



PUBLIC PROVIDENT (PPF) FUND ACCOUNT

Presented by Abinash Kr. Mandilwar

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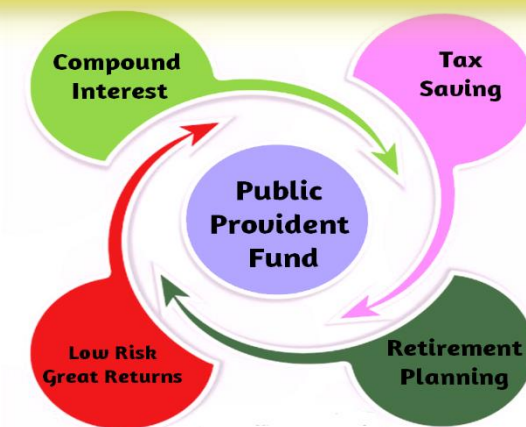
Interest **Features**

Public Provident Fund Account

Rules

Tax Benefits **Withdrawal**

BANKING DIGEST BY ABINASH MANDILWAR



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INTRODUCTION OF PPF SCHEME

- ❖ The Public Provident Fund / PPF Scheme was started by the National Savings Organization in 1968 to promote small savings and investments.
- ❖ The Public Provident Fund Scheme is a statutory scheme of the Central Government of India.
- ❖ PPF Account is a long term Debt Scheme of Govt. of India on which regular interest is paid.
- ❖ Best for long term investment.
- ❖ 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.



WHO CAN OPEN THE PPF ACCOUNT?

- ❖ Any resident Indian Individual (No joint a/c) in India can invest in this scheme.
- ❖ Only one account is allowed.
- ❖ No age is prescribed for opening a PPF account.
- ❖ NRIs, HUF, Company, Trust, Society are not allowed to invest in PPF.
- ❖ NRIs who had opened a PPF account while they were resident Indians can operate the account until 15 years with no option for extension.
- ❖ Either father or mother can open PPF Account on behalf of minor. In the death of parents, Grand parents can open a PPF Account.
- ❖ A Power of attorney holder can neither open nor operate a PPF account.

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OPENING AND OPERATION OF PPF ACCOUNT

- **The PPF scheme is operated through Post Office and public sector banks through its authorized branches as per GOI notification.**
- **PPF account can be opened by physical visit at branch along with 'Form-A' (Account Opening Form).**
- **Documents for opening of the PPF account are similar to the any other account in banks .**
 - 1. A recent passport size photograph.**
 - 2. KYC documents for identity and address proof.**
 - 3. PAN card is compulsory.**
- **PPF account can be open through internet banking where KYC compliance has been already done by bank.**
- **More than one person nomination facility is available.**
- **Account is transferable from one Post office to another and from Post office to Bank and from Bank to Post office or within the bank to any branch.**

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INVESTMENT IN PPF ACCOUNT

- The minimum initial deposit is Rs. 500/-, and maximum is Rs. 1,50,000/- in a financial year.
- If contributions are in excess of Rs. 1.5 lakh in a year, the excess deposits will be treated as irregular and will not carry any interest.
- 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/-.
- The deposit can be in lump sum or in convenient instalments, not more than 12 Instalments in a year through cash, cheque, DD or online transfer.
- One deposit is mandatory in each financial year.
- The discontinued account can be activated by payment of minimum deposit of Rs. 500/- with default fee of Rs. 50/- for each defaulted year.

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MATURITY PERIOD OF PPF ACCOUNT

- **The PPF Scheme is long term investment for 15 years. Your investment will be lock in for 15 years.**
- **The account holder has the option to extend the PPF account for any period in a block of 5 years at each time.**
- **It is noted that the lock-in period is applicable on full financial year. Suppose, you open a PPF account on 1st July 2023. Then the financial year 2023-24 will not count for calculation in lock-in period. Lock in period starts from 1st April 2024 and ends on 31st March 2039.**
- **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.**



INTEREST PAYABLE

- ❖ PPF int. rate for 1st April 2024 quarter stands at 7.10%.
- ❖ PPF is a fixed income investment. The interest rate on PPF account is notified by central government every quarter.
- ❖ Interest on PPF is calculated monthly on the lowest balance between the close of the fifth day and the last day of every month, i.e. for the purpose of interest calculation, amount that is deposited into the account before 5th of the month is only considered.
- ❖ Hence, it is advised that deposits should be made between 1st and 5th of the month to maximize the returns.



PPF INTEREST RATES FOR THE PAST 10 YEARS

Period	Rate
From 1 April 2024 to June 2024	7.1%
From 1 April 2023 to 31 March 2024	7.1%
From 1 April 2022 to 31 March 2023	7.1%
From 1 April 2021 to 31 March 2022	7.1%
From 1 April 2020 - 31 March 2021	7.1%
July–September, 2019	7.9%
April –June, 2019	8.0%
October 2018 –March, 2019	8.0%
July – December, 2017	7.8%
April –June, 2017	7.9%
January–March , 2017	8.0%

Period	Rate
July – December, 2016	8.1%
April – June, 2016	8.1%
April 2015– March 2016	8.7%
April 2014 – March 2015	8.7%
April 2013 – March 2014	8.7%
April 2012 – March 2013	8.8%
December 2011 – March 2012*	8.6%
April 2011 – December 2011	8.0%
April 2010 – March 2011	8.0%
April 2009 – March 2010	8.0%
April 2008 – March 2009	8.0%

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PREMATURE CLOSURE OF ACCOUNT

Premature closure of PPF Account is allowed only after 5 years in the following cases:

1. On the death of the depositor (without any locking period);
2. That the amount is required for the treatment of serious ailments or life threatening diseases of the account holder, spouse, dependent children or parents, on production of supporting documents from competent medical authority;
3. That the amount is required for higher education of the account holder or minor account holder, on production of documents and fee bills in confirmation of admission in a recognize institute in India or abroad.

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LOAN AGAINST THE PPF DEPOSITS

- The option of loan against PPF is available from the **3rd year** calculated from the account opening date till the end of the 6th year of the PPF account.
- For example, If you open an account on 1st July 2019 then you are eligible for loan from 3rd year i.e. 1st April 2021 to end of 6th year i.e. 31st March 2025.
- The amount that can be availed as a loan is linked to the total value of PPF deposits plus any accrued interest.
- The amount that is availed as loan against PPF as calculated by the PPF return calculator is equal to **25% of the PPF balance** in the account for the year preceding the year of PPF loan application.
- The loan is repayable in **36 months** made either in one lump sum or in instalments..
- The rate of interest on the loan is **2%** more than the interest you are earning on the account.

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PARTIAL WITHDRAWALS IN PPF ACCOUNTS

- 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 **7th financial year** from when they commenced.
- Customer can make one withdrawal every year after the **expiry of six years**. From the 7th financial year, of an amount that does not exceed 50% of the balance of the customer credit at the end of the fourth year immediately preceding the year of withdrawal or the amount at the end of the preceding year, whichever is lower.
- If the PPF account is continued after maturity for a further block period of 5 years, the subscriber is eligible to make partial withdrawals not exceeding one every year subject to the condition that the total of the withdrawals, during the 5 year block period, shall not exceed 60% of the balance at his credit at the commencement of the said period.



PPF INTEREST ON MATURITY CHART

The chart shows the maturity Value, Loan Amount and Withdrawal amount @ 8% annual, if you deposit Rs. 1.50 lakh /year for 15 years.

Years	Opening Balance	Amount Deposited	Interest Earned	Closing Balance	Loan (Max.)*	Withdrawal (Max.)**
1	₹ 0	₹ 150,000	₹ 12,000	₹ 162,000	₹ 0	₹ 0
2	₹ 162,000	₹ 150,000	₹ 24,960	₹ 336,960	₹ 0	₹ 0
3	₹ 336,960	₹ 150,000	₹ 38,957	₹ 525,917	₹ 40,500	₹ 0
4	₹ 525,917	₹ 150,000	₹ 54,073	₹ 729,990	₹ 84,240	₹ 0
5	₹ 729,990	₹ 150,000	₹ 70,399	₹ 950,389	₹ 131,479	₹ 0
6	₹ 950,389	₹ 150,000	₹ 88,031	₹ 1,188,420	₹ 182,498	₹ 0
7	₹ 1,188,420	₹ 150,000	₹ 107,074	₹ 1,445,494	₹ 0	₹ 262,959
8	₹ 1,445,494	₹ 150,000	₹ 127,640	₹ 1,723,134	₹ 0	₹ 364,995
9	₹ 1,723,134	₹ 150,000	₹ 149,851	₹ 2,022,985	₹ 0	₹ 475,195
10	₹ 2,022,985	₹ 150,000	₹ 173,839	₹ 2,346,824	₹ 0	₹ 594,210
11	₹ 2,346,824	₹ 150,000	₹ 199,746	₹ 2,696,570	₹ 0	₹ 722,747
12	₹ 2,696,570	₹ 150,000	₹ 227,726	₹ 3,074,296	₹ 0	₹ 861,567
13	₹ 3,074,296	₹ 150,000	₹ 257,944	₹ 3,482,240	₹ 0	₹ 1,011,493
14	₹ 3,482,240	₹ 150,000	₹ 290,579	₹ 3,922,819	₹ 0	₹ 1,173,412
15	₹ 3,922,819	₹ 150,000	₹ 325,826	₹ 4,398,645	₹ 0	₹ 1,348,285

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Public Provident Fund Model Chart for Monthly Deposit of 1000/- One Thousand Rupees (Investment & Interests)

Investment Period (Deposit upto 15 Fin. Years)

		1st Yr	2nd Yr	3rd Yr	4th Yr	5th Yr	6th Yr	7th Yr	8th Yr	9th Yr	10th Yr	11th Yr	12th Yr	13th Yr	14th Yr	15th Yr
Opening Balance after adding Interest ==>		0	12520	26042	40645	56417	73450	91846	111713	133171	156344	181372	208402	237594	269121	303171
Investment Months	April	1000	13520	27042	41645	57417	74450	92846	112713	134171	157344	182372	209402	238594	270121	304171
	May	2000	14520	28042	42645	58417	75450	93846	113713	135171	158344	183372	210402	239594	271121	305171
	June	3000	15520	29042	43645	59417	76450	94846	114713	136171	159344	184372	211402	240594	272121	306171
	July	4000	16520	30042	44645	60417	77450	95846	115713	137171	160344	185372	212402	241594	273121	307171
	August	5000	17520	31042	45645	61417	78450	96846	116713	138171	161344	186372	213402	242594	274121	308171
	September	6000	18520	32042	46645	62417	79450	97846	117713	139171	162344	187372	214402	243594	275121	309171
	October	7000	19520	33042	47645	63417	80450	98846	118713	140171	163344	188372	215402	244594	276121	310171
	November	8000	20520	34042	48645	64417	81450	99846	119713	141171	164344	189372	216402	245594	277121	311171
	December	9000	21520	35042	49645	65417	82450	100846	120713	142171	165344	190372	217402	246594	278121	312171
	January	10000	22520	36042	50645	66417	83450	101846	121713	143171	166344	191372	218402	247594	279121	313171
	February	11000	23520	37042	51645	67417	84450	102846	122713	144171	167344	192372	219402	248594	280121	314171
	March	12000	24520	38042	52645	68417	85450	103846	123713	145171	168344	193372	220402	249594	281121	315171
Total IBB		78000	228240	390499	565739	754998	959398	1180150	1418562	1676047	1954131	2254461	2578818	2929123	3307453	3716050
Interest Earned @ 8.0%		520	1522	2603	3772	5033	6396	7868	9457	11174	13028	15030	17192	19527	22050	24774

Total Amount Invested at 1000/- per Month = $1000 \times 12 \text{ Months} \times 15 \text{ Years} = 180000/-$

Total Interest Earned at 8.0% Rate of Interest = 159944/-

Maturity Amount for Monthly 1000/- Deposit at Present Rate of Interest of 8.0% is 339944/-

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TAX BENEFITS OF PPF ACCOUNT

- Investments into the PPF account are eligible for tax benefits under Section 80C of the Income Tax Act, for up to a maximum of 1.5 lacs per annum.
- PPF falls under the EEE (Exempt, Exempt, Exempt) tax basket.
- The total amount received upon maturity and the interest earned is both exempted from income tax.
- Contributions to the PPF accounts of the spouse and children are also eligible for tax deduction.
- Deposits are exempt from wealth tax.

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LIST OF ALL FORMS IN A PPF ACCOUNT

The following table represents all the forms which are related to the PPF account.

List of Forms	Nature of the Form
Form A	For opening a Public Provident Fund account.
Form B	For making deposits in the PPF account and repaying the loans against the PPF account.
Form C	For partial withdrawals from the PPF account.
Form D	To apply for a loan against the PPF account.
Form E	Adding a nominee for the PPF account.
Form F	Changing the nomination for the PPF account.
Form G	For the claiming of funds in a PPF account by a nominee or the legal heir.
Form H	For extending the maturity of the PPF account (1 or 5 years).





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