FREQUENTLY ASKED QUESTIONS

Sr.No.	Question	Reply
1	What is a PPF Account.	It is a Government of India Scheme. PPF account is opened under The Public Provident Fund Scheme 1968. PPF scheme, 1968 introduced vide GSR 1136(E), dated 15.06.1968 was rescind vide GSR 913 (E) dated 12.12.2019 and was reintroduced vide GSR 915 (E) dated 12.12.2019 It is savings cum tax saver scheme for Indian residents only.
2	Who can open an account under PPF.	Any residential individual can open account for himself/herself and on behalf of a minor or a person of unsound mind as a guardian.
3	How many accounts can a person open.	An individual can open only one account either in post office or in bank. However an individual can also open one PPF account on behalf of each minor or a person of unsound mind of whom he is the guardian.
4	Who can not open an account under PPF.	PPF account can not be opened in the name of HUF, Trusts, NRI. However if a resident, who subsequently becomes Non Resident Indian during the currency of the maturity period prescribed under Public Provident Fund Scheme, may continue to subscribe to the Fund till its maturity on a Non Repatriation Basis
5	Can Grandparents open a PPF account on behalf of their minor grand son/daughter.	The grand father/mother cannot open a PPF account on behalf of their minor grand son/daughter when parents of the minor are alive. They can open the account if they are appointed as legal guardian after the death of the parents
6	Can a minor open a PPF account.	No a minor can not open a PPF account. However a PPF account on behalf of a minor can be opened by either father or mother. Both the parents cannot open a separate account for the same minor. An individual may open one PPF account on behalf of each minor of

		whom he is the guardian. Under the rules only father or mother can open a PPF account on behalf of minor son/daughter. If neither parent is alive or where the only living parent is incapable of acting, a person entitled under the law for the time being in force to have care of the property of minor can open a PPF account on behalf of the such a minor.
7	Can joint account be opened.	No joint account cannot be opened under PPF.
8	Can an illiterate person open a PPF account.	There is no bar in opening a PPF account by an illiterate subscriber. For this purpose the thumb impression of the subscriber will be attested by a respectable person known to the Accounts Office/Bank. The procedure for opening a savings account by a illiterate depositor will be followed. The blind person will be treated as illiterate subscriber. The attestation should be in the following terms:- "The subscriber is known to me and his thumb impression/mark has been affixed in my presence."
9	What is the maximum age limit for opening a PPF account.	There is no maximum limit of age for a person to open a PPF account. A person of any age can open an account
10	Can a person having General Provident Fund or Employee's Provident Fund account open a PPF account.	Yes, a person having General Provident Fund or Employee's Provident Fund account can also open a Public Provident Fund Account.
11	Can a Power of Attorney holder can open a PPF account.	No, A Power of Attorney holder can neither open a PPF account nor operate any PPF account on behalf of a subscriber.
12	**What is the minimum & maximum limit of investment**	Minimum Investment Rs.500/- and maximum investment is Rs.150000/- in on Financial Year
13	**Is Nomination available in PPF Scheme**	Yes, nomination is available under PPF. Nomination can be made in favour of one or more persons. However

		nomination can not be made in PPF accounts opened in the name of the minor.
14	**Can nomination be made in favour of a minor.**	Yes, if any nominee is a minor, the subscriber may appoint any person to receive the amount due under the account in the event of the death of the subscriber during the minority of the nominee.
15	**Can a nominee continue account of a deceased subscriber in his own name**	No, the nominee cannot continue the account of a deceased subscriber in his own name as the PPF accounts are not transferable from one individual to another. He is free to open an account in his own name if he so wishes even when he has applied for payment from the account of the deceased subscriber.
16	**Is it necessary to name nominees**	It is not mandatory to name nominees for a PPF account. However, it is advisable to do so to avoid conflicts in the event of death and to have a clear transfer of funds to a desired person
16A	**Can a NRI be appointed as a nominee.**	No, a NRI can not be appointed as a nominee.
17	**What is the maturity period of the Scheme**	PPF accounts have a maturity period of 15 years. However, this can be extended for as long as the account holder wishes to continue. Extensions can be done in blocks of 5 years at a time. For e.g. if an account matures on March 31st 2015, it can be extended till March 31st 2020. The next extension will be until March 31st 2025 and so on.
18	**Can a PPF account be extended for 2 years on maturity?**	No, a PPF account can be extended in the block of 5 years only.
19	**Whether a subscriber whose account has matured and he leaves the matured account without further deposits, can open a new PPF account as he will not be maintaining his existing account**	No, since the facility of extension for further block periods of 5 years has been provided in the scheme, the subscriber should extend the account instead of opening the new account
20	**Can a person withdraw his option for extension of PPF account for 5 years.**	No, The subscriber who has given his option for the extension of the account for a period of 5 years cannot withdraw his request at a later stage.

21	**Is it mandatory to withdraw all the money in PPF account at the end of 15 years?**	No. It is not necessary to redeem all the funds held in the account at maturity. The account term can be continued or extended in blocks of 5 years for as many number of times as the investor wishes. The account can be continued for 5 years per extension. Extensions can be done by depositing fresh funds or without making any further deposits.
22	**Can a person continue to earn returns if the account is inactive**	yes. the balance in a discontinued account not revived by the account holder before its maturity shall continue to earn interest at the rate applicable to the Scheme from time to time
23	**Can one continue to earn interest on account if one extends the maturity period beyond 15 years?**	Yes. Interest will be calculated and paid out based on the interest rates prevailing during the period of extension. If no fresh deposits are made during the period of extension, interest will be calculated based on the balance held at the end of the 15th year. If fresh deposits are made to extend the term, it will be added to the balance at the end of the 15th year and the total amount will be treated as principal for interest calculations
24	**If a person open a PPF account in his minor child's name, can he claim tax deductions from both accounts i.e. his child's and his own, when he file taxes?**	The maximum investment cap of Rs.1.5 lakhs applies to all contributions you make to your account, your minor child's account,collectively. Only amounts up to Rs.1.5 lakhs can be claimed as deduction U/S 80C of the Income Tax Act. For e.g. if you contribute Rs.1 lakh toward your account and Rs.1 lakh toward your child's account, you can claim only Rs.1.5 lakhs as deduction and not Rs.2 lakhs
25	**Can one invest more than Rs.1.5 lakh in a financial year.**	Interest will be calculated and paid out only on amounts up to Rs.1.5 lakhs for any year. Only the maximum annual investment limit i.e. Rs.1.5 lakhs a year will be considered towards all calculations for all purposes
26	**Can a person claim tax deduction by depositing money in one's parents' PPF accounts.**	No, Only contributions made to an account holder's own account, or his/her minor child's account can be claimed as deductions U/S 80C of the Income Tax Act. The total contribution to any one or all of the abovementioned person's account is subject to the

		investment cap of Rs.1.5 lakhs per annum
27	**How the interest is calculated.**	For any given month, investments made on or before the 5th will be considered for interest calculations for that month. Interest is calculated on the lower of the balance held on the 5th of a month to the end of the month. For e.g. An account held Rs.1 lakh at the start of month. The account holder decided to invest Rs.50,000. He did so on 10^{th} of the month. In this case, the balance on the 5th of the month was Rs.1 lakh and was Rs.1.5 lakhs at month-end. Here, Rs.1 lakh is the amount that will be considered for calculation of interest. The additional investment of Rs.50,000 would be considered for the next month. If, however, the account holder had deposited the additional Rs.50,000 on 3^{rd} of the month, the balance on the 5th of the month would have been Rs.1.5 lakhs. This would have been the amount considered for interest calculations for that month.
28	**What happens to the money if one dies before maturity**	It can be claimed by the nominees or the legal heirs in the absence of nominees. If a nominee was named by the account holder, he/she will receive the entire amount held in the account. If more than one nominee was named, the nominees will receive funds held in the account proportionately i.e. as stated by the account holder in the nomination form.
29	**How can a nominee/legal heir claim funds in a PPF account**	Nominees or legal heirs can claim funds in a PPF account when the account holder has passed away. They will be required to produce proof of death of the account holder. Nominees can claim funds in the proportion stated by the account holder in the nomination.
30	**Can one withdraw money before maturity.**	Yes, Any time after the expiry of five years from the end of the year in which the initial subscription was made , a subscriber may, if he so desires, can withdraw from the balance to his credit, an amount not exceeding fifty per cent of the amount

		that stood to his credit at the end of the forth year immediately preceding the year of withdrawal or at the end of preceding year, whichever is lower, less the amount of loan, if any, and which remains to be repaid. For example If an account is opened during 1990-91, the first withdrawal can be made during 1996-97 upto 50% of the balance as on 31.3.1993 or 31.3.1996 whichever is lower less the amount of loan, if any, drawn and which remains to be repaid. The balance as on 31.3.1993 or 31.3.1996 will include interest upto year 1992-93 or 1995-96 as the case may be.
31	**Can we close a PPF account before maturity.**	Yes, An account holder shall be allowed premature closure of his account or the account of a minor or person of unsound mind of whom is the guardian on an application to the accounts office/Bank in Form-5, on any of the following grounds, namely:- (a) treatment of life threatening disease of the account holder, his spouse or dependent children or parents, on production of supporting documents and medical reports confirming such disease from treating medical authority; (b) higher education of the account holder, or dependent children on production of documents and fee bills in confirmation of admission in a recognized institute of higher education in India or abroad; (c) on change in residency status of the account holder on production of copy of Passport and visa or Income tax return: Provided that an account under this Scheme shall not be closed before the expiry of five years from the end of the year in which the account was opened: Provided further that on such premature closure, interest in the account shall be allowed at a rate which shall be lower by one per cent. than the rate at which interest has been credited in the account from time to time since the date

		of opening of the account, or the date of extension of the account, as the case may be.
32	**How many withdrawals can be made in a year**	Only one withdrawal is permissible during any one year.
33	**Is the amount of withdrawal is repayable.**	No, the amount of withdrawal is not repayable.
34	**Can a with drawal from PPF account, be redeposited to meet the minimum annual investment requirement**	Yes, withdrawl from PPF account can be used to invest the minimum amount of Rs.500 required as annual investment.
35	**Can loan be sanctioned against PPF account.**	Yes, loan can be granted at any time after the expiry of one year from the end of the year in which the initial subscription was made but before expiry of five years from the end of the year in which the initial subscription was made not exceeding twenty five percent of amount that stood to his credit at the ends of the second year immediately preceding the year in which the loan is applied for. For Example the first loan can be taken in the third financial year from the financial year in which the account was opened upto 25% of the amount at credit at the end of the first financial year. Thus, if an account was opened in 1996-97, the first loan may be drawn in 1998-1999, upto 25 per cent of the amount including interest for 1996-97 at credit in the account as on 31.3.1997. Further loans can be taken provided earlier loan(s) have been repaid in full. If one takes loan in 4th or 5th or 6th financial year, he can take loan upto 25% of the balance at his credit at the end of 2nd or 3rd or 4th financial year respectively. No loan can be taken after the end of the 6th financial year form the financial year in which the account was pened. The loan can be taken only once in a year even though the loan taken in the

		year is repaid in the same year as the limit of amount of loan is fixed for each year
36	**What is repayment period of loan**	The principal amount of a loan is repayable before the expiry of thirty six months from the first day of the month following the month in which the loan was sanctioned. The repayment may be made either in one lump sum or in two or more monthly installments within the prescribed period of thirty six months. The repayment will be credited to the subscriber's account. After the principal of the loan is fully repaid, the interest shall be repayable in not more than two monthly installments at the rate of **one percent per annum** of the principal for the period of commencing from the first day of the month following the month in which the loan is drawn up to the last day of the month in which the last installment of the loan is repaid. Further if the loan is not repaid or is repaid, only in part 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 one per cent per annum from the first day of the month following the month in which the loan was obtained to the last day of the month in which the loan is finally repaid.
37	**Can withdrawals be made in addition to taking out a loan against PPF account?**	No, withdrawals and loans are exclusive of each other as per the rules of operating a PPF account. Loan facilities are extended to account holders only between the 3rd and 6th year of operating an active account whereas partial withdrawals are allowed from the 7th year onwards. This means you cannot avail a loan from the 7th year

		onwards nor can you make withdrawals before the 6th year. This scheme was devised to promote savings and while loans and withdrawals are allowed to a certain extent to allow for some liquidity, the scheme, in general, does not aim to encourage a reduction in savings potential.