.P. Group Insurance Savings Funds be revised at 8% per annum from 1st April, 2004 onwards and the tables may be issued for the period covering form 1.4.2004 to 31st March, 2005. However, the cases of cessation of membership up to October, 2004 shall be settled as per the rates interest tables already issued in G.O'(P). No. 973, Finance (Admn.II) Department, dt. 11.12.2002 read with Govt. Circular Memo.No. 1671/20/A2/2001, dt. 11.12.2002, because it may not be possible to change the tables already issued. The orders, revising the tables of benefits I,II & III accordingly modifying the circular memo 13th read above are issued separately.

6. The Commissioner and Director of Insurance is further advised to obtain the Government of India revised rates of interest and submit proposals to Government in advance so as to issue orders in time.

7. The Commissioner and Director of Insurance, A.P. Hyderabad shall take necessary further action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr. T. Radha

Secretary to Govt. (FP)

