

Kisan ViKas Patra

Kisan Vikas Patra is a saving certificate which was first launched in 1988. **Kisan Vikas Patra was a very Popular Investment Scheme amongst the investor which was discontinued wef 30.11.2011 on recommendation of Shayamla Gopinath committee** considering the misuse of the scheme **vide government** Notification [F.No. 1/10/2011-NS-II], dated 25-11-2011 and decision for the same was taken vide **Office memorandum no. No. 6-1/2011-NS.II (Pt.) dated 11.11.2011**. Government has reintroduced the scheme on 23rd September, 2014 with somemodifications vide **Notification No. GSA- 705(E)** by announcing Kisan Vikas Patra Rules, 2014.

In this Article we have discussed the Features of the Scheme alongwith taxation of Interest on Kisan Vikas Patra :-

Amount Doubles in 100 Months- Amount invested in Kisan Vikas Patra (KVP) doubles in 100 months at the present rates. Currently rate of Interest on KVP is 8.70%.

Mode of Payment for Purchases - Purchase of a Certificate may be made to a Post Office or Bank in any of the following modes, namely:—

(i) by cash; or

(ii) by locally executed cheque, pay order or demand draft drawn in favour of the Post Master; or

(iii) by presenting a duly signed withdrawal form or cheque together with the passbook for withdrawal from Savings Account standing in credit of the purchaser at the same Post Office or Bank.

Issue of Certificates- In case of cash payment certificate will be issued immediately while in case of purchase by locally executed cheque, pay order or demand draft the same will be issued on relaisation of such locally executed cheque, pay order or demand draft as the case may be.

Who Can Invest – Kisan Vikas Patra can be purchased by:

- An adult in his own name, or on behalf of a minor – The certificates can be purchased by an adult for himself or on behalf of a minor or to a minor.
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- **KVP can be purchased in Joint Name-** It can also be purchased jointly by two adults.
- A Trust

Who is not Eligible- Kisan Vikas Patra is not for business entities such as a company or institutions. NRIs or HUF (Hindu Undivided Family) are also not eligible to invest in KVP.

Transfer- A certificate may be transferred from one person to to any other person / persons, multiple times with consent in writing to an officer of the Post Office or Bank. Under the scheme the transferee has to be eligible to purchase the certificate in the first instance.

The facility of transfer from one post office to another anywhere in India and of nomination will be available.

Premature Withdrawal- The certificate may be prematurely encashed any time after two years and a half from the date of purchase, in the event of death of holder or any holder in case of joint holder, on order of court of Law and forfeiture by a pledge.

Table showing premature encashment value of Certificate – Denomination of Rs.1,000/-

<i>After</i>	<i>Amount payable in Rs.</i>
<i>(1)</i>	<i>(2)</i>
2 and half years but less than 3 years	1201
3 years but less than 3 and half years	1246
3 and half years but less than 4 years	1293
4 years but less than 4 and half years	1341
4 and half years but less than 5 years	1391
5 years but less than 5 and half years	1443
5 and half years but less than 6 years	1497
6 years but less than 6 and half years	1553
6 and half years but less than 7 years .	1611
7 years but less than 7 and half years	1671
7 and half years but less than 8 years	1733
8 years but before the maturity of the Certificate	1798
On maturity of Certificate	2000

Taxation – There is no incentive for investment in KVP and **Interest on KVP is taxable on accrual basis and will be taxed as Income from Other Sources.** deduction under section 80C is not allowed on this investment. TDS is not deductible on Interest on KVP.

KYC Documents - Investor will have to undergo Know Your Customer (KYC) modalities at the time of application. Investor should have to submit the following documents for identity: 1) Passport size photo 2) Identity Card any one of the following i.e. Election card, Ration Card, Passport, Driving License, etc. 3) Address Proof any one of the following i.e. Light bill, Telephone bill, Bank passbook etc. Copy of PAN card is necessary if investment is above Rs. 50,000/-.

Where one can buy- **Kisan** Vikas Patra (KVP) is available in Post Offices. In future, KVP will be available in banks which are/will be authorized for handling small savings schemes.

FM to Relaunch Kisan Vikas Patra (KVP); Available to the Investors in the Denomination of Rs. 1000, 5000, 10,000 and 50,000, with no Upper Ceiling on Investment; Investment made in the KVP will Double in 100 Months

No upper ceiling on investment: – The re-launched Kisan Vikas Patra (KVP) will be available to the investors in the denomination of Rs. 1000, 5000, 10,000 and 50,000, with no upper ceiling on investment.

Replacement of lost or destroyed Certificate- If a Certificate is lost, stolen, destroyed, mutilated, the person entitled thereto may apply for the issue of a duplicate Certificate to the Post Office or Bank of issue with (a) a statement showing particulars, such as number, amount and date of the Certificate and the circumstances of such loss, theft, destruction, mutilation or defacement; and (b) identity slip, if any.

Place of encashment -A Certificate shall be encashable at the Post Office or Bank of its Issue:

Pledge as Security for Loans: – The certificate can also be pledged as security to avail loans from the banks and in other case where security is required to be deposited.

Liquidity- Kisan Vikas Patras have unique liquidity feature, where an investor can, if he so desires, encash his certificates after the lock-in period of 2 years and 6 months and thereafter in any block of six months on pre-determined maturity value.

Conclusion- Reintroduction of Kisan Vikas Patra (KVP) is a welcome step not only in the direction of providing safe and secure investment avenues to the small investors but will also help in augmenting the savings rate in the country. The scheme will also safeguard small investors from fraudulent schemes. With a maturity period of 8 years 4 months, the collections under the scheme will be available with the Govt. for a fairly long period to be utilized in financing developmental plans of the Centre and State Governments and will also help in enhancing domestic household financial savings in the country.

For those who have no access to banks, investment in KVP may be a worthwhile proposition. Having no tax concessions, the KVP as an investment is for those who do not pay taxes at all or are in the lower tax bracket.

The biggest advantage of KVP is that it is a bearer bond, transferable by endorsement and delivery. This confers unmatched anonymity to the holder of the instrument.

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