INVESTMENT MODEL FOR NOK : OFFICERS

1. While unfortunate, it is a fact that the Indian Army loses a number of its officers as Battle casualties and Physical casualties each year. The NOK of these casualties are provided with some financial allowances to help overcome financial hardship to a considerable extent. While financial compensation cannot fill the void of loss of a bread earner, it is important that the NOK utilise / invest this money in a prudent manner so that they do not face major hardships in the future. As the amount of money available is substantial, it has to be invested in a judicious manner keeping current and future needs in mind.

2. Guidelines prepared to help this endeavour is in following parts :-

(a) NOK Categorisation.

(b) Principles of Investment.

(c) Assets available for Investment.

(d) Recommendations for Investments.

(e) Miscellaneous.

PART I – NOK CATEGORISATION

3. The NOK are being broadly categorised under the following heads from the Investment point of view :-

(a) Parents (in case of unmarried personnel).

(b) Newly married (No children).

(c) Married (with children below 10 years).

(d) Married (with children above 10 years).

4. The categorisation has been done as the goals and aspirations of the above categories would be different and thus the investment solution would also differ.

PART II – PRINCIPLES OF INVESTMENT

5. A large amount becomes available to the NOK at a time when the NOK is going through a period of grief. It is important that the NOK takes charge of the financials at the earliest feasible.

6. Some of the principles of investment which should be kept in mind before investing are as under :-

(a) **Safety**. It is important that the investment is done keeping safety of amount invested. There should not be risk of losing the principal amount invested.

(b) **Liquidity**. Some portion of the money should be invested in a manner that it can be redeemed at short notice to cater for any emergency.

(c) **Inflation**. Inflation eats into the value of money. One should invest in financial products which have a rate of return higher than inflation.

(d) **Loans**. Avoid taking loans. Loans can be taken for buying a house but monthly EMI should be affordable.

7. **Risk.** At the outset, one must understand one's own risk taking profile before investing. Risk taking profile implies the willingness and the ability of a person to take risks. For example, NOK Parents would have very little risk taking capacity; Unmarried NOK may have a higher capacity to take risk. Generally, higher risk investments have the potential to give higher returns but can also result in negative returns. Before investing, one must find out the risk of that investment so that it aligns with your risk taking profile.

8. **Insurance**. Married NOK having children should preferably take an Insurance plan. This is to cater for unforeseen contingencies and to ensure that the children do not suffer because of the same. One should buy a simple online term insurance plan.

9. **Tax**. It is essential that Tax planning is dovetailed into the Investment plan. The taxes can be reduced by investing in such instruments which are covered under Section 80C of the Income Tax Act.

10. Before investing in a particular product, do check for the following :-

(a) Does this product fit into my risk profile?

(b) Is this achieving any goal for me?

(c) What is the cost involved in buying and holding the product?

(d) What is the likely return potential? Is it fixed or variable? Is there likelihood of loss of capital?

(e) Does the product have a lock-in period? If yes, is it acceptable to you?

(f) What is the taxation on the product?

PART III – ASSETS AVAILABLE FOR INVESTMENT

11. The money needs to be invested in a manner that it generates additional monthly income as also caters for financial goals such as children education, marriage, purchase of house etc.

12. The assets available for generating monthly income (in addition to family pension) are as under :-

(a) Post Office Monthly Income Scheme.

(b) Senior Citizens Savings Scheme.

(c) PM Vaya Vandana Yojna.

(d) Bank Fixed Deposits.

(e) RBI Taxable Bonds.

(f) Corporate Fixed Deposits.

(g) National Pension Scheme.

(h) Debt Mutual Funds.

13. The assets available for generating growth of available corpus for goals which are some time away are as under :-

(a) Mutual Funds.

(b) National Savings Certificate.

(c) Kisan Vikas Patra.

(d) Public Provident Fund.

(e) Bank Fixed Deposits.

(f) Sukanya Samriddhi Account (for girl child below 10 years).

(g) Sovereign Gold Bond.

14. More details of the above schemes have been given at **Appendix 'A'**.

15. **Mutual Funds**. Mutual Funds are a category of investment which can be used for both growth and monthly income requirements. Mutual funds invest in the equity market and the debt market in the country. One should invest in Mutual Funds only if one fully understands the product or if the same is recommended by a Financial Advisor. Mutual Funds carry the risk of loss of capital with the potential of giving higher returns. One can invest a lump sum amount or periodically through Systematic Investment Plan. Mutual Funds under the Equity Linked Savings Scheme (ELSS) category are eligible for Section 80C deduction for tax.

16. **Gold.** Gold is an important investment asset in our society. Keeping physical Gold in house is very risky from safety point of view. It is recommended that investments in Gold should be done through Sovereign Gold Bonds issued by the Government.

17. **Avoiding Fraud**. It is important that the NOK does not lose money due to fraud. The NOK is likely to get incorrect advice by people with vested interests due to the large amount available. NOK should be careful about the following aspects :-

(a) Do not invest in Chit funds.

(b) Do not give Power of Attorney to anyone.

(c) Be wary of fraud calls.

(d) Be wary of people who promise extremely high returns. These are generally without any guarantee and are unsecured.

(e) Do not give loan to relatives/ local persons.

18. **Tax**. Investments eligible under Section 80 C and other relevant Sections of the Income Tax Act are given in a separate table at **Appendix 'B'**.

PART IV – RECOMMENDATIONS FOR INVESTMENT

19. These recommendations are broad recommendations. Each individual case may be different. These recommendations will act as a good start point before finalising one's investments.

20. Three options have been given for each category of NOK. These are Ultra Safe, Safe and Acceptable Risk. Ultra Safe model is for those who do not want to take any risk and do not have basic understanding about financial products. Safe model is for those who have basic knowledge about financial products and want their money to grow safely. Acceptable Risk is for those who have adequate knowledge about financial products and can take decisions based on their risk taking capacity.

21. **Customised Investment Model**. Investment options available have been tabulated to enable the NOK to make a considered choice based on their category and risk taking ability. This list is not exhaustive. NOK can choose other products if they meet their requirements. Details of the same are given in **Appendix 'C'**.

PART V – MISCELLANEOUS

22. The NOK has to be sensible in utilising the money in a safe manner. It is likely that the NOK would need to get in touch with someone for financial advice. It will have to be a person whom he/she can trust and who will give financial advice without any vested interest.

23. **Selecting a Financial Advisor**. A financial advisor is a person who is a registered individual with SEBI and has the requisite qualifications to guide the NOK to make investments based on his/her requirements. These are generally available in major towns across India. The NOK must preferably use the services of a Financial Advisor, if available. It is advisable to get a Financial Plan made through a SEBI registered investment advisor which caters to the specific requirements of the NOK. List of some advisers is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=13.

24. It is important for the NOK to balance between money required on a monthly basis with investing money for requirements at an older age.

25. **Saving for Children Education**. The NOK must invest money required for their children education in a manner that the investment matures when they have to go for their higher studies.

CONCLUSION

26. It is very important that the NOK carries out due diligence before investing the money. While safety of capital is of primary importance, it is also essential to ensure prudent investment such that returns atleast caters for prevailing inflation. One time funds which has now come into one's possession is hard earned and due to someone's sacrifice. Safeguarding it and investing it wisely to build a better financial portion for self and family is one way to show gratitude for the departed soul. Following the above mentioned principles and advice should lead to a sound strategic investment plan.

Appendix 'A'
(Ref para 14 of Inv Model for NOK of Officers)

POST OFFICE MONTHLY INCOME SCHEME

1. The Post Office Monthly Income Scheme (PO MIS) is a fixed income guaranteed return government-backed scheme available at post offices. Currently, one earns at 6.6% interest per year on the deposit, which is paid every month and hence the name 'monthly income scheme'.

2. **Features**.

(a) **Eligibility**. You need to be a resident Indian, preferably with a post office savings account.

(b) **Account Holding Categories**.

(i) Individual.

(ii) Joint.

(iii) Minor through the guardian.

(c) **Entry Age**.

(i) An adult can open an account in his/her own name directly or on behalf of a minor.

(ii) There is limit of ₹ 3 lakh set for minors to open this account with a guardian. This limit is not clubbed with the investment limit applicable to the guardian as an independent investor.

(d) **Investments**.

(i) Minimum ₹ 1,500.00.

(ii) Maximum ₹ 4.5 lakh in a single account and ₹ 9 lakh in a joint account.

(e) **Interest**. 6.6% per annum paid monthly.

(f) **Tenure**. 5 years.

(g) **Nomination**. Facility is available.

3. **Other Aspects**.

(a) Capital Protection - Yes (Govt of India).

(b) Inflation protection - No.

(c) Guarantees - Yes (Govt of India).

(d) Liquidity - Yes (in the form of withdrawal).

(e) Exit option - Yes. (**Note**: Only after one year from the date of opening of the account but after deduction of penalty varies from 1-2%, depending of the completed tenure of the account)

(f) Other Risks - Nil.

(g) Tax Implications - The interest earn on this scheme is not subject to any TDS but tax benefits under Sec 80C is not applicable.

(h) Loan Facility on PO MIS - NA.

4. **Account Opening Procedures**.

(a) First need to open a Post-Office Savings Account and to link the monthly payout from MIS Account at any Head or General Post Office.

(b) **Documents Required**.

(i) An account-opening form from post office.

(ii) Two passport-size photographs.

(iii) Address and identity proof such as the Aadhaar Card, Passport, PAN Card or declaration in the Form 60 or 61 as per the Income Tax Act, 1961; Driving License; Voter’s Identity Card; or Ration Card.

(iv) Carry original identity proof for verification at the time of account opening.

(v) Choose a nominee and get a witness signature to complete the formalities to get started.

5. **Points to Remember**.

(a) Portability of the account between post offices is possible.

(b) Reinvestment on the maturity of the account is possible.

(c) Interest income is taxable but there is no tax-deducted-at-source (TDS) certificate issued.

PO MIS RATES (%) OVER THE LAST 7 YEARS

Years	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Rates (%)	6.6	7.6	7.3	7.6	8.1	8.7	8.7

6. **Tips and Strategies**.

(a) By initiating an investment cycle wherein the MIS sum acts as a recurring deposit instalment results in a higher and more effective return from the MIS. This is a strategy adopted by many who do not need the MIS payout and wish to use it for further assured returns.

(b) Getting into a recurring deposit cycle with the PO MIS is a good way to increase the returns that one can effectively earn from this instrument.

SENIOR CITIZENS SAVINGS SCHEME

1. The Senior Citizen Savings Scheme (SCSS) is a deposit scheme introduced by the Government of India to provide guaranteed regular returns to senior citizens quarterly. The SCSS account can be opened at any head/ general post office or selected branches of designated nationalised banks. ICICI Bank is the only private bank that offers the SCSS.

2. **Features**.

(a) **Eligibility**. Need to be a resident Indian to open an SCSS Account.

(b) **Entry Age**.

(i) 60 Years.

(ii) 55 Years for those who have retired on superannuation or under a voluntary or special voluntary scheme.

(c) **Account Holding Categories**.

(i) Individual.

(ii) Jointly with Spouse.

(iii) Multiple accounts allowed.

(d) **Investments**.

(i) Minimum ₹ 1,000.00.

(ii) Maximum ₹ 15 lakh (₹ 30 lakh jointly with spouse).

(iii) Deposits have to be in multiples of ₹ 1,000.00.

(e) **Interest**. 7.4% per annum compounded annually and paid on last working day of Apr, Jul, Oct & Jan.

(f) **Tenure**. Five years extendable by three years.

(g) **Nomination**. Facility is available.

3. **Other Aspects**.

(a)	Capital Protection	- Yes (Govt of India).
(b)	Inflation protection	- No.
(c)	Guarantees	- Yes (Govt of India).
(d)	Liquidity	- Yes (in the form of withdrawal).
(e)	Exit option	- Yes (Premature closing of the account is permitted with a penalty 1-1.5%).

(f) Tax Implications - Yes.

(g) Loan Facility on SCSS - NA.

4. **Account Opening Procedures**.

(a) First need to open a saving bank account before opening of the SCSS account.

(b) **Documents Required**.

(i) An account-opening form.

(ii) Two passport-size photographs.

(iii) Address and identity proof such as the Aadhaar Card, Passport, PAN Card or declaration in the Form 60 or 61 as per the Income Tax Act, 1961; Driving License; Voter's Identity Card; or Ration Card.

(iv) Carry original identity proof for verification at the time of account opening.

5. **Points to Remember**.

(a) Portability of the account from one bank to another is available.

(b) ECS transfer of interest to the savings account can be done.

(c) There is penalty in the case of early closure of the account.

(d) The facility of pledging the deposit in the SCSS account to obtain loans is not permitted as it defeats the purpose of regular income.

(e) If the account is closed after the first year and before the end of the second year, an amount equal to 1.5 per cent of the deposit is deducted as penalty.

(f) If the account is closed on or after the second year, an amount equal to 1 per cent of the deposit is deducted.

PRADHAN MANTRI VAYA VANDANA YOJANA

1. Pradhan Mantri Vaya Vandana Yojana (PMVVY) is a retirement cum pension scheme for senior citizens. The scheme is subsidized by the government and was launched in May 2017. The money invested by the purchasers of the scheme is called the purchase price. As the sovereign guarantees back the scheme, it offers an assured rate of return on investment. The scheme pays out regular pension and the frequency can be monthly, quarterly or yearly. The PMVVY is an excellent alternative to traditional bank deposit.

2. **Features**.

(a) **Eligibility**.

(i) Applicant must be an Indian senior citizen (above the age of 60 years).

(ii) No maximum entry age for PMVVY scheme.

(iii) Applicant must be ready to avail the policy term of 10 years.

(b) **Investments**.

(i) Minimum - ₹ 1.5 Lakh.

(ii) Maximum - ₹ 15 Lakh.

(c) **Returns**.

(i) Offers a monthly pension of ₹ 1,000/- per month @ minimum investment of ₹ 1.5 lakh & ₹ 10,000/- @ maximum investment of ₹ 15 lakh.

(ii) Assured returns @ 8% to 8.3% for 10 years.

(d) **Tenure**. 10 years.

(e) **Nomination**. Facility is available. If the subscriber passes away within the term of the policy, then the nominee would be paid out the purchase price.

3. **Other Aspects**.

(a)	Capital Protection	- Provides subscribers with an assured return @ 8% to 8.3% for 10 years.
(b)	Inflation protection	- Yes.
(c)	Guarantees	- Yes.
(d)	Liquidity	(i) Scheme provides a fixed sum regularly. Entire amount (including the final pension and purchase price) would be paid

out once the policy term of 10 years is completed.

(ii) Loan of upto 75% of purchase price can be availed after three years to cover emergencies.

(iii) Subscriber (self & spouse) can withdraw 98% of the purchase in medical emergencies.

(e) **Exit Option**. - NA

(f) **Tax Implications** - NA

4. **Opening of Account**.

(a) **Online Procedure**.

Log onto the Official Website of LIC ➡ **Select Pension Plans & Proceeds**

Fill Relevant Application Form ➡ **Submit Application & Upload Documents**

(b) **Offline Procedure**.

Collect Form from LIC Branch ➡ **Fill the Application Form** ⬇ **Submit Application & Upload Documents**

5. **Pension Policy**.

Pension Mode	Minimum amount of Pension	Minimum amount of Investment	Maximum amount of Pension	Maximum amount of Investment
Monthly	₹ 1,000	₹ 1,50,000	₹ 10,000	₹ 15,00,000
Quarterly	₹ 3,000	₹ 1,49,068	₹ 30,000	₹ 14,90,684
Bi-Annually	₹ 6,000	₹ 1,47,601	₹ 60,000	₹ 14,76,014
Annually	₹ 12,000	₹ 1,44,578	₹ 1,20,000	₹ 14,45,784

Note: PMVVY is a great investment option for senior citizens. This scheme can be considered by those senior citizens that are looking for a regular pension. However, to invest in this scheme, one should have a considerable amount in hand.

RBI TAXABLE BONDS

1. The Government of India, hereby notifies the issue of RBI Taxable Bonds known as Floating Rate of Saving Bonds, 2020 (Taxable).

2. **Features**.

(a) **Eligibility**. Need to be a resident Indian.

(b) **Account Holding Categories**.

(i) Individual.

(ii) Joint.

(iii) Minor through the guardian.

(c) **Investments**.

(i) Minimum - ₹ 1,000.00 (face value) and in multiples.

(ii) Maximum - No upper limit.

(d) **Interest Floating**.

(i) **Option**. Payable - Half Yearly from the date of issue to 30 Jun/ 31 Dec as the case may be, and thereafter half yearly i.e. for period 30 Jun/31 Dec on 1st Jul and 1st Jan.

(ii) **Rate**. The Coupon/ interest of the bond would be reset half yearly starting with 01 Jan and thereafter every 1st Jul and 1st Jan. The coupon rate for first coupon period is payable on 01 Jan.

(iii) **Base Rate**. The coupon rate will be linked/ pegged with prevailing National Saving Certificate (NSC) rate with a spread of (+) 0.35% over the respective NSC rate (For example NSC rate is 6.8%; then RBI Taxable Bond rate will be 6.8%+0.35% = 7.15%).

(e) **Brokerage**. 0.5% of the amount invested.

(f) **Tenure**. 7 years from the date of issuance.

(g) **Nomination**. Yes.

(h) **Transferability**. No, except transfer to the nominee/ legal heir in case of death of the account holder of the bond.

3. **<u>Other Aspects</u>**.

(a) Capital Protection - Yes (Govt of India/ RBI)

(b) Inflation Protection - No.

(c) Liquidity - No.

(d) Exit Option - Yes, premature encashment is allowed to the investors in the age group of 60 years and above as under:-

(i) Between 60-70 Years: after 6 Years.

(ii) Between 70-80 Years: after 5 Years.

(iii) 80 Years and above: after 4 Years.

(e) Other Risk - No.

(f) Tax Implications - Interest on the bonds will be taxable under the Income Tax Act, 1961 as applicable according to the relevant tax status of the bond holders.

(g) Loan Facility - No.

4. **<u>Issuance</u>**.

(a) Application in physical/ electronic form may be made.

(b) Application should be accompanied by the necessary payment in the form of cash up to ₹ 20,000/-/ drafts / cheques/ electronic credit.

(c) Applicants who have obtained exemption from income tax under the relevant provisions of Income Tax Act, 1961 shall make a declaration and submit a true copy of the certificate obtained from Income Tax Authorities.

NATIONAL PENSION SCHEME

1. The National Pension Scheme (NPS) is a social security initiative by Central Government to extend pension benefits to all Indian citizens (including employees from the public, private and even the unorganised sectors except those from the armed forces). NPS is a voluntary and long-term investment plan for retirement under the purview of the Pension Fund Regulatory and Development Authority (PFRDA) and Central Government. Regular monitoring and performance review of Fund Managers is carried out by NPS Trust under the overall supervision of PFRDA. The NPS is a good scheme for anyone who wants to plan for their retirement early on and has a low-risk appetite. The scheme is portable across jobs and locations, with tax benefits under Section 80C and Section 80CCD.

2. **Features**.

(a) **Eligibility**.

(i) Need to be a citizen of India. NRIs can also open it as long as they are Indian citizens.

(ii) Have to be between 18 and 65 years of age. Special rules apply if you open an NPS Tier 1 account from the age of 60 - 65.

(b) **Investments**.

(i) Minimum - ₹ 1,000.00 per annum.

(ii) Maximum - No upper limits.

(iii) **Options**. The NPS offers different funds with varying exposure to Equity (E), Corporate Debt (C) and Government Securities (G). Available options are:-

(aa) **Active-Choice Investment**. The investor can mix the E, C & G options as per their choice. The maximum permitted allocation towards E is 75%.

(ab) **Auto-Choice Investment**. Here, investment allocation is done based on the investor's age. In the default version of this scheme, the equity portion is 50% till age of 35, after which it reduces 2% per year until it becomes 10% by age 55. The corporate debt portion is 30% till age of 35, after which it reduces 1% per year until it becomes 10% by age of 55. The exposure in government securities is 20% till age of 35, after which it increases gradually every year.

(c) **Returns**. Depends on the asset allocation and pension funds chosen by you.

(d) **Tenure**. Till attaining the age of 60 years.

(e) **Nomination**. Facility is available.

3. **Other Aspects**.

(a) Capital Protection - No, as the NPS invests a certain amount in equities, the returns are therefore market-linked. However, equities are expected to beat inflation over the long term.

(b) Inflation protection - No.

(c) Guarantees - Yes.

(d) Liquidity - After three years of being in the scheme, you can withdraw up to 25% from the contributed amount and not from the account balance for defined expenses (children's higher education or weddings, construction or purchase of the first house, and treatment of critical illness of life-threatening nature for self, spouse, children or dependent parents). You can make up to three withdrawals during the tenure.

(e) Exit Option - **Tier I**. You can opt for premature exit before the age of 60, provided you have completed 3 years in the NPS. In such a scenario, you can withdraw a maximum of 20% of your corpus which will be a taxable withdrawal. The balance 80% has to be converted to an annuity.

- **Tier II**. In this voluntary account, you are free to withdraw your savings whenever you wish. There are no limits on deposits and withdrawals. Withdrawals will be taxed as per your slab.

(f) Tax Implications - Exempted up to 1.5 lacs per annum.

4. **Opening of Account**. Online/Offline options are available. If you have an Aadhaar Card, PAN Card and Bank Account, you can open an NPS account online at enps.nsdl.com or enps.karvy.com.

5. **List of Pension Fund Managers (PFMs)**.

(a) HDFC Pension Management Company.

(b) ICICI Prudential Life Insurance Company.

(c) Kotak Mahindra Asset Management Company.

(d) LIC Pension Fund.

(e) SBI Pension Funds.

(f) UTI Retirement Solutions.

(g) Birla Sun Life Pension Management.

NATIONAL SAVINGS CERTIFICATE

1. The National Savings Certificate (NSC) is a popular and safe small-savings instrument that combines tax savings with guaranteed returns. This scheme is backed by the government and is available at post offices. The main objective of investing in the NSC is to avail tax deduction on deposits and guaranteed returns on investment.

2. **Features**.

(a) **Eligibility**. Need to be a resident Indian to buy the NSC.

(b) **Entry Age**. No age is specified for account opening.

(c) **Account Holding Categories**.

(i) Individual.

(ii) Joint.

(iii) Minor through the guardian.

(d) **Investments**.

(i) Minimum - ₹ 100.00 (Certificates are available in denominations of ₹ 100, ₹ 500, ₹ 1,000, ₹ 5,000 and ₹ 10,000).

(ii) Maximum - No limits.

(e) **Interest**. 6.8% (current interest rate) compounded annually. Interest rates are subject to revision every quarter.

(f) **Tenure**. Five years extendable by three years.

(g) **Nomination**. Facility is available.

3. **Other Aspects**.

(a)	Capital Protection	- Yes (Govt of India).
(b)	Inflation protection	- No.
(c)	Guarantees	- Yes (Govt of India).
(d)	Liquidity	- Yes (in the form of loans since one can borrow against the NSC savings).
(e)	Exit option	- No. (Premature encashment is possible in case of death of the certificate holder only. The NSC is also transferable).
(f)	Tax Implications	- Exempted up to ₹ 1.5 lacs.
(g)	Loan Facility on NSC	- Yes.

4. **Account Opening Procedures**.

(a) The NSC can be bought from any Head Post Office or General Post Office.

(b) Carry original identity proof for verification at the time of buying.

(c) It can be bought with cash, cheque or demand draft drawn in favour of the postmaster of the post office from where it is being purchased.

5. **Points to Remember**.

(a) NSC certificates are en-cashable at any post office in India, provided one has obtained transfer rights.

(b) NSC certificates can be pledged to obtain loans.

(c) In case of loss or damage of NSC certificates, duplicate certificates can be obtained on furnishing an indemnity bond.

(d) NSC certificates are transferable across post offices.

(e) Interest income is taxable (if not claimed under Section 80C) but no tax is deducted at source.

6. **Tips and Strategies**. The assured return on the NSC can be used to create an income ladder. Certificates can be bought every month or quarter for appropriate denominations, which on maturity will act as a steady income stream. For instance, someone retiring in 2026 can create an income ladder by investing a fixed sum every month from March 2021. Some people use this ladder effect to create an income stream that will last 10-15 years by timing NSC maturity and re-investment to create an assured income in retirement. See the table below:-

SIX MONTH INCOME STREAM USING NSC

Ser No	Investment Date	Amount Invested (₹)	Maturity Date	Maturity Amount (₹)
(a)	Mar 21	5,000.00	Mar 26	6,947.46
(b)	Apr 21	5,000.00	Apr 26	6,947.46
(c)	May 21	5,000.00	May 26	6,947.46
(d)	Jun 21	5,000.00	Jun 26	6,947.46
(e)	Jul 21	5,000.00	Jul 26	6,947.46
(f)	Aug 21	5,000.00	Aug 26	6,947.46

KISAN VIKAS PATRA

1. Kisan Vikas Patra (KVP) is a saving scheme available at India Post office in the form of certificates. It is a fixed rate small savings schemes designed to double your investment after a predetermined period of time (124 months in the currently available issues).

2. **Features**.

(a) **Eligibility**. Any applicant who is a resident of India and over the age of 18 years can buy a KVP from the nearest Post Office. You can also buy one for a minor or jointly with another adult.

(b) **Types of Certificates Available**.

(i) **Single Holder Type Certificate**. This certificate is issued to an adult for self or on behalf of a minor.

(ii) **Joint A Type Certificate**. This certificate is issued jointly to two adults, payable to both the holders jointly or to the survivor.

(iii) **Joint B Type Certificate**. This type of certificate is issued jointly to two adults, payable to either of the holders or to the survivor.

(c) **Entry Age**. The applicant has to be above 18 years.

(d) **Investments**.

(i) Minimum ₹ 1000.00

(ii) There is no upper limit.

(e) **Interest**. 6.9% during FY 2020-21.

(f) **Tenure**. 10 years 4 months (124 Months).

3. **Other Aspects**.

(a)	Capital Protection	- Yes (Govt of India)
(b)	Inflation Protection	- No
(c)	Guarantees	- Yes (Govt of India)
(d)	Liquidity	- Yes (Premature closing of the account is permitted duly reducing interest and with a penalty).
(e)	Exit option	- Yes (But not before the lock-in period i.e. 30 months unless on the account holder's demise or court order).
(f)	Other Risk	- No
(g)	Tax Implications	- No.
(h)	Loan Facility	- Yes.

4. **Account Opening Procedure**.

(a) Collect the KVP application form and fill the form with necessary information and submit to the post office or bank. The KYC process is mandatory. Once the documents are verified, payment can be made by cash, cheque and demand draft.

(b) **Documents Required**.

(i) KVP application form.

(ii) Date of Birth certificate.

(iii) Identity Proof for KYC Process (Aadhaar Card /PAN/Voter ID Card/ Driving License / Passport).

5. **Benefits of KVP**.

(a) KVP is a safe mode of investment and not subject to market risks.

(b) Single holders or joint holders can nominate any person so that the nominee will be entitled to the benefits of the KVP.

(c) KVP certificate as collateral or security to avail secured loans.

KISAN VIKAS PATRA RATES (%) FOR 5 YEARS

Years	2020-21	2019-20	2018-19	2017-18	2016-17
Rates (%)	6.9	7.6	7.7	7.3	7.7

PUBLIC PROVIDENT FUND

1. The Public Provident Fund (PPF) is a long-term investor-friendly investment scheme mandated by the government and backed up with guaranteed returns. This scheme is ideal for individuals who want to earn high but stable returns with a low risk appetite. Proper safekeeping of the principal amount is the prime target of individuals opening a **PPF** account. Further, invested funds in the PPF account are not market-linked either.

2. **Features**.

(a) **Eligibility**. You need to be a resident Indian.

(b) **Account Holding Categories**.

(i) Individual.

(ii) Minor through the guardian.

(c) **Entry Age**. An adult can open an account in his/her own name directly or on behalf of a minor.

(d) **Investments**.

(i) Minimum ₹ 500.00 annually.

(ii) Maximum ₹ 1.5 lakh annually.

Maximum 12 installments per year.

Note:- Investment in a PPF account has to be made every year to ensure that the account remains active.

(e) **Interest**. 7.1% per annum and is subject to quarterly updates at the discretion of the government.

(f) **Tenure**. 15 years extendable by 5 years after lock-in period is over.

3. **Other Aspects**.

(a)	Capital Protection	- Yes (Govt of India).
(b)	Inflation protection	- No.
(c)	Guarantees	- Yes (Govt of India).
(d)	Liquidity	- Not before the maturity period. But in case of emergencies, partial withdrawal can be made. However, this amount can only be extracted after the completion of 5 years of activation of the account. Up to 50% of the total balance can be withdrawn in one transaction in each financial year succeeding in the 4th year.

(e) Exit option - NA.

(f) Other Risks - No.

(g) Tax Implications - Exempted up to ₹ 1.5 lacs.

(h) Loan Facility on PPF - Yes, but only 25% or less of the total amount available in the account between 3rd to 6th years from the date of activation of the account.

4. **Opening of Account**.

(a) Both offline and online procedures are available for an individual provided he/she meets requisite parameters mentioned in the eligibility criteria. Activating PPF online can be done by visiting the portal of a chosen bank or post office.

(b) **Documents Required**.

(i) KYC documents verifying the identity of an individual, such as Aadhaar, Voter ID, Driver's License, etc.

(ii) PAN card.

(iii) Residential address proof.

(iv) Form for nominee declaration.

(v) Passport sized photograph.

SUKANYA SAMRIDDHI ACCOUNT (GIRL CHILD PROSPERITY ACCOUNT)

1. Sukankya Samriddhi Account (SSA) is a government backed small deposit scheme for a girl child to cater for her financial needs. The scheme comes with income-tax benefits under section 80C. The returns are tax- free as well.

2. **Features**.

(a) **Eligibility**. SSA can be opened for a girl child by the parents.

(b) **Account Holding Categories**. Only one account is allowed per child and maximum of two accounts for each of their children (exception allowed for twins and triplets).

(c) **Entry Age**. Account can be opened anytime between the birth of a girl child and the time she attains 10 years age.

(d) **Investments**.

(i) Minimum ₹ 250.00

(ii) Maximum ₹ 1,50,000.00 in a single account per year till completion of 15 years from the opening of account.

(e) **Interest**. 7.6% FY 2020-21.

(f) **Tax Benefits**. Tax exemption on the interest from the account and on withdrawal from the fund after maturity under Section 80C of the Income Tax Act.

(g) **Tenure**. 21 years from the date of opening of the account. The account allows 50% withdrawal at the age of 18 for higher education purpose.

3. **Other Aspects**.

(a)	Capital Protection	- Yes (Govt of India).
(b)	Inflation Protection	- No.
(c)	Guarantees	- Yes (Govt of India).
(d)	Liquidity	- NA.
(e)	Exit option	- NA.
(f)	Other Risk	- No.
(g)	Tax Implications	- Exempted.
(h)	Loan Facility	- NA.

4. **Account Opening Procedure**.

(a) The accounts can be open at any India Post office or a branch of authorised commercial banks. Only biological parents or legal guardians of the child can open the account.

(b) **Documents Required**.

(i) An account opening form.

(ii) Birth certificate of the girl child.

(iii) Photo ID of parents or legal guardian.

(iv) Address proof of parents.

(v) Photographs of child and parents.

SUKANYA SAMRIDDHI ACCOUNT RATES (%) OVER THE LAST 7 YEARS

Years	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Rates (%)	7.6	8.4	8.5	8.3	8.5	9.2	9.1

SOVEREIGN GOLD BOND

1. Sovereign Gold Bonds (SGB) are Govt securities and denominated in grams of gold. The scheme is issued by Reserve Bank of India on behalf of Govt of India in tranches. This scheme allows you to purchase gold on paper. SGB investors will have to pay the issued price in cash and on maturity, the bonds will be redeemed in cash. The issuance of gold bonds is usually announced through a press release from the Govt every 2 or 3 months with a window of one week when investors can subscribe to these schemes. The investors who have a low risk-appetite but would want a substantial return on their investment can opt for SGB Schemes. These bonds are one of the highest returns bearing schemes which is mandated by the Indian Govt.

2. **Features**.

(a) **Eligibility**. The bond will be restricted for sale to resident individuals, Hindu Undivided Families (HUFs), Trusts, Universities and Charitable Institutions.

(b) No age limit is specified.

(b) **Investments**.

(i) Minimum - 1 gram of Gold.

(ii) Maximum - 4 Kg for individual & HUFs and 20 Kg for trust and similar entities per fiscal (April-March); notified by the Govt from time to time.

(c) **Interest Rate**. 2.5% per annum payable semi-annually on the nominal value.

(d) **Tenure**. 8 years with exit option after 5th year.

3. **Other Aspects**.

(a) Capital Protection - Yes (RBI/ Govt of India).

(b) Inflation protection - Yes.

(c) Guarantees - Yes (RBI/ Govt of India).

(d) Tradability - Tradable on stock exchanges.

(e) **Exit Option**. - Yes, after 5 years from the purchase date.

(f) **Tax Implications** - Exempted on capital gain. Only interest on gold is taxable.

(g) Loan Facility - Yes, bonds can be used as collateral for loans. The loan-to-value ratio is to be set equal to ordinary gold loan mandated by the RBI from time to time.

4. **<u>Where to Purchase</u>**. These bonds can be purchased through Scheduled Commercials Banks (except Small Finance Banks and Private Banks), Stock Holding Corporation of India Limited (SHCIL), designated Post Offices and recognized stock exchanges viz NSE & BSE Limited.

5. **<u>Documents Required</u>**. KYC documents such as Voter ID, Aadhaar Card/ PAN or TAN/ Passport will be required.

6 **<u>Sales Channel</u>**. Sold through Commercial Banks, SHCIL, designated Post Offices and stock exchanges viz NSE & BSE either directly or through agents.

Appendix ‘B’
(Ref para 18 of Inv Model for
NOK of Offrs)

DEDUCTIONS AVAILABLE UNDER INCOME TAX ACT

Section	Deduction on	Allowed Limit (maximum)
80C	• Investment in PPF • NSCs • Life Insurance Premium payment • Children’s Tuition Fee • Principal Repayment of home loan • Investment in Sukanya Samriddhi Account • ULIPS • ELSS • Sum paid to purchase deferred annuity • Five year deposit scheme • Senior Citizens savings scheme • Contribution to notified Pension Fund set up by Mutual Fund or UTI. • Subscription to Home Loan Account scheme of the National Housing Bank • Subscription to deposit scheme of a public sector or company engaged in providing housing finance • Contribution to notified annuity Plan of LIC	₹ 1,50,000
80CCC	For amount deposited in annuity plan of LIC or any other insurer for a pension from a fund referred to in Section 10(23AAB)	-
80CCD(1B)	Additional contribution to NPS	₹ 50,000
80TTA(1)	Interest Income from Savings account	Maximum up to ₹ 10,000
80TTB	Exemption of interest from banks, post office, etc. Applicable only to senior citizens	Maximum up to ₹ 50,000
80E	Interest on education loan	Interest paid for a period of 8 years
80EE	Interest on home loan for first time home owners	₹ 50,000
80CCG	Rajiv Gandhi Equity Scheme for investments in Equities	• Lower of 50% of amount invested in equity shares; or • ₹ 25,000
80D	Medical Insurance - Self, spouse, children Medical Insurance - Parents more than 60 years old or (from FY 2015-16) uninsured parents more than 80 years old	• ₹ 25,000 • ₹ 50,000
80DD	Medical treatment for handicapped dependent or payment to specified scheme for maintenance of handicapped dependent • Disability is 40% or more but less than 80% • Disability is 80% or more	• ₹ 75,000 • ₹ 1,25,000
80DDB	Medical Expenditure on Self or Dependent Relative for diseases specified in Rule 11DD • For less than 60 years old • For more than 60 years old	• Lower of ₹ 40,000 or the amount actually paid • Lower of ₹ 1,00,000 or the amount actually paid
80U	Self-suffering from disability : An individual suffering from a physical disability (including blindness) or mental retardation • An individual suffering from severe disability	• ₹ 75,000 • ₹ 1,25,000

Appendix 'C'
(Ref para 21 of Inv Model for
NOK of Officers)

<u>CUSTOMISED INVESTMENT MODEL: OFFICERS</u>

Ser	Cat	Ultra Safe	Safe	Acceptable Risk
1.	Parents	**<u>Monthly Income</u>** • Annuity • 5 year MIS • SCSS • PMVVY • Bank FD (NC) • NPS **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra • Bank FD (C)	**<u>Monthly Income</u>** • Annuity • 5 year MIS • SCSS • PMVVY • Bank & Corporate FD (NC) • NPS **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra • Bank & Corporate FD (C)	**<u>Monthly Income</u>** • SCSS • PMVVY • RBI Taxable Bonds • Corporate FD (NC) • Debt MF • NPS **<u>Growth</u>** • PPF • 5 Year NSC • Mutual Funds
2.	Newly married	**<u>Monthly Income</u>** • Annuity • 5 year MIS • Bank FD (NC) • NPS **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra	**<u>Monthly Income</u>** • Annuity • 5 year MIS • Bank & Corporate FD (NC) • RBI Taxable Bonds • NPS **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra	**<u>Monthly Income</u>** • 5 year MIS • RBI Taxable Bonds • Corporate FD (NC) • Debt MF • NPS **<u>Growth</u>** • PPF • 5 Year NSC • Mutual Funds
3.	Children < 10 years	**<u>Monthly Income</u>** • 5 year MIS • Bank FD (NC) **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra • Sukanya Samriddhi Acct-1.5 Lakhs per child	**<u>Monthly Income</u>** • 5 year MIS • Bank & Corporate FD (NC) **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra • Sukanya Samriddhi Acct - 1.5 Lakhs per child	**<u>Monthly Income</u>** • 5 year MIS • Corporate FD (NC) • Debt MF **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra • Sukanya Samriddhi Acct - 1.5 Lakhs per child • Mutual Funds
4.	Children >10 years	**<u>Monthly Income</u>** • 5 year MIS • Bank FD (NC) **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra	**<u>Monthly Income</u>** • 5 year MIS • Bank & Corporate FD (NC) **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra	**<u>Monthly Income</u>** • 5 year MIS • Corporate FD (NC) • Debt MF **<u>Growth</u>** • PPF • 5 Year NSC • Kisan Vikas Patra • Mutual Funds

NC - Non Cumulative C - Cumulative