

## Frequently Asked Questions on Public Provident Fund (PPF)

### **1. What is the PPF Scheme?**

Public Provident Fund (PPF) scheme is a long term investment scheme backed by the Government of India, framed under the Public Provident Fund Act, 1968. It offers safety with attractive interest rate and returns that are fully exempted from Tax.

### **2. Who can open account under PPF scheme?**

- a. Individual or individual as guardian of a minor can open the account. (account cannot be opened in Joint names).
- b. Only one account can be opened by an individual in his/her own name.

### **3. Who cannot open PPF account?**

- a. HUF are not eligible.
- b. Non Resident Indians are not eligible.

### **4. What is the Limit of Subscription to a PPF account?**

Minimum subscription of Rs.500/- and maximum of Rs.1, 50,000/- can be made in lump sum or in 12 instalments per financial year. (The subscription limits stands enhanced to Rs. 1,50, 000/ per year w.e.f. 23.08.2014)

### **5. When does a PPF account mature and can PPF account continue with deposits after maturity?**

The duration of the account is 15 years and the account can be continued for one or more blocks of 5 years without loss of interest on written request within 1 year from the date of maturity.

### **6. When is an account treated as Discontinued?**

Where subscribers fail to subscribe the minimum amount Rs 500/- in a financial year, the account will be treated as discontinued. The subscriber in such cases will not be entitled to obtain a loan or make a partial withdrawal unless the account is revived. The subscriber cannot open another PPF account in addition to the discontinued one.

### **7. How can a Discontinued Account be revived?**

A subscriber to a discontinued account may revive the discontinued account by payment of Rs. 50/- as penalty for each year of default along with arrear subscription of Rs. 500/- for each year.

### **8. What is the Rate of Interest under PPF ?**

As declared by Government of India time to time

### **9. Is nomination facility available under the scheme ?**

Yes, the PPF scheme facilitates nominations of one or more persons. However, no nomination(s) is possible in case of minor account.

### **10. Can there be a change in nominations ?**

Yes, changes to previous nomination(s) are possible by applying a fresh nomination(s).

### **11. Can a PPF account be transferred ?**

Yes, the account is transferable to and from permitted branches of nationalised or private sector banks or Post Offices by submitting a request letter by the PPF A/c Holder to the existing Accounts Office.

### **12. Whether Loan facility or partial withdrawal is available under the PPF scheme ?**

Yes, the depositor is eligible for a loan in the third financial year from the financial year in which the account was opened. Loan up to 25% of the balance amount standing at the credit of the account at the end of first financial year can be availed. Loan is repayable in 36 months. The rate of interest on the loan shall be at 2% per annum above the PPF interest rate. The repayment of loan may be made either in one lump sum or in two or more monthly instalments within the prescribed period of thirty six months. The repayment is credited to the subscriber's account. After the principal of the loan is fully repaid, the subscriber shall pay interest thereon in not more than two monthly instalments. If the loan is not repaid within the prescribed period of thirty six months, interest on the amount of loan outstanding shall be charged at six per cent per annum instead of at two per cent per annum.

Withdrawal is allowed every year from the end of the 5th year. The amount is limited to 50% of the account balance at the end of 4th year immediately preceding the year of withdrawal or at the end of the preceding year whichever is lower less the amount of loan if any drawn by him which is unpaid.

If any account is continued after maturity, a partial withdrawal up to 60% of the balance of credit at the commencement of the extended period is permitted during the 5 years block period.

### **13. Is Partial Withdrawal allowed from a Minor's Account ?**

Yes, Withdrawal from a minor's account is allowed for which the declaration as under shall be obtained from the Guardian.

“Certified that the amount sought to be withdrawn is required for the use of \_\_\_\_\_ (name of minor) who is alive and is still a minor.”

### **14. Can a PPF account continue with Deposits after maturity?**

Yes, a subscriber may, after maturity of the PPF account, continue the account for one or more blocks of 5 years without loss of interest on written request within 1 year from the date of maturity.

### **15. Can a PPF account continue without deposits after maturity?**

Yes, PPF account can be continued after maturity without making any further deposits. The balance will continue to earn interest at the notified rates. The subscriber can make one withdrawal of any amount in each financial year.

### **16. Can name of the account be changed on account of marriage of a female subscriber?**

Yes, In the event of her marriage, a female subscriber may request for change in name of the account by submitting documentary evidence for the same.

### **17. How is the repayment of balance in the PPF account done after the death of the subscriber?**

Upon death of the subscriber, repayment of the balance in the PPF account will be made to the Nominee or to the Legal heirs after submission of necessary documents.

## **18. Does the PPF account earn interest after the death of the subscriber?**

Yes, the PPF account continues to earn interest at the notified rate even after the death of the subscriber.

## **19. Whether premature closure of the PPF account is allowed?**

Premature Closure is allowed only after the account or the account of the minor account holder of whom he/she is the guardian has completed five financial years, where:

A subscriber shall be allowed premature closure of his account or the account of a minor of whom he/she is the guardian, only after the account has completed five financial years, on any of the following grounds namely:

a) that the amount is required for the treatment of serious ailments or life threatening diseases of the account holder, spouse or dependent children or parents, on production of supporting documents from competent medical authority;

b) that the amount is required for higher education of the account holder or the minor account holder, on production of documents and fee bills in confirmation of admission in a recognized institute of higher education in India or abroad.

Provided further that premature closure shall be subject to deduction of such amount, which shall be equivalent to one per cent less interest on the interest rates as applicable from time to time.

Disclaimer: PPF (Amendment Scheme) 2016 and other Small Savings schemes are implemented by National Savings Institute, under Ministry of Finance. Customers are requested to visit government site for latest instructions regarding these schemes.

## **20. What are the income tax benefits available under PPF scheme?**

Tax benefits under section 88 of Income Tax Act are available. Interest income is also totally exempt from income tax. Amount outstanding to the credit of PPF account is fully exempt from wealth tax.