

## CH.8 - Sanchayika

### HAVE YOUR OWN BANK IN YOUR SCHOOL

#### **The National Savings Organisation's Scheme for a Children Own Bank with Full Interest**

Today's generation of school children is acknowledged to be more alert and well informed than the earlier ones.

Among other things, they know the value of money for the individual and the utility of money savings for the nation. This awareness can be given a socially useful shape if the children in any school are allowed to run their own Savings Scheme with their own bank on their school premises.

Sanchayika is a savings Bank scheme for school children run by children themselves. The bank manager, the counter clerks and the accountant of the Bank are all children.

Such a Bank encourages students to start the practice of regular saving and instills in them a sense of money management. It teaches them the normal practices of banking and acquaints them with instruments of money (cheques etc.) It also helps them in acquiring qualities of leadership.

Money in the Sanchayika accounts earns interest at 5% which is more than what many commercial banks pay. The interest is calculated on deposits from month to month. At the same time, the savings of millions of children can add up to tidy sum which can be used for national development.

#### **We are at Your Service**

The National Savings Organization will be glad to provide technical assistance and guidance in introducing a Sanchayika in your school. The Regional Director, National Savings of your State or the District Savings Officer (C/o the District Collectorate) will help and look after the Sanchayika during its infancy, provide the stationery etc., and help solve your difficulties, if any.

#### **How the Sanchayika Functions**

- (i) A student saving in Sanchayika applies for membership on the prescribed form supplied free to the school.
- (ii) Daily accounts of the money received are kept and 'audited' by the trustees.
- (iii) The Savings of a student are entered in his/her pass book. The pass books are supplied free.
- (iv) Ledgers, also supplied free, are written regularly.

**Withdrawals**

Withdrawal can be made in two ways:

- (i) by completing a form of withdrawal, or
- (ii) by writing a cheque.

Withdrawal of money is a part of banking. The objective of the Sanchayika is not only to teach the pupils to save but also to learn banking. So they should have some opportunities to make withdrawals also. Besides, children will find it so exciting to operate on the bank like adults, in particular, using cheques.

However, withdrawals should be allowed for good reasons and should not be many. That is why, we would like the pupil to go to the Principal in each case when he/she wants to make a withdrawal. The idea is that a child should learn that withdrawals for avoidable spending should be avoided.

The withdrawal form and the cheque book are given free by the National Savings Organization.

**Model Constitution of Sanchayika**

1. The School Savings Bank Scheme is called 'Sanchayika'.
2. Any pupil in a school where Sanchayika functions will be entitled to be its member.
3. The affairs of the Sanchayika will be managed by trustees consisting of the Principal/Headmaster/Two Teachers and two Students of the School. The teachers and student representatives will be elected in a meeting of students. This meeting will be conducted by the Headmaster/Principal whose decision in the matter will be final. The trustees will hold office for two years. If any vacancy occurs in the Board of Trustees, the Principal/Headmaster may nominate a person to fill up the vacancy temporarily and take steps for election as early as possible.
4. The Sanchayika will open a single account in the name of the school or if a savings bank account in the name of the school already exists in the post office, in the name of the Sanchayika itself, under sub-rule 3 of the Table under Rule 3 of the POSB Rules, 1965.
5. The account will be operated over the signature of either the President of the Board of Trustees or any two elected trustees. A copy of the resolution establishing Sanchayika will be forwarded to the post office, at which the account is to be opened, over the signature of the trustees or the President of the Board of Trustees.
7. The Savings collected on each occasion will be properly recorded in a ledger and entered in the pass books of the savers. This work will also be done

12. When a pupil depositor leaves the school, the amount at his/her credit including interest will be either transferred to another Sanchayika or put in a Post Office savings Bank Account in his/her name or returned in cash to him/her.

13. The National Savings Organisation of the Government of India will supply the following stationery articles required for running a Sanchayika:

- (a) Application form for opening an account
- (b) Pass Book
- (c) Form of withdrawal
- (d) Cheque Book
- (e) Ledger(s) of account
- (f) Daily Scroll

14. The trustees should appoint two honorary auditors from among the teachers of the school for auditing the account of the Sanchayika from time to time.

#### Calculation of Interest on Sanchayika Accounts

The Sanchayika accounts earn interest at 5% from the POSB.

The POSB interest works out to 1-1/4 percent per quarter or 1-1/4 paise per rupee per quarter. At the end of the March the interest may thus be credited to the Sanchayika account at the rate of 1-1/4 paise per rupee per quarter on the minimum balance during that quarter. For this purpose, the quarters may be reckoned as under:-

First quarter	April - June
Second quarter	July - September
Third quarter	October - December
Fourth quarter	January - March

To cite an example, if the minimum deposit in an individual Sanchayika account during the first quarter was Rs. 16, during the second quarter Rs. 12, during the third quarter Rs. 14 and during the fourth quarter Rs. 10, the interest to be added at the end of the year will be  $20 + 15 + 17\frac{1}{2} + 12\frac{1}{2} = 65$  paise.

Another example: if the minimum deposits were Rs. 20, 12, 18 and 16 during first, second, third and fourth quarters respectively, the interest to be added at the end of the year will be  $25 + 15 + 22\frac{1}{2} + 20 = 82\frac{1}{2}$  paise or say 83 paise. The interest of 1/2 paise and 3/4 paise should be rounded up to one paise and 1/4 paise should be ignored while calculating the interest at the end of the year.

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by the counter clerks under guidance and supervision of the teachers. After the accounts are tallied, any two of the trustees will affix their signatures on the ledger and the pass book in token of having inspected them and found them correct. The pass books will thereafter be returned to the savers.

8. Subject to what is stated in para 10 below, the total Savings collected on each occasion will be deposited by the Principal/ Headmaster in the Savings bank account or 1 and/or 2 year Time deposit account of the school/Sanchayika. These pass books will be kept in the personal custody of the Principal/ Headmaster.

9. The rules of withdrawals may be decided by the Board of Trustees from time to time.

10. In order to meet the demands for withdrawals, the trustees shall keep aside from the savings deposited in the first month or in the next few months a sum not exceeding Rs.25. The said sum of Rs.25 will be used as an imprest for permitting withdrawals. Reimbursement of the imprest up to the sum of Rs.25 shall be met, if and when necessary, from the deposits made into the bank in the following months.

10(a) The Sanchayika may keep its money partly in 1-year and/ or 2year Post Office Time Deposits besides savings accounts in POSB

The investments in Time Deposits may be made in such a way that sufficient funds, at least 25% of the total funds of the Sanchayika as at the end of the previous financial year, are retained in its POSB account so that there may be no difficulty in meeting the demands of withdrawals by the pupils.

- (a) Students welfare.
- (b) Remuneration to teachers and student engaged in Sanchayika work.
- (c) Incentive (in the form of bonus, token prizes etc.) to students who have contributed to the Sanchayika, on a selective or general basis with due regard to the balances Kept by them from time to time.
- (d) Promotion of Sanchayika Scheme in the school.

11. At the end of March of each Year, the Post Office will add the interest accrued to the account of a Sanchayika standing at the post office. Thereafter the school management should apportion the interest among school accounts which have a minimum balance of Rs. 10 or more. The apportionment should be made on quarterly basis to provide for students who join the scheme in the middle of the year. Any balance left after such apportionment is made and credited to individual savings accounts, may be credited to the Sanchayika account in the bank or used in such manner as the trustees may decide