

Frequently Asked Questions on Public Provident Fund (PPF)

1. Who can apply under PPF scheme?

An individual can open a PPF account on his / her own behalf and / or on behalf of a minor of whom he is the guardian. An individual can open only one PPF account on his / her own behalf.

2. Who can not open a PPF Account?

A Non Resident India (NRI) cannot open an account under the scheme. However if a resident who subsequently becomes an NRI during the currency of the maturity period prescribed under PPF can subscribe to his/her account till maturity but cannot extend the account.

Since May 13, 2005, Hindu Undivided Family also can not open a account under the scheme. Accounts opened prior to May 13, 2005 may continue subscription to their account till maturity. They also can not extend the account any further.

3. What is the Limit of Subscription to a PPF account?

An individual on his / her own behalf and on behalf of a minor of whom he is the guardian can subscribe an amount (in integral multiples of ₹ 5/-) not less than ₹ 500/- and not more than ₹ 1,00,000/-, in a financial year.

The ceiling on deposits as provided for by the Central Government from time to time, which is ₹ 1,00,000/- in a financial year at present, is both for individual self account and account(s) opened on behalf of minor(s) of whom he is the guardian, taken together.

4. How many subscriptions are permitted in a financial year?

The subscription into an account can be made in a single lump sum or in installments not exceeding twelve in a financial year.

5. When is an account treated as Discontinued?

Where subscribers having subscribed ₹ 500/- or more in the initial year fail to subscribe the minimum amount in the following years, 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 at any other Account Office.

6. How can a Discontinued Account be revived?

A subscriber to a discontinued account may approach the Account Office for revival of the discontinued account by payment of ₹ 50/- for each year of default along with arrear subscription of ₹ 500/- for each year.

7. What is the Rate of Interest under PPF?

Interest rate is notified by the Central Government in official gazette from time to time and is currently notified at 8.8% p.a.

8. Is nominations facility available under the scheme ?

The PPF Scheme facilitates nominations of one or more persons to receive the amount standing to the subscriber's credit in case of death. However no nomination(s) is possible in case of minor account.

9. Can there be a change in nominations?

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

10. Can a PPF account be transferred?

Yes, a PPF account can be transferred from one account office to another.

11. When does a PPF account mature?

A subscriber can withdraw the entire balance standing to his / her credit after the expiry of fifteen years from the end of the financial year in which the initial subscription is made.

12. Is Partial Withdrawal account from the PPF account?

Anytime after the expiry of five years from the end of the financial year in which the initial subscription is made, the subscriber can partially withdraw but not more than fifty percent (50%) from the balance that stood to his / her credit at the end of the fourth financial year immediately preceding the year of withdrawal or at

the end of the preceding financial year whichever is lower, less the loan amount (if any). Only one withdrawal is allowed per financial year.

For example, an account opened in January 2010 will be eligible for partial withdrawal from April 1, 2015. For a partial withdrawal requested in April 2015, the amount of withdrawal will be limited to 50% of the lower of the balances standing to his / her credit as on March 31, 2012 or on March 31, 2015.

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

Withdrawals from a minor's account requires the guardian to furnish a certificate in the following form:

"Certified that the amount sought to be withdrawn is required for the use of _____ who is alive and is still a minor."

14. Can a PPF account continue with Deposits after Maturity?

A subscriber may, after maturity of his / her PPF Account, exercise an option to subscribe for a further block periods of 5 years, subject to the prescribed limits of subscription. This option has to be exercised by the subscriber before the end of the first financial year after maturity.

Partial withdrawals in the block periods shall be limited to one per each financial year and are not to exceed 60% of the balance outstanding at the commencement of the block period.

On completion of the first block period, a subscriber may continue to subscribe for further block periods, subject to the limits of subscription and exercise of such option should be done in the first financial year of every extended block period.

15. Can a PPF account Continue without Deposits after Maturity?

A subscriber can retain his / her PPF account after maturity without making any further deposits. The balance will continue to earn interest. The subscriber can make one withdrawal of any amount in each financial year.

16. When and what is the loan amount that can be availed?

A subscriber can avail a loan on his / her PPF deposit any time after the expiry of one year from the end of the financial year in which the initial subscription was

made but before the expiry of five years from the end of the financial year in which the initial subscription was made.

For example, a subscriber opening an account in January 2010 will be eligible for a loan from April 2011 to March 2015.

The loan amount will be limited to 25% of the balance outstanding to the subscriber's credit at the end of the second year immediately preceding the financial year in which the loan is requested. For example, a subscriber requesting a loan in April 2011 will be eligible for 25% of the amount (including interest) that stood to his credit as on March 31, 2010.

17. How is the repayment of loan done?

The principal amount of the loan is to be repaid by the subscriber before the expiry of thirty-six months from the first day of the month following the month in which the loan is sanctioned.

The loan repayment is to be made in one lump sum or in two or more monthly installments within the thirty-six month period.

After the principal amount of the loan is fully repaid, the subscriber shall pay the interest amount in not more than two monthly installments. Interest is calculated at 2% above on the principal amount for the period commencing from the first day of the month following the month in which the loan is availed up to the last day of the month in which the last installment of the loan is repaid.

18. Can a change in name of female subscriber on account of marriage possible?

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

19. How is the repayment done after the death of the subscriber?

If a subscriber to an account in respect of which nomination is in force dies, the nominee or nominees may make an application in Form G, or as near thereto as possible, to the Bank together with the proof of death of the subscriber and on receipt of such application all amounts standing to the credit of the subscriber after making adjustment, if any in respect of interest on loans taken by the subscriber shall be repaid by the Bank itself to the nominee or nominees.

If the nominee is dead, the surviving nominee or nominees shall, in addition to the proof of death of the subscriber, also furnish proof of the death of the deceased nominee.

Where there is NO nomination in force at the time of death of the subscriber, the amount standing to the credit of the deceased after making adjustment, if any, in respect of interest on loans taken by the subscriber, shall be repaid by the Bank to the legal heirs of the deceased on receipt of application in Form G in this behalf from them.

If the credit balance standing in the account is upto Rs.1 lakh, the same may be paid to his/her legal heirs on production of :

- a). A letter of indemnity.
- b). An affidavit
- c). A letter of disclaimer on affidavit, and
- d). A certificate of death of subscriber, on stamped paper.

20. Does the PPF account earn interest after the death of the subscriber?

On the death of the subscriber, the balance in PPF a/c. does not cease to earn interest. The interest is admissible till the end of the month preceding the month in which payment of the deposits is made to the nominee / legal heirs.

21. Can a PPF account be transferred from one individual to another?

A PPF a/c. is not transferable from one individual to another, as such the nominee cannot continue the account of a deceased subscriber in his own name.
