PPF - Public Provident Fund Basics

The **Public Provident Fund** has been established by the Central Government of India. You can voluntarily decide to open one. You need not be a salaried individual, you could be a consultant, a freelancer or even working on a contract basis. You can also open this account if you are not earning.
Any individual can open a **PPF** account in any nationalised bank or its branches that handle PPF accounts. You can also open it at the head post office or certain select post offices.
The minimum amount to be deposited in this account is Rs 500 per year. The maximum amount you can deposit every year is Rs 70,000.
You invest in it and you get a deduction on your income. Besides, the interest you earn on it is tax-free. Since it is a scheme run by the Government of India, it is also totally safe. You can be sure no one is going to run away with your money.

Public Provident Fund (**PPF**) is the Best Tax saving as well as Investment Scheme sponsored by the government of India. PPF is the scheme for every kind of Investor.

Salient features of PPF scheme:

Who Can Open	Any individual can open a PPF account, either for himself/he Even if you are a part of a General Provident Fund (GPF) o (EPF) scheme, you can subscribe to the PPF.
Investment Criteria	Min Amount :Rs. 500/- Max Amount Rs. 70,000/- The depositor can make a maximum 12 installments in a finan
Maturity period	The PPF account matures after 15 years but the contribution because the 15 year period is calculated from the financial y which the account is opened. Thus a PPF account matures on
Interest Rate	The current rate of interest is 8% per annum, compounded a month is calculated on the minimum balance available in the ac the last date of the month.
Nomination facility	Nomination facility is available.
Transferability	A PPF a/c are transferable among any nationalized bank and A PPF account cannot be transferred from one person to anoth
Withdrawal	The facility of first withdrawal can be done from 7th year of the 50% of the amount at credit preceding three year balance. T every year is permissible.
Loan Facility	1. A depositor can avail of loan facility in the third financial y which the account was opened. 2. The loan can be taken up to 25% of the amount in the acco year immediately preceding the year in which the loan is applie 3. The loan is repayable in lump sum or convenient installments 36 months, interest is charged at 1% and if it is not repaid with the rate of 6% is charged on the outstanding balance. 4. A second loan can be obtained before the end of the 6th fi fully repaid.
Premature Encashment	Premature closure of a PPF Account is not permissible excep depositor.
Deduction u/s 80C	Deposits in **PPF** account qualify for deduction under section the same time Maturity proceeds is also completely tax exemp

	tax act.
Interest Taxability	The interest on deposits is totally tax exempt.
Other features	Deposits are exempt from wealth tax. The balance amount in P attachment under any order or decree of court in respect of any holder has an option to extend the PPF account for any period time.