PUBLIC PROVIDENT FUND (PPF)

Long-term Tax-Saving Investment Scheme

SCHEME OVERVIEW

Public Provident Fund (PPF) is a long-term savings scheme backed by the Government of India. It offers attractive interest rates, tax benefits, and complete capital protection. PPF is ideal for individuals seeking a safe, tax-efficient investment option for retirement planning and long-term wealth creation.

KEY FEATURES

Feature	Details
Interest Rate	7.1% per annum (compounded annually) Rate is reviewed quarterly by Government
Investment Amount	Minimum: Rs. 500 per year Maximum: Rs. 1.5 lakhs per year
Tenure	15 years from date of account opening Can be extended in blocks of 5 years
Tax Benefits	Section 80C: Up to Rs. 1.5 lakhs deduction Interest earned is completely tax-free Maturity amount is tax-free
Withdrawal	Partial withdrawal allowed after 7 years Loan facility available from 3rd to 6th year
Risk Profile	Zero risk - Government guaranteed Capital protection assured
Compounding	Interest compounded annually Calculated on lowest balance between 5th and last day of month

ELIGIBILITY CRITERIA

- **Age:** Any individual (resident Indian) can open a PPF account
- **Number of Accounts:** Only one PPF account per person
- **HUF:** Hindu Undivided Family cannot open PPF account
- **NRI:** NRIs cannot open new PPF accounts (existing accounts can be maintained)
- **Minors:** Parents/guardians can open PPF account on behalf of minor
- **Documents:** PAN card, Aadhaar card, address proof, and photographs required

INVESTMENT OPTIONS

You can invest in PPF through:

- **Lump Sum:** Invest entire amount (up to Rs. 1.5 lakhs) in one go
- **Monthly Installments:** Spread investment across 12 months (minimum Rs. 500/year)
- **Frequency:** Maximum 12 deposits per year
- **Payment Methods:** Cash, cheque, online transfer, or auto-debit facility
- **Timing:** Deposit before 5th of month to earn interest for that month

MATURITY & EXTENSION

- **Maturity Period:** 15 years from account opening date
- **Extension:** Can extend for 5 years at a time (no limit on extensions)
- **Extension Options:**
- Continue with contributions (up to Rs. 1.5 lakhs/year)
- Continue without contributions (only interest accrues)
- **Maturity Amount:** Can be withdrawn fully or partially
- **Partial Withdrawal:** After maturity, can withdraw partial amounts

WITHDRAWAL RULES

Type	Eligibility	Amount	Frequency
Partial Withdrawal	After 7 years	Up to 50% of balance at end of 4th year preceding year of withdrawal	Once per year
Loan Facility	3rd to 6th year	Up to 25% of balance at end of 2nd year preceding year of loan	Once per year
Premature Closure	Only in case of life-threatening disease or death	Full amount with interest	One-time

TAX BENEFITS (Section 80C)

- **Investment Deduction:** Contributions up to Rs. 1.5 lakhs per year qualify for deduction under Section 80C
- **Interest Tax-Free:** Interest earned on PPF is completely exempt from income tax
- **Maturity Tax-Free:** Entire maturity amount (principal + interest) is tax-free
- **EEE Status:** PPF enjoys Exempt-Exempt-Exempt (EEE) status - investment, interest, and maturity all tax-free
- **No TDS:** No Tax Deducted at Source on interest or maturity amount
- **Wealth Tax:** PPF balance is exempt from wealth tax

MATURITY CALCULATION EXAMPLES

Annual Investment	Tenure	Total Investment	Maturity Amount (approx)	Returns
Rs. 1,00,000	15 years	Rs. 15,00,000	Rs. 31,00,000	Rs. 16,00,000
Rs. 1,50,000	15 years	Rs. 22,50,000	Rs. 46,50,000	Rs. 24,00,000
Rs. 50,000	15 years	Rs. 7,50,000	Rs. 15,50,000	Rs. 8,00,000

Note: Maturity amounts are approximate based on current interest rate of 7.1% p.a.

ACCOUNT OPENING PROCESS

Step 1: Visit Branch

Visit any Sun National Bank branch with required documents.

Step 2: Fill Form

Fill PPF account opening form (Form A) and nomination form.

Step 3: Submit Documents

Submit KYC documents (PAN, Aadhaar, address proof) and photographs.

Step 4: Initial Deposit

Make initial deposit (minimum Rs. 500) via cash, cheque, or online transfer.

Step 5: Account Activation

Account is activated and PPF passbook/statement is issued.

Step 6: Online Access

Register for internet banking to manage PPF account online.

FREQUENTLY ASKED QUESTIONS

Q1: Can I have multiple PPF accounts?

No, only one PPF account per person is allowed. Opening multiple accounts can lead to penalty and closure.

Q2: What happens if I miss a year's contribution?

Missing contributions doesn't close the account, but you lose that year's tax benefit. Account continues to earn interest.

Q3: Can I transfer my PPF account?

Yes, PPF account can be transferred from one bank/post office to another. Form H needs to be submitted.

Q4: Is PPF better than FD?

PPF offers tax benefits (80C deduction + tax-free interest) and higher effective returns due to compounding, making it better for long-term tax-saving.

Q5: Can I take a loan against PPF?

Yes, loan facility is available from 3rd to 6th year. Loan amount is up to 25% of balance at end of 2nd year preceding year of loan.

Q6: What is the interest calculation method?

Interest is calculated on the lowest balance between 5th and last day of each month. Interest is credited annually on 31st March.

Q7: Can I extend PPF after 15 years?

Yes, you can extend PPF account in blocks of 5 years indefinitely. You can choose to continue with or without contributions.

Q8: Is PPF safe?

Yes, PPF is completely safe as it's backed by Government of India. Capital and returns are guaranteed.

IMPORTANT NOTES

• Interest rate is subject to change as per Government notification (reviewed quarterly).

• Minimum one deposit of Rs. 500 must be made per year to keep account active.

• Nomination is mandatory - ensure nomination form is filled at account opening.

• PPF account cannot be closed before maturity except in case of life-threatening disease.

• Interest rate is fixed for the entire financial year (April to March).

• PPF account can be opened online through net banking (if eligible).

• All transactions (deposits, withdrawals) are recorded in PPF passbook/statement.

• PPF is ideal for retirement planning due to long lock-in period and tax benefits.