7 Public Provident Fund (PPF)

(1) Under this scheme, a person can open account in his name or his children's name or wife's name. He can also take benefit of deduction from taxable income u/s 80 C, for the amount invested in the account of his children & wife.

(2) To maintain the account every year, one has to deposit minimum Rs. 500 or maximum Rs. 1,50,000. If the amount invested in a particular account exceeds Rs. 1,50,000 in a year, then such excess amount shall be refunded, without any interest.

(3) This account can be Opened / Transferred in any branch of post office or SBI.

(4) Withdrawal before maturity is allowed once in a year from 7^{th} financial year form the year of opening of account and the amount can be withdrawn, as per the following a or b, whichever is less.

(a) Balance in the account at the end of immediate preceding forth year to the year of withdrawal or

(b) Balance in the account on 31st March of immediate previous year to the year of withdrawal.

For Example – If a person opens an account on or before Mar 31, 2010 then from 7^{th} financial year, i.e.,2016-17, he can withdraw 50% of the amount of the following clause (a) or clause (b), whichever is less (a) Balance on Mar. 31, 20013 or (b) Balance on Mar. 31, 2016

(5) Due to any reason, if minimum amount is not deposited during the year then by depositing Rs. 500 (minimum amount) & penalty of Rs. 50 during next year the account can be continued.

(6) *Loan Facility:* Loan can be taken after 2 years and before the end of 5 years of the account opening year. Repayment of loan can be done within 36 months. Interest is charged it 1 % more than the normal rates. One can take loan many times within 5 years provided earlier loan has been repaid fully.

(7) *Continuing Account after Maturity:* Account can be continued for next five years if applied within 1 year of maturity period. This way account can be extended for a time period of 5 years or more as desired.

(8) If any person is not closing P.P.F Account after maturity period or he is not extending the account for next 5 years, then also interest will be credited to the account periodically. Maturity value can be retained without extensions and even without further deposits.

(9) PPF Account cannot be sealed by court order.

(10) The only negative point of this scheme is that the Govt. may change the interest rate yearly.

(11) Investment in PPF is the most beneficial and safest way to save the Income tax because we can get deduction U/s 80C up to the investment of Rs.1,50,000 in a year. Besides, Interest credited on PPF account by bank /post office on total investment is also tax free. thy E.E.E. Model

12. Premature Closure : - According to the new rules released by the Government of India, a subscriber will be allowed to prematurely close his or her PPF account, after completion of 5 financial years and on deduction of penalty of 1% from the interest payable on deposit from the date of opening till the date of closures, only for the purpose of:

a. treatment of serious ailment /life threatening disease of the account holder, spouse, dependent children or parents supported by documents from the competent medical authority, or

b. Higher education of the account holder (or minor account holder), supported by fee bills and documents of admission in a recognised institute of higher education of India or abroad.