Public Provident Fund Rules

- The Public Provident Fund Scheme is a statutory scheme of the Central Government of India.
- The Scheme is for 15 years.
- **Public Provident Fund Interest Rate is fixed by the Ministry of Finance, Government of India, annually, and at present is 8.7%** compounded annually (as of April 1st 2014 – March 31st 2015).
- The minimum deposit is 500/- and maximum is Rs. 1,50,000/- in a financial year.
- One deposit with a minimum amount of Rs.500/- is mandatory in each financial year.
- The deposit can be in lumpsum or in convenient installments, not more than 12 Installments in a year or two installments in a month subject to total deposit of Rs.1,50,000/- per FY.
- It is not mandatory to make a deposit in every month of the year. The amount of deposit can be varied to suit the convenience of the account holders.
- The account in which deposits are not made for any reasons is treated as discontinued account and such account can not be closed before maturity.
- The discontinued account can be activated by payment of minimum deposit of Rs.500/- with default fee of Rs.50/- for each defaulted year.
- Account can be opened by an individual or a minor through the guardian.
- **Joint account is not permissible.**
- Those who are contributing to GPF Fund or CPF/PF account can also open a **PPF account**.
- A Power of attorney holder can neither open or operate a PPF account.
- The grand father/mother cannot open a PPF account on behalf of their minor
- grand son/daughter.
- The deposits shall be in multiple of Rs.100/- subject to minimum amount of Rs.500/-.
- **The deposit in a minor account is clubbed with the deposit of the account of the Guardian for the limit of Rs.1,50,000/-.**
- No age is prescribed for opening a PPF account.
- According to **Public Provident Fund Scheme 1968**, the facility of loan against the PPF deposits is available from 4th to 6th year of deposit to the extent of 25 % of the amount deposited as at the end of the last financial year. The loan is repayable in 36 months. There is a lock-in period of 15 years and the money can be withdrawn in whole after its maturity period. However, pre-mature withdrawals can be made from the end of the sixth financial year from when the commenced. The maximum amount that can be withdrawn pre-maturely is equal to 50% of the amount that stood in the account

at the end of 4th year preceding the year in which the amount is withdrawn or the end of the preceding year whichever is lower.

- Public Provident Fund Withdrawal or Pre-mature closure of a PPF Account is not permissible except in case of death
- Nominee/legal heir of PPF Account holder on death of the account holder can not continue the account, but account has to be closed.
- The account holder has an option to extend the PPF account for any period in a block of 5 years on each time.
- The account holder can retain the account after maturity for any period without making any further deposits. The balance in the account will continue to earn interest at normal rate as admissible on PPF account till the account is closed.
- One withdrawal in each financial year is also admissible in such account held beyond 15 years subject to a ceiling of 60% of the balance at the end of the 15 year term.
- The **PPF scheme** is operated through Post Office and **Nationalized banks through its authorized branches as per GOI notification**.{ Presently Bank of India is having 275+1250(new approved on 1.8.2014) branches }
- Account is transferable from one Post office to another and from Post office to Bank and from Bank to Post office.
- Account is transferable from one Bank to another bank as well as within the bank to any branch.
- Deposits in **PPF** qualify for rebate under section **80-C of Income Tax Act**.
- The interest on deposits is totally tax free.
- Deposits are exempt from wealth tax.
- The balance amount in PPF account is not subject to attachment under any order or decree of court in respect of any debt or liability.
- More than one person nomination facility available.
- Best for long term investment.
- Bank of India is one of the best Bank where deposits are accepted intersol and since it provides better flexibility like standing instructions through net Banking.
- The forms are available on Bank’s website under Download(please see it on the bottom of your web page)

Documents Required for PPF Account

Documents for the PPF account are similar to the any other account in banks.

- A recent passport size photograph.
- Identity Proof copy with original to verify(Even PAN Card may be accepted as all tax payers are having it)

- Address Proof copy with original to verify
- Account opening form for PPF(available on Bank’s website)
- Paying in slip for PPF a/c (available on Bank’s website)
- Nomination form for PPF (available on Bank’s website)
- Account number of the saving account in respective bank(if you are having you’re a/c with the Bank)
- If net banking has not yet been taken, it is better to take it in your SB A/C for which a simple form for net Banking is to be filled for existing a/c holders. If you are opening new a/c then you may opt for Welcome KIT in which you will receive Debit card,Net Banking and cheque book instantly
- There are 275 old branches the list of which is available on Bank’s website under download. 1250 more branches have been authorized on 1st August,2014 by official Gazette Notification of GOI Ministry of Finance. These branches may provide you your passbook later on as they may not be having ready stationery with them but they may complete other formalities.
- The best time for deposit in the PPF a/c is between 1st to 5th of the month as any amt deposited upto 5th of the month (Interest is calculated on the balance between 5th and last day of the month)