

# KISAN

## Vikas Patra



## Kisan Vikas Patra

A savings certificate scheme, Kisan Vikas Patra (KVP) was originally launched in the year 1988 by India Post.

This is basically the Indian Government's initiative to encourage small savings in the country for the investor's secure future.

Kisan Vikas Patra is a small savings instrument that facilitates people to invest in a long-term savings plan. This scheme was introduced by India Post in 1988.

Even though this scheme was popular, a Government Committee formed in 2011 suggested that KVP could be misused for purposes like money laundering. In 2014, Kisan Vikas Patra was relaunched with a number of changes including mandatory PAN card proof for investments over Rs.50,000 and income source proof for investments exceeding Rs.10 lakh.

The main advantage of KVP investment is the availability and ease of process; KVP certificates are issued in Post Offices across the country.

Any resident Indian can invest in a KVP scheme and can obtain a certificate either jointly or individually, or in the name of a minor.

The principal amount invested in KVP will be doubled in 9 years and 4 months (i.e. 112 months) from when they were issued.

The main target audience for this scheme is people in semi-urban and rural areas.

# Interest Rates Table for Post Office Savings Schemes

With an effective interest rate of 7.7% (for Q1 of FY2019-20), Kisan Vikas Patra is a popular investment instrument given its low-risk and guaranteed returns.

Interest is compounded annually.

Below is the timetable for change in interest rates for all Post Office Savings Schemes.

S.No	Quarter for which rate of interest would be effective	When it will be noticed	Rate of interest to be based on FIMMDA month end G-sec. rate pertaining to
1	April – June	15th March	Dec-Jan-Feb
2	July - September	15th June	Mar-Apr-May
3	October - December	15th September	Jun-Jul-Aug
4	January - March	15th December	Sep-Oct-Nov

## Kisan Vikas Patra Interest Rate

The current rate is 7.7% for the 1st quarter of FY2019-20. The lock-in period for KVP saving schemes is 2 years and 6 months.

The principal amount can be withdrawn after this period only.

Here is an example of how interest accrues and doubles at maturity upon the investment of Rs.1,000 in KVP on 1 October 2016 at an interest rate of 7.7%.

## Kisan Vikas Patra Types

- **Single Holder Type Certificate:** This type of KVP is issued to an adult individually for self or on behalf of a minor.
- **Joint A Type Certificate:** This type of KVP is issued to 2 adults jointly and is payable to both the owners or to the survivor.
- **Joint B Type Certificate:** This type of KVP is issued jointly to two adults and is payable to either of the owners or to the survivor.

## Kisan Vikas Patra Eligibility

- The applicant must be an adult and a resident Indian.
- The applicant can apply for Kisan Vikas Patra in their own name or on behalf of a minor.
- Trusts are eligible to invest in Kisan Vikas Patra. HUFs (Hindu Undivided Family) and NRIs are not eligible to invest in KVP.

## Kisan Vikas Patra Maturity Period

The maturity period for Kisan Vikas Patra that was introduced in 2014 is 8 years and 4 months. On maturity, the amount invested gets doubled.

If you invest an amount of Rs.10,000, after a period of 8 years and 4 months, the amount will increase to Rs.20,000.

The current interest rate of Kisan Vikas Patra comes down to 7.7%, therefore, the invested amount will double in 9 years and 4 months (i.e. 112 months) for Q1 of FY2019-20.