

# **INVESTOR'S AWARENESS OF KISAN VIKAS PATRA: A STUDY WITH SPECIAL REFERENCE TO REWARI DISTRICT OF HARYANA**

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## **Abstract**

This study investigates investor awareness of the Kisan Vikas Patra (KVP) scheme in the Rewari district of Haryana, focusing on several critical aspects such as interest rates, minimum investment requirements, investment durations, maturity periods, and options for partial withdrawals. Utilizing a descriptive research design, this study gathered data from 90 respondents through structured questionnaires, supplemented by secondary sources like published articles and regulatory documents. A comprehensive statistical analysis using chi-square assessed the differences in awareness between male and female investors across various aspects of KVP. The findings revealed significant gender differences in the understanding of KVP's financial terms and conditions, as indicated by all p-values, leading to the acceptance of all alternative hypotheses. This suggests that the dissemination of information and educational efforts regarding the KVP have not reached both genders effectively in the targeted region. The results underscore the importance of ongoing financial literacy programs that are accessible and effective for all community members, regardless of gender, ensuring equitable knowledge about such government savings schemes.

**Keywords:** Awareness, Investor, Interest Rates, Post office, Kisan Vikas Patra

## **Introduction**

There were just a few banks at the start of the 19th century, and they were concentrated in major cities and towns. It was difficult for the common person to save his modest quantity of money in the bank since he had to spend expenses for his journey to the bank. Furthermore, people had almost no savings habits, and the majority of them kept their little holdings in the form of gold and silver. The Secretary of State for India took initiatives in 1860 to give post officers the authority to run savings banks in India that are comparable to those in the United Kingdom. However, the government lacked the organizational structure and maturity to handle this kind of banking. India Post is dedicated to offering affordable, basic postal services across the nation. This dedication is demonstrated by the nation's 0.159 million post offices, the largest in the world, of which more than 0.143 million are located in rural areas.

The modern Indian postal system reaches from the frigid heights of Ladakh to the deserts of Rajasthan and Kutch. At 15,500 feet, Sikkim, India is home to the highest post office in the world (postal code: 172114). Among the various services offered by the Indian Postal Service, including parcel post, speed post, e-post, general or registered mail, and EMS speed post, a specialized courier service. Additionally, they provide many post office savings schemes, including term deposits, KVP, recurring deposits, and National Savings Certificates (NSC). In the current era of rapidly advancing information and communications technology, extensive induction and assimilation are essential to India Post's survival and expansion. People's saving behavior will be significantly impacted by investors' perceptions of savings schemes.

In 1988, India Post launched the Kisan Vikas Patra, a modest savings certificate scheme. The primary objective is to help people develop long-term financial discipline. The scheme's tenure is currently 115 months (9 years and 5 months) according to the most latest report. There is no upper restriction on the minimum investment amount of Rs. 1,000. Additionally, at the end of the 115th month, you can receive twice as much if you invest a lump sum amount immediately. The name comes from the fact that its original purpose was to help farmers store money for the future. It is now accessible to everyone. The government demanded PAN card proof for investments above Rs. 50,000 in 2014 to prevent the potential for money laundering. Investors must provide proof of income (pay slips, bank statements, ITR paperwork, etc.) to deposit more than

Rs. 10 lakh. Anyone can deposit money on this low-risk savings site and leave it there for a predetermined amount of time. In addition, the Aadhaar number must be provided as verification of the account holder's identity.

### **Interest Rate Of Kisan Vikas Patra**

<b>Financial Year</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
<b>April-June</b>	7.6 % (mature 113 months)	7.3 % (mature 118 months)	7.7 % (mature 112 months)	6.9 % (mature 124 months)	6.9 % (mature 124 months)	6.9 % (mature 124 months)
<b>July-September</b>	7.5 % (mature 115 months)	7.3 % (mature 118 months)	7.6 % (mature 112 months)	6.9 % (mature 124 months)	6.9 % (mature 124 months)	6.9 % (mature 124 months)
<b>October-December</b>	7.5 % (mature 115 months)	7.7 % (mature 112 months)	7.6 % (mature 113 months)	6.9 % (mature 124 months)	6.9 % (mature 124 months)	7.0 % (mature 123 months)
<b>January-March</b>	7.3 % (mature 118 months)	7.7 % (mature 112 months)	7.6 % (mature 113 months)	6.9 % (mature 124 months)	6.9 % (mature 124 months)	7.2 % (mature 120 months)

Sources: <https://cleartax.in/s/kisan-vikas-patra>

### **Types of certificates available in Kisan Vikas Patra**

- **Single Holder Certificate:** A mature person may receive this kind of certificate for themselves, for an adult, or on behalf of a minor.
- **Joint 'A' Certificate:** This kind of certificate is jointly given to two adults and can be paid to the survivor or both holders.
- **Joint 'B' Certificate:** This kind of certificate is jointly given to two persons and can be paid to the survivor or either of the holders.

## **Benefits of Investor in Kisan Vikas Patra**

- **Ease & affordability**

KVP is offered for investment in denominations of Rs. 1,000, Rs. 5000, Rs. 10,000, and Rs. 50,000. The maximum is not applicable. Be mindful and aware that the main post office of the town is the sole location where a denomination of Rs. 50,000 is accessible.
- **Guaranteed returns**

It's guaranteed the money, regardless of fluctuations in the market. Since the rural community was the primary people for this scheme first of all, encouraging them to save for unexpected expenses was of the highest priority.
- **Maturity**

Kisan Vikas Patra has a maturity period of 115 months, after which you can withdraw the corpus. The KVP maturity proceeds will continue to accumulate interest until you remove the funds.
- **Capital protection**

Investments made in this way are risk-free from the market. When the tenure finishes, you will get your money back plus any gains.
- **Interest**

An effective interest rate is determined by how many years you invested in Kisan Vikas Patra at the time of purchase. The current interest rate for the first quarter of the fiscal year 2024-2025, which begins on April 1, 2023, and ends on June 30, 2024, is 7.5% per year. Compounding interest yields bigger returns on your investment.
- **Taxation**

Investments made in KVP are not deductible under Section 80C, and interest income is subject to full taxation. Every year, 10% TDS is withheld from the interest that is credited. Since the principal and interest must be repaid (which is already taxed at the time of accrual each year), the maturity proceeds are likewise not subject to taxes.

## Review of Literature

S.No	Title of the paper	Author Name/ year	Findings
1	<p align="center"><b>Investors' Perceptions About Kisan Vikas Patra(KVP): Evidence From Agratala</b></p>	<p align="center"><b>Rajat Deb &amp; Abhijit Paul (2015)</b></p>	<p>The findings suggest that investing in KVP is motivated by many parameters, including security, flexibility, investment and maturity in cash, adequate return, confidentiality of income sources, and Permanent Account Number (PAN). It outlines the need for changes to many concerns, including granting tax benefits, shortening the maturity period, and streamlining provisions for e-certificates and e-investments. The study admits very few shortcomings as well.</p>
2	<p align="center"><b>Role of Post Office in Channelizing Small Savings in Rural Areas</b></p>	<p align="center"><b>Dr. Bhagyashree Teli &amp; Prof. P.K. Singh (2017)</b></p>	<p>The study's findings indicate that while rural investors are mainly satisfied with these savings schemes, those who have made investments are very happy with their funds. There are no other sources of information in these places, therefore a large number of individuals learn about these savings schemes through their friends and family.</p>
3	<p align="center"><b>Small investors' perceptions of post office small saving scheme</b></p>	<p align="center"><b>Karthikeyan (2001)</b></p>	<p>It was found that the four age groups differed significantly in their level of awareness regarding Kisan Vikas Patra (KVP). National Savings Schemes (NSS), and Deposit Scheme for Retired Employees (DSRE). Additionally, the overall score supported the notion that</p>

			older investors had a higher level of awareness than younger investors. Except for the NSS and KVP, there was no difference seen between male and female investors.
4	<b>Investor's Perception Towards Post Office Small Savings Schemes: A Case Study of Himachal Pradesh</b>	<b>Mohinder Singh(2018)</b>	An analysis of investor's attitudes regarding post office savings schemes has been attempted in this research. A survey conducted on 140 respondents from three districts in Himachal Pradesh found that the post office schemes are primarily preferred by the salaried class of society because they offer tax incentives and safe and secure returns guaranteed by the government. The Primary investing options include Post Office Monthly Income Schemes, Post Office Saving Bank accounts, and Recurring Deposits. The primary sources of knowledge for investing are friends and family. Reductions in interest rates, insufficient marketing, inadequate hospitality. Sluggish automation and so on is the primary causes cause of the reduction in post office small savings initiative net collections.

### **Objective of study**

The objective of the study is to understand the awareness of the Kisan Vikas Patra scheme, focusing on the rate of interest, minimum investment requirements, investment duration, maturity period, and options for partial withdrawals.

## **Hypothesis of study**

**H<sub>01</sub>:** There is a significant difference between the awareness of males and females on the Rate of interest.

**H<sub>02</sub>:** There is a significant difference between the awareness of males and females on the Minimum required amount.

**H<sub>03</sub>:** There is a significant difference between the awareness of males and females during the Investment Period.

**H<sub>04</sub>:** There is a significant difference between the awareness of males and females during the Maturity period.

**H<sub>05</sub>:** There is a significant difference between the awareness of males and females on Availability Partial withdrawal.

## **Methodology**

The research design adopted in the study was descriptive. This research is carried out by reviewing the literature available on the subject. The researcher has gone through published articles in journals and newspapers, policy frameworks, rules and regulations, surveys and studies conducted by regulatory authorities, other professional bodies, and research papers carried out in the past by other scholars also considered. The sample was supposed to be drawn in Rewari district of Haryana State. It is mainly based on primary and secondary data. Primary data was collected through a structured questionnaire. The questionnaire was circulated among 100 respondents and 94 were collected, of which 4 were found to be incomplete. The sample of 90 respondents included those investors who have invested or have any time invested in Kisan Vikas Patra.

## **Statistical tools for data analysis**

The purpose of the study is to assess the awareness of the investors in KVP of Rewari district of Haryana. The data collected through scheduled and personal interviews have been further processed by using IBM SPSS-20. The statistical tools used for data analysis are descriptive statistics and the chi-square test.

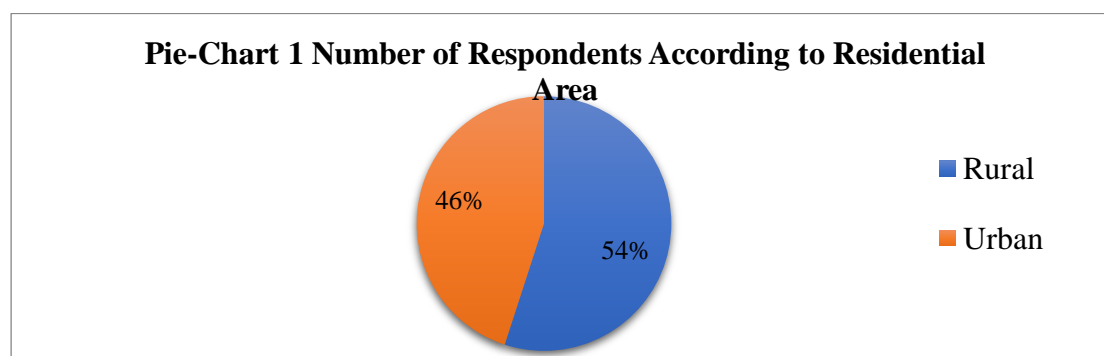
## Data Analysis

### Classifications of Respondents According to Residential Area

Residence refers to the place where a person lives. On this basis area of residence is divided into two groups Urban and Rural.

Factor	Response	Frequency	Percentage
Area of Residence	Rural	49	54%
	Urban	41	46%
	Total	90	100%

Source: Primary Data



Source: Primary Data

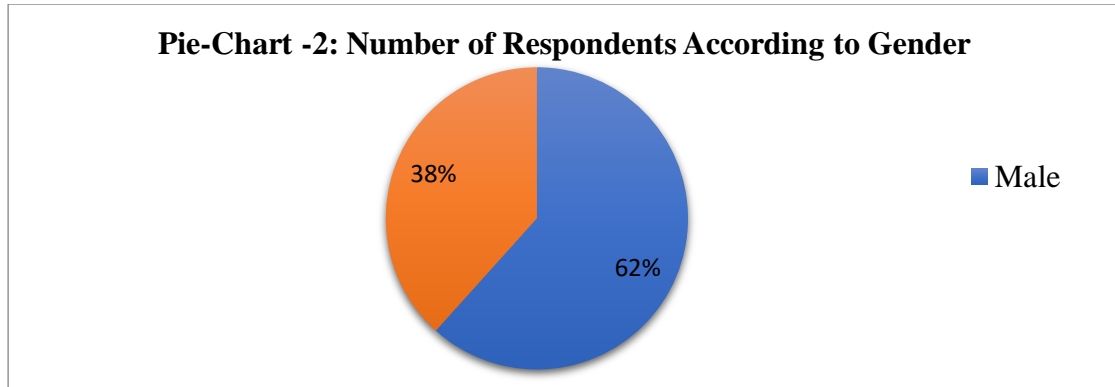
The above table and chart depict the details of respondents living in Rural and Urban areas. Out of a total of 90 respondents 49 are residing in the Rural area and 41 are residing in the Urban area.

The primary data collection was made from Male and Female respondents

Factor	Response	Frequency	Percentage
Area of Residence	Male	56	62%
	Female	34	38%
	Total	90	100%

Source: Primary Data





**Source: Primary Data**

The table and chart present the gender-wise details of the respondents. Out of 90 respondents, 56 are Male and 34 are Female.

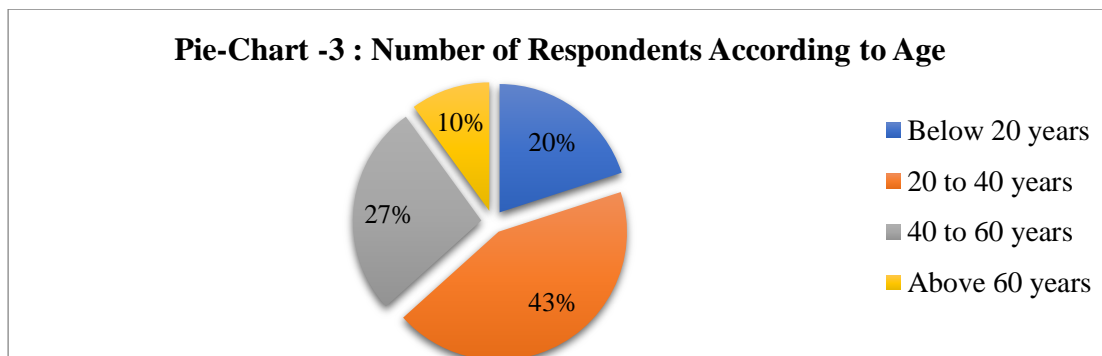
**Classifications According to Age**

With growing age efficiency of a person increases and after attaining its peak his competence goes on diminishing. People’s awareness and saving perception also rise with growing age. Hence, age is an important factor in determining the cognizance of people.

**Table 3: Respondents According to Age**

Factor	Response	Frequency	Percentage
Age-Group	Below 20 years	18	20%
	20 to 40 years	39	43%
	40 to 60 years	24	27%
	Above 60 years	9	10%
	<b>TOTAL</b>	<b>90</b>	<b>100%</b>

**Source: Primary Data**



**Source: Primary Data**

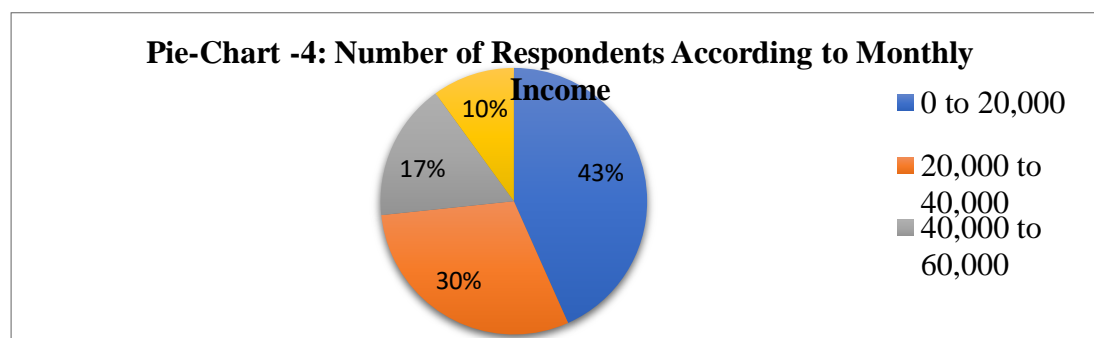
The above table and chart signify the Age-group-wise details of the respondents. From the total 90 respondents, 18 belong to the age group of below 20 years, 39 comprise the youth population between the age group of 20-40 years, 24 belong to the age group of 40-60 years and the remaining 9 belong to the Senior citizens category i.e. above 60 years.

### Classifications According to Income

The types of savings, purpose, and amount of investment are mainly based on the income level of people. The savings of people have a direct relation with their earnings. More earnings may lead to a high rate of savings and investments and vice versa.

<b>Table 4: Respondents According to Monthly Income</b>			
<b>Factor</b>	<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>INCOME</b>	<b>0 to 20,000</b>	<b>39</b>	<b>43%</b>
	<b>20,000 to 40,000</b>	<b>27</b>	<b>30%</b>
	<b>40,000 to 60,000</b>	<b>15</b>	<b>17%</b>
	<b>60,000 ABOVE</b>	<b>9</b>	<b>10%</b>
	<b>TOTAL</b>	<b>90</b>	<b>100%</b>

Source: Primary Data



Source: Primary Data

The information given in the table and chart sorts the respondents according to their earnings. Out of 90 respondents 39 belong to the income category below 20,000 rupees, 27 belong to the income category of 20,000-40,000 rupees, 15 belong to the income category of 40,000-60,000 rupees and 9 belong to the income category of 60,000 and above.

## Hypothesis Testing

		Test	Value	df	P-value	Decision
H <sub>1</sub>	<b>The significant difference between the awareness levels of male and female respondents</b>	Pearson Chi-Square	6.889	1	.009	Retain the Alternative Hypothesis
H <sub>2</sub>	<b>The significant difference between the awareness levels of male and female respondents</b>	Pearson Chi-Square	19.289	1	.000	Retain the Alternative Hypothesis
H <sub>3</sub>	<b>The significant difference between the awareness levels of male and female respondents</b>	Pearson Chi-Square	6.397	1	.011	Retain the Alternative Hypothesis
H <sub>4</sub>	<b>The significant difference between the awareness levels of male and female respondents</b>	Pearson Chi-Square	8.297	1	.004	Retain the Alternative Hypothesis
H <sub>5</sub>	<b>The significant difference between the awareness levels of male and female respondents</b>	Pearson Chi-Square	6.319	1	.021	Retain the Alternative Hypothesis

The table shows the awareness level of recurring deposit schemes. For the analysis of respondent opinion, the Pearson Chi-Square test has been testing has been applied to test the relationship between the awareness levels of investors across genders. The result of the Pearson Chi-Square test found that rate of interest; minimum required amount, investment duration, maturity period and options for partial withdrawals were significant. The results of the findings have been explained in the following:

- The awareness of Male and Female respondents on Rate of interest, Chi-square value is 6.889 and P value = .009 shows that there is a significant difference between the awareness level of male and female respondents.
- The awareness of Male and Female respondents on minimum required amount, Chi-square value is 19.289, P value = .000 shows that there is a significant difference between the awareness level of male and female respondents.

- The awareness of Male and Female respondents on investment duration, Chi-square value is 6.397, P value = .011 shows that there is a significant difference between the awareness level of male and female respondents.
- The awareness of Male and Female respondents on maturity period, Chi-square value is 8.297, P value = .004 shows that there is a significant difference between the awareness level of male and female respondents.
- The awareness of Male and Female respondents on options for partial withdrawals, Chi-square value is 6.319, P value = .021 shows that there is a significant difference between the awareness level of male and female respondents.

## **Finding & Conclusion**

The findings indicated significant differences between males and females in their awareness of the rate of interest, minimum required amount, investment period, maturity period, or availability of partial withdrawals, as all p-values not exceeding the 0.05 threshold, leading to acceptance of all alternative hypotheses. Using a schedule and in-person interviews, several non-probability sampling strategies are used to select 90 respondents. Pre-testing and reliability testing (Cronbach's Alpha) have been used to assess the validity of the interview schedule.

In conclusion, the study underscores that gender influences the level of awareness regarding the Kisan Vikas Patra scheme in the examined demographic. This suggests that educational efforts and communications about the KVP have been not equally effective across gender lines in this region. The study highlights the importance of targeted financial literacy programs that ensure all potential investors, regardless of gender, are well-informed about such investment schemes. The respondents have been encouraged to keep their money in KVP by many considerations, including safety, liquidity, ease of investment, satisfying return, confidentiality of income sources, utilizing KVP certificate as collateral for loans, and disbursing maturity proceeds in cash. Additionally, it shows that certain things need to be changed, such as permitting tax benefits, shortening the maturity period, streamlining KYC requirements, raising the rate of return, and including e-certificate availability.

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