

Shree Agrasen Mahavidyalaya  
Department of Commerce  
Semester-I  
MDC  
Investment Management- I  
Module- II

**Introduction to Fixed Deposits (FDs):**

A Fixed Deposit (FD) is a financial instrument offered by banks and non-banking financial companies (NBFCs), where a lump sum amount of money is invested for a fixed tenure at an agreed interest rate. FDs are considered one of the safest investment options, as they offer guaranteed returns and are less risky compared to market-linked instruments like stocks or mutual funds.

**Principal Amount:** The amount of money deposited by the investor.

**Interest Rate:** The rate at which interest is paid on the deposit. It remains fixed for the entire tenure.

**Tenure:** The period for which the money is invested, typically ranging from 7 days to 10 years.

**Premature Withdrawal:** In most cases, you can withdraw your FD before its maturity, but there may be penalties or a reduced interest rate.

**Taxation:** Interest earned on FDs is taxable under the Income Tax Act.

**Types of Fixed Deposits:**

**1. Standard Fixed Deposit:**

- o This is the regular FD where the deposit amount remains fixed, and the interest rate is pre-decided at the time of investment.
- o Offers fixed returns over the chosen tenure.

**2. Tax-Saving Fixed Deposit:**

- o These FDs are specifically designed for tax savings under Section 80C of the Income Tax Act.
- o A maximum of ₹1.5 lakh can be invested in a tax-saving FD in a financial year.
- o The tenure is typically 5 years.
- o Interest earned is taxable, but the principal amount is eligible for tax deduction.

**3. Cumulative Fixed Deposit:**

- o In this type of FD, interest is not paid out periodically; instead, it is compounded and paid along with the principal amount at maturity.
- o Ideal for those who don't need regular income from interest and prefer higher returns in the long term.

**4. Non-Cumulative Fixed Deposit:**

- o In this FD, interest is paid out periodically (monthly, quarterly, or annually), as per the investor's preference.
- o It's suitable for investors who need regular income from their FD investment.

**5. Reinvestment Fixed Deposit:**

- o The interest earned is reinvested back into the FD. The total interest is added to the principal, and the FD is renewed for another tenure.

- o This allows the investor to earn compound interest on the initial principal and accumulated interest.

#### **6.Senior Citizen Fixed Deposit:**

- o Special FD schemes designed for senior citizens (aged 60 years or above).
- o Banks usually offer a higher interest rate than regular FDs as a benefit to senior citizens.

#### **7.Flexi Fixed Deposit:**

- o A mix of a savings account and a fixed deposit.
- o Allows you to withdraw money without penalty, while earning higher interest rates than a regular savings account.

### **Interest Rates on Fixed Deposits:**

- **Interest Rates Offered:** The rate of interest on FDs varies across different banks and financial institutions. It typically ranges from 3% to 8% annually, depending on the tenure, type of FD, and the bank's policies.

- **Variation by Tenure:** Generally, FDs with longer tenures offer higher interest rates. For example:
  - o Short-term FDs (less than 1 year) might offer lower interest rates.

- o Long-term FDs (more than 5 years) tend to offer higher returns.

- **Interest Rate Differentials:**

- o **For Senior Citizens:** Senior citizens often get a higher interest rate (usually 0.5% more than the standard rate).

**For Tax-Saving FDs:** The interest rate for tax-saving FDs is similar to regular FDs but the tax implications differ.

### **Tenure Options for Fixed Deposits:**

#### **1.Short-Term Fixed Deposit:**

- o Tenure typically ranges from 7 days to 1 year.
- o Suitable for investors who want to park their money for a short period without the risk of market fluctuations.

#### **2.Medium-Term Fixed Deposit:**

- o Tenure typically ranges from 1 year to 5 years.
- o Ideal for those who need a balance between liquidity and earning a better rate of interest.

#### **3.Long-Term Fixed Deposit:**

- o Tenure typically ranges from 5 years to 10 years.
- o Best for investors who do not require immediate access to funds and are seeking higher returns over a longer period.

#### **4.Flexible Tenure:**

- o Some FDs allow investors to select flexible tenure options. The investor can choose when to withdraw interest or principal, and it provides a more adaptable option.

## **Monthly Income Scheme (MIS) in Post Office**

The **Monthly Income Scheme (MIS)** offered by the Post Office is a government-backed savings scheme designed to provide investors with a steady and reliable source of monthly income. It is a

popular investment option for retirees, senior citizens, and anyone looking for a regular flow of income.

### **Purpose:**

- ☐ The MIS is primarily designed to offer investors a fixed monthly income at a guaranteed rate of interest. It provides a predictable income stream, making it ideal for people who need regular cash flow.

### **Interest Rate:**

- ☐ The interest rate on the MIS is fixed and is announced by the government. As of now, the interest rate is **6.6% per annum** (this is subject to periodic changes).
- ☐ Interest is paid monthly on the principal amount.

### **Tenure:**

- ☐ The tenure for this scheme is **5 years**. After the completion of 5 years, investors can choose to renew the scheme.

### **Eligibility:**

- ☐ **Individual investors:** Any adult can invest in the scheme.
- ☐ **Joint accounts:** A maximum of three individuals can open a joint MIS account. ☐ **Minors:** Minors above 10 years can open an account under their name with the help of a guardian.

### **Investment Limit:**

- ☐ The **minimum** investment amount is **₹1,000**.
- ☐ The **maximum** investment limit is **₹4.5 lakh** for a single account, and **₹9 lakh** for a joint account.
- ☐ The investment is allowed in multiples of ₹1,000.

### **Payment of Interest:**

- ☐ Interest is paid **monthly** into the investor's savings account or the account of the person whose details are provided at the time of opening the MIS account.
- ☐ This monthly interest payment can be used as regular income.

### **Premature Withdrawal:**

- ☐ Premature withdrawal is allowed in this scheme, but it is subject to certain penalties:
  - oIf the account is closed before 1 year, no interest will be paid.
  - oIf the account is closed after 1 year but before 3 years, 2% of the deposit amount will be deducted as a penalty.

oAfter 3 years, the penalty is 1% of the deposit amount.

### **Taxation:**

- ☐ The interest earned on the MIS is **taxable** under Section 10 of the Income Tax Act. It is added to the total income and taxed according to the investor's tax bracket.
- ☐ **TDS (Tax Deducted at Source)** is applicable if the interest income exceeds ₹40,000 per year for individuals or ₹50,000 for senior citizens.

### **No Risk of Market Fluctuations:**

- ☐ Being a government-backed scheme, it is completely **risk-free** and not influenced by market volatility. The returns are fixed and guaranteed.

## **National Savings Scheme (NSC)**

The **National Savings Certificate (NSC)** is a fixed-income investment scheme offered by the **India Post** (Post Office). It is a government-backed, low-risk investment product that provides a guaranteed return over a fixed tenure. It is one of the most popular savings instruments in India for individuals looking to invest in a safe and tax-efficient manner.

### **Minimum Investment:**

- ☐ The minimum investment amount in NSC is **₹100**.
- ☐ The investment can be made in multiples of ₹100.

### **Maximum Investment:**

- ☐ There is **no upper limit** on the amount you can invest in NSC. However, interest earned on the investment is subject to taxation.

### **Tenure:**

- ☐ The standard tenure for an NSC is **5 years**.
- ☐ There is also an option for a **10-year NSC** in some post offices.

### **Interest Payment:**

- ☐ Interest on NSC is **compounded annually** but is paid out only at the time of maturity. It is added to the principal amount and paid together at the end of the tenure.

### **Tax Benefits:**

- ☐ The **principal amount invested** in NSC qualifies for tax deduction under **Section 80C** of the Income Tax Act, up to ₹1.5 lakh per year.

- However, the interest earned on the NSC is **taxable**. The interest earned is added to your total taxable income and taxed according to the tax slab.

### **Transferability:**

- NSC can be **transferred** from one person to another, making it an option for gifting or transferring wealth.

### **□ Premature Withdrawal:**

- Premature withdrawal is generally **not allowed**. However, under certain exceptional circumstances (like the investor's death), premature encashment can be allowed.

### **Benefits of Investing in National Savings Certificate (NSC):**

#### **1.Safe and Secure Investment:**

- NSC is a **government-backed** savings scheme, making it one of the **safest** investment options, as it carries **zero risk**.

#### **2.Fixed Returns:**

- NSC provides a fixed interest rate (compounded annually), giving you a guaranteed return at the time of maturity.

#### **3.Tax Deduction Under Section 80C:**

- The amount invested in NSC is eligible for a **tax deduction** under **Section 80C** of the Income Tax Act, up to ₹1.5 lakh per year. This provides a benefit to taxpayers seeking to reduce their taxable income.

#### **4.Easy to Invest:**

- You can easily invest in NSC through any post office across India. The process is straightforward and can be done offline.

#### **5.Compound Interest:**

- The interest is **compounded annually**, which means that your investment grows over time due to the power of compounding.

#### **6.Loan Against NSC:**

- NSC can be pledged as **collateral** for loans from banks or financial institutions, offering liquidity if needed.

#### **7.No Upper Limit on Investment:**

- There is **no upper limit** on the amount you can invest in NSC, making it flexible for people with different investment capacities.

#### **8.Fixed Maturity Period:**

- With a fixed maturity period (5 or 10 years), it provides long-term financial planning, especially for individuals with future goals like children's education or retirement.

### **How to Invest in National Savings Certificate (NSC):**

#### **1.Visit Your Nearest Post Office:**

- To invest in NSC, visit your nearest **post office** in India. NSCs are available for purchase at all post offices.

#### **2.Fill Out the Application Form:**

- o Request and fill out the **NSC application form** available at the post office. Ensure that you mention the correct amount, tenure (5 or 10 years), and nominee details.
- 3. Provide Identity and Address Proof:**
  - o You will need to submit valid **identity and address proof** such as Aadhaar card, PAN card, passport, or voter ID along with the application form.
- 4. Payment for Investment:**
  - o You can pay for your NSC through **cash, cheque, or demand draft**. Some post offices also allow **online payment** options.
- 5. Receipt and Certificate:**
  - o Once the application is processed and payment is made, you will be issued an **NSC certificate**. This certificate serves as proof of your investment.
- 6. Keep the Certificate Safe:**
  - o Ensure that you **safeguard** the NSC certificate, as it will be required at maturity or for any future transactions related to the NSC (like transfer or pledge).
- 7. Track Interest and Taxation:**
  - o Keep track of the interest accrued on your NSC investment. The interest is **taxable**, so be mindful of your overall tax liability.

## Public Provident Fund (PPF)

The **Public Provident Fund (PPF)** is a long-term, government-backed savings scheme in India. It was introduced by the government to encourage savings and provide tax benefits to the Indian citizens. PPF is one of the most popular and trusted investment options in India because of its **tax-saving** benefits, **guaranteed returns**, and **risk-free** nature.

### ☐ Eligibility:

- ☐ Any **Indian citizen** can open a PPF account, including **minors** (through a guardian). ☐ Non-resident Indians (NRIs) are **not eligible** to open a new PPF account, but they can continue the account if they were previously residents.

### ☐ Minimum and Maximum Investment:

- ☐ The **minimum** investment amount is **₹500** per year.
- ☐ The **maximum** annual investment limit is **₹1.5 lakh** (per financial year) in a single PPF account.
- ☐ Contributions can be made in one lump sum or in installments (a maximum of 12 installments per year).

### ☐ Tenure:

- ☐ The **lock-in period** for a PPF account is **15 years**. However, after 15 years, the account can be extended in blocks of 5 years with or without making further contributions. ☐ Partial withdrawals are allowed after the 6th year of the account.

#### ☐ **Interest Rate:**

- ☐ The PPF offers an **interest rate of 7.1% (compounded annually)** as of the current rate (this rate may vary quarterly as per government notifications).
- ☐ The interest is credited to the account at the end of each financial year, but it is calculated monthly on the lowest balance between the **5th and the last day of each month**.

#### ☐ **Tax Benefits:**

- ☐ **Contributions** to PPF qualify for **tax deduction under Section 80C** of the Income Tax Act, up to ₹1.5 lakh per year.
- ☐ The interest earned on PPF is **exempt from tax (E)** under **Section 10(11)**.
- ☐ The **maturity amount** is also **tax-free**.

#### ☐ **Loans and Withdrawals:**

- ☐ **Loan Facility:** Loans can be availed against the balance in the PPF account after the 3rd year of opening the account. The maximum loan amount is 25% of the balance at the end of the previous year.
- ☐ **Partial Withdrawals:** After the 6th year, partial withdrawals are allowed, subject to certain conditions (maximum limit of ₹1 lakh in a year).

#### ☐ **Risk-Free and Guaranteed:**

- ☐ PPF is backed by the **Indian government**, making it a **safe and risk-free** investment option.
- ☐ It provides **guaranteed returns** (interest rate decided by the government), and your capital is secure.

#### ☐ **Nomination Facility:**

- ☐ You can appoint a **nominee** at the time of opening the PPF account. In case of the account holder's death, the nominee receives the balance in the account.

### **Benefits of Public Provident Fund (PPF):**

#### **1. Tax Savings:**

- The contributions to the PPF account are eligible for a **deduction under Section 80C**, helping reduce the taxable income by up to ₹1.5 lakh.
- The interest earned and the maturity amount are **tax-free**, making PPF a highly **tax-efficient** investment.

#### **2. Risk-Free Investment:**

- Being a government-backed scheme, PPF is **completely risk-free**. The capital is secure, and the returns are guaranteed by the government.

#### **3. Compounding Benefits:**

- o PPF offers **compounded interest**, which grows the invested amount exponentially over time. Compounding makes PPF a great long-term investment tool.
- 4.Long-Term Investment:**
  - o The 15-year lock-in period encourages **long-term savings**, making it ideal for building wealth for long-term goals like retirement or children's education.
- 5.Loan and Withdrawal Facility:**
  - o You can take a loan against your PPF account after 3 years, and partial withdrawals are allowed after 6 years, offering some liquidity.
- 6.Maturity Amount is Tax-Free:**
  - o Both the principal and interest amount at maturity are **completely tax-exempt** under the Income Tax Act, providing you with a clean and hassle-free payout.
- 7.Flexible Contributions:**
  - o You can choose to make **monthly, quarterly, or annual** contributions, depending on your convenience. The account allows up to 12 contributions per year.
- 8.Encourages Discipline:**
  - o The 15-year lock-in period and tax advantages encourage **financial discipline**, making it a great option for long-term savers.

## How to Invest in Public Provident Fund (PPF):

- 1.Visit a Bank or Post Office:**
  - o You can open a PPF account in any **designated public sector bank, post office**, or even in some private-sector banks that offer PPF services.
- 2.Fill the Application Form:**
  - o Request and fill out the **PPF account opening form**. You will need to provide **identity proof** (e.g., Aadhaar card, PAN card), **address proof** (e.g., utility bill), and **photographs**.
- 3.Choose the Mode of Investment:**
  - o You can make contributions through **cash, cheque, or demand draft**.
  - o Some banks and post offices offer **online contribution** methods through net banking or mobile banking.
- 4.Initial Deposit:**

The minimum amount to open a PPF account is ₹500. You can deposit a lump sum or

  - o spread the amount across the year in installments.
- 5.Nomination:**
  - o You can nominate a person (family member) to receive the amount in case of your death. It's important to fill out the **nominee details** while opening the account.
- 6.Track Your Investment:**

Regularly track your PPF account balance and interest earnings. Most banks and post

  - o offices offer online access to your account.
- 7.Extend the Account:**
  - o Once the 15-year period is over, you can either close the account or extend it in **blocks of 5 years**, with or without further contributions.
- 8.Loan and Withdrawals:**

If needed, you can avail of loans against your PPF account after the third year, or you

  - o can make partial withdrawals after the 6th year.



## Sukanya Samriddhi Yojana (SSY)

The **Sukanya Samriddhi Yojana (SSY)** is a government-backed savings scheme introduced under the **Beti Bachao Beti Padhao** initiative. It is designed to encourage parents to save for the future education and marriage expenses of their daughters. The scheme offers attractive interest rates and tax benefits, making it one of the best long-term investment options for a girl child.

### 1. Eligibility:

- o Only **parents/guardians of a girl child** can open an account.
- o The scheme can be opened for a girl child who is **under 10 years** of age (she must be born on or after 2nd December 2003).
- o Only **one account** can be opened per girl child, with a maximum of two accounts for two girls in a family (in case of twins or triplets, the limit can be extended).

### 2. Minimum and Maximum Investment:

- o The **minimum annual deposit** is **₹250**.
- o The **maximum annual deposit** is **₹1.5 lakh** (which qualifies for tax benefits under Section 80C of the Income Tax Act).
- o Deposits can be made in **lumpsum** or in **installments** (a maximum of 12 installments per year).

### 3. Interest Rate:

- o The interest rate for SSY is **8.0% per annum** (as of the latest rate, subject to change by the government). The interest is compounded annually.

### 4. Tenure:

- o The maturity period of an SSY account is **21 years** from the date of opening, or until the girl child gets married after turning 18 years old.
- o After 21 years, the account matures, and the balance along with accrued interest is paid out.

### 5. Tax Benefits:

- o **Deposits** made in SSY qualify for a **deduction under Section 80C** of the Income Tax Act, up to ₹1.5 lakh per financial year.
- o The **interest earned** on the account and the **maturity amount** are both **tax-free** under Section 10(11) of the Income Tax Act.

### 6. Partial Withdrawal:

- o Partial withdrawals are allowed from the 18th year of the account (i.e., when the girl child attains 18 years of age), but it is **limited to 50%** of the balance in the account at the end of the preceding financial year. These withdrawals can be used for the **education of the girl child**.

### 7. Premature Closure:

- o The account can be closed prematurely in case of the **death of the account holder** (the girl child). The family would receive the principal and accrued interest.

### 8. Transferability:

- o The account can be **transferred** to any post office or bank across India, making it more flexible.

### 9. Nomination Facility:

- o A nominee can be designated at the time of account opening, typically the parent or guardian of the girl child.

### Benefits of Sukanya Samriddhi Yojana (SSY):

#### 1. High Interest Rate:

- o SSY offers one of the **highest interest rates** among government-backed schemes, with interest compounded annually. This makes it an attractive long-term investment option.

#### 2. Tax Benefits:

- o SSY provides **double tax benefits**: first, under Section 80C (on the contributions made) and second, under Section 10(11) (on the interest and maturity amount). This makes it a tax-efficient saving tool.

#### 3. Long-Term Saving Plan:

- o The 21-year maturity period ensures that parents can save for the **education and marriage** of their daughters, providing financial security at a crucial stage in life.

#### 4. Safe and Secure Investment:

- o Being **government-backed**, the scheme is **risk-free**, providing guaranteed returns on investment.

#### 5. Encourages Regular Savings:

- o With a **minimum annual deposit of ₹250**, the scheme encourages regular savings, while the maximum limit of **₹1.5 lakh** allows for higher investment for those seeking to save more.

#### 6. Partial Withdrawals for Education:

You can **withdraw 50% of the accumulated balance** from the 18th year onwards for the

- o **education** of the girl child, providing liquidity when needed for higher studies.

#### 7. No Income Tax on Maturity:

- o The interest earned and the maturity amount at the end of the 21-year term are **completely tax-free**, making it an excellent choice for long-term wealth creation.

#### 8. Flexibility and Transferability:

The account is transferable across India, providing flexibility if the family moves or o changes their residence.

### How to Invest in Sukanya Samriddhi Yojana (SSY):

#### 1. Visit a Post Office or Bank:

- o SSY accounts can be opened at **designated post offices** or **public sector banks** that offer this scheme. Many private banks may also offer this facility.

#### 2. Fill the Application Form:

- o Request and fill out the **Sukanya Samriddhi Yojana account opening form**. You will need to provide necessary documents such as:

- ☐ **Birth certificate** of the girl child (to verify age).
- ☐ **Proof of identity and address** of the parent/guardian opening the account.

#### 3. Initial Deposit:

- o The **minimum initial deposit** is ₹250. You can make the payment through **cash, cheque, or demand draft**.
- o After the initial deposit, the account can be funded either through lump-sum or **annual installment payments**.

#### 4.Nomination:

- o You can provide a **nominee** for the account at the time of opening it. In most cases, the **parent** or **guardian** of the girl child is named as the nominee.

#### 5.Online Account Opening (in Banks):

- o Many banks offer the option to open and manage **Sukanya Samriddhi Yojana accounts online**, allowing for easy deposits and monitoring of the account balance.

#### 6.Deposit and Contributions:

- o You can make **multiple deposits** in a year, up to a maximum of ₹1.5 lakh. The **contributions can be made in installments**, but the total amount in a year should not exceed the ₹1.5 lakh limit.

#### 7.Monitor Account and Withdrawals:

- o Once the account is open, you can **track the balance** and the interest accrued via your passbook or online banking platform (if available).
- o After the girl child turns 18, you can initiate **partial withdrawals** for education expenses.

### Krishi Vikas Patra (KVP)

**Krishi Vikas Patra (KVP)** is a government-backed savings scheme offered by the Indian Post (India Post), primarily aimed at encouraging savings and investment in rural and urban areas. It provides a guaranteed return over a fixed tenure and serves as a secure investment option for those looking for safe, long-term financial growth.

#### 1.Eligibility:

- oKVP can be purchased by **Indian citizens**, including **individuals** and **joint account holders**.
- oNRIs are **not eligible** for this scheme.

#### 2.Minimum and Maximum Investment:

- oThe **minimum investment** in KVP is **₹1,000** and can be made in multiples of ₹1,000.
- oThere is **no upper limit** on the investment, allowing investors to invest as much as they wish.

#### 3.Tenure:

- oThe KVP comes with a **fixed tenure of 2 years and 6 months** (30 months).
- oIt provides guaranteed returns on investment over this period, with the interest compounded yearly.

#### 4.Interest Rate:

- oKVP offers an interest rate of **7.0% per annum (compounded annually)**. This rate is revised periodically by the government.
- oThe interest is payable at maturity along with the principal investment.

#### 5.Tax Treatment:

- o**Interest earned on KVP is taxable**. The interest is not paid out during the tenure but is accumulated and paid at maturity.
- oKVP is **not eligible for tax benefits** under Section 80C.

#### 6.Maturity Amount:

- oThe maturity amount includes both the principal invested and the interest earned over the investment period (30 months).
- oThe scheme ensures a fixed **return on investment** at maturity.

### 7. Transferability:

- o The KVP can be transferred from one post office to another across the country. This allows flexibility for investors who may relocate.

### 8. Loan Facility:

- o Investors can avail of loans against the KVP after a **minimum period of 6 months** from the date of issue. The loan amount can be up to **75% of the value** of the certificate.

### 9. Premature Encashment:

- o Premature encashment is allowed after the **6th month** but before the completion of the 30-month period. A **penalty** will be levied if encashment is done before maturity.
- o If the investor opts for premature encashment after 2.5 years, the returns will be slightly reduced.

### 10. Nomination Facility:

- o You can nominate a **beneficiary** at the time of purchasing the KVP. In case of the investor's death, the nominee will be able to claim the amount.

## Benefits of Krishi Vikas Patra (KVP):

### 1. Guaranteed Returns:

- o KVP offers **fixed, guaranteed returns**, making it a safe and secure investment option for individuals looking for stability and safety.

### 2. Government-Backed:

- o As a **government-backed scheme**, KVP is considered **risk-free**, ensuring that the investor's principal is safe.

### 3. Taxation Benefits:

- o The **interest earned** on KVP is **taxable**, but the overall returns, including interest and principal, are guaranteed and provide substantial growth over the 2.5-year period.

### 4. Transferability and Liquidity:

- o KVP can be **transferred** from one post office to another and used as collateral for loans, making it a **liquid** investment in case of emergencies.

### 5. Flexibility and Ease of Investment:

- o It is a **low entry investment**, with a minimum of just ₹1,000, allowing small investors to participate in this secure scheme.

### 6. Loan Facility Against KVP:

- o The **loan facility** makes KVP an attractive option for those who may need to raise funds without liquidating their investment.

### 7. No Maximum Limit:

- o There is no cap on the amount an individual can invest in KVP, making it a great option for investors looking to park large sums of money securely.

### 8. Long-Term Investment:

- o The 2.5-year investment tenure allows individuals to lock their savings for a moderate time frame while earning assured returns.

### 9. Nomination Facility:

- o The option to nominate ensures that the amount is easily transferred to the nominee in case of the account holder's death.

## How to Invest in Krishi Vikas Patra (KVP):

### 1. Visit a Post Office:

- o KVP can be purchased at any **designated post office** across India. The process is offline, and an application form must be filled out to open an account.

### 2. Fill the Application Form:

- o You will need to fill out the **Krishi Vikas Patra application form** and submit it along with the **valid identity and address proof** (Aadhaar card, voter ID, passport, etc.).

### 3. Deposit the Investment Amount:

- o You can make the investment in **cash, cheque, or demand draft**. The minimum investment is ₹1,000, and it can be made in multiples of ₹1,000.

### 4. Choose the Mode of Holding:

- o The KVP can be held in either **single or joint** names (i.e., individual or joint accounts are allowed). A nominee can be appointed while opening the account.

### 5. Collect the Certificate:

- o Once the investment is made, the post office will issue a **KVP certificate**, which serves as proof of your investment.
- o The certificate contains details of the investment, interest rate, maturity amount, and maturity date.

### 6. Track the Investment:

- o Regularly check the status of your investment at the post office to track interest accumulation.
- o You can also transfer the KVP to another post office if you move locations.

### 7. Maturity and Encashment:

- o At the end of the 30-month period, you can **redeem** the KVP by submitting the certificate at the post office. The principal amount plus accrued interest will be paid out.
- o If you wish to encash the KVP prematurely, you can do so after 6 months, but a penalty will apply.

### 8. Loan Against KVP:

- o After 6 months, you can avail of a loan up to 75% of the KVP's value, which can be helpful in case of an emergency.