

PUBLIC PROVIDENT FUND SCHEME, 1968

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PUBLIC PROVIDENT FUND SCHEME, 1968

¹1. Published in the Gazette of India, Extraordinary, Pt. II, Sec. 3 (i). dated 15th June, 1968. In exercise of powers conferred by Sec. 3 of the Public Provident Funds Act, 1968 (23 of 1968), the Central Government hereby makes the following Scheme, namely:

1. Short title and commencement :-

(1) This Scheme may be called the Public Provident Fund Scheme, 1968.

(2) It shall come into force on 1st July, 1968.

2. Definitions :-

In this Scheme, unless the context otherwise requires-

(a) "account" means a Public Provident Fund Account under this Scheme;

(b) "accounts office" means an office or branch of the State Bank of India (excluding a pay office, a sub-pay-office or any other office managed by a single officer or clerk) and any other office authorised by the Central Government to receive subscriptions under the Scheme;

(c) "accounts officer" means the person who, for the time being, is in charge of an accounts office;

(d) "Act" means the Public Provident Fund Act, 1968 (23 of 1968);

(e) "Form" means a form appended to this Scheme;

1 [(ee) "guardian", in relation to a minor, means -

(i) father and mother;

(ii) where 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 the minor;]

(f) "Year" means the financial year.

1. Inserted by G.S.R. 368 (E), dated 1st August, 1972.

3. Limits of subscription :-

1[(1)] Any individual may on his own behalf or on behalf of a minor of whom he is the guardian, subscribe to the Public Provident Fund (hereinafter referred to as the Fund) any amount not less than Rs. 500²and more than ²[Rs. 70,000] in a year.

45[(2) * * * * *]

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"(3) Non-Resident Indians (NRIs) are not eligible to open an account under the Public Provident Fund Scheme :

Provided that if a resident who subsequently becomes NRI during the currency of maturity period prescribed under Public Provident Fund Scheme, may continue to subscribe to the Fund till its maturity on a non-repatriation basis."

1. Entry renumbered as entry '(1)' by G.S.R. 598 (E), dated 22nd July, 1985 (w.e.f. 22nd July, 1985).

2. In Paragraph 3, in sub-paragraphs (1) and (2), the letters and figures "Rs 100" and "Rs 60,000", shall be substituted by Public Provident Fund (Second Amendment) Scheme, 2002. Gaz. of India, Exty., Pt. II-Sec. 3(1), No. 523, dt. 15.11.2002, p. 2.

4. Substituted by G.S.R. 895 (E), dated 23rd June, 1986 (w.e.f. 23rd June, 1986), for the sub-paragraph. Ins. by G.S.R. 598 (E), dated 22nd July, 1985.

5. In paragraph 3, sub-paragraph (2) shall be omitted, BY THE Public Provident Fund (Amendment) Scheme, 2005

6. Inserted by Public Provident Fund (Amendment) Scheme, 2003.

4. Manner of making the subscription :-

(1) Every individual desirous of subscribing to the Fund under this Scheme, for the first time, either in his own behalf or on behalf of a minor of whom he is guardian ¹[or on behalf of a Hindu undivided family of which he is a member]²[or on behalf of. an association of persons or a body of individuals as referred to in Cl. (g) of sub-section (2) of S.80C of Income tax Act, 1961 (43 of 1961)] shall apply to the accounts office in Form A, or as near thereto as possible together with the amount of initial subscription, which should be In integral multiples of Rs. 5.

(2) On receipt of an application under sub-paragraph (1), the accounts office shall open an account in the name of the subscriber and issue a pass book to him, wherein all amounts of deposits, withdrawals, loans and payment thereof together with interest due shall be entered over the signature of the accounts officer with the date stamp.

[(3) The subscriber shall deposit his subscription with the accounts office with a challan in Form B, or as near thereto as possible. The counterfoils of the challan shall be returned to the depositor by the accounts office, duly evidenced by receipt.

In the case of deposits made by the cheque or draft or postal order, the accounts office may issue a paper token to the depositor pending realisation of the proceeds.)

³(4) Every subscription shall be made in cash or by crossed cheque or draft or pay order in favour of the Accounts Office at (he place at which that office is situated.

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"⁴ (5) Where a deposit is made by means of an outstation cheque or instrument, collection charges at the prescribed rate shall be payable alongwith the deposit and the date of realisation of the amount shall be the date of deposit."

1. Inserted by Public Provident Fund (Amendment) Scheme, 1985, vide G.S.R. 598 (E), dated 22nd July, 1985 (w.e.f. 22nd July 1985).

2. Inserted by Public Provident Fund (Amendment) Scheme, 1986, vide G.S.R. 895 (E), dated 23rd June, 1986 (w.e.f. 23rd June. 1986).

3. In paragraph 4, for sub-paragraph (4), the following sub-paragraph shall be substituted, by the Public Provident Fund (Amendment) Scheme, 2004

4. INSERTED BY Public Provident Fund (Second Amendment) Scheme, 2003 [Noti. No. F. No. 7/5/03-NS-II, dt. 27.8.2003-Gaz. of India, Exty., Pt. II-Sec. 3(I), No. 409, dt. 27.8.2003, p. 2.]

5. Number of subscriptions :-

¹ The subscriptions which shall be in multiples of Rs. 5, may, for any year, be paid into the account in one lump sum or in instalments not exceeding twelve in a year.]

1. Substituted by G.S.R. 368 (E), dated 1st August, 1972.

6. Transfer of accounts :-

¹ A subscriber may apply for transfer of his account from one accounts office to another accounts office].

1. Substituted by G.S.R. 204 (E), dated 9th April, 1980 (w.e.f. 10th April, 1980).

7. Issue of duplicate pass-books, etc. :-

(1) In the event of loss or destruction of a pass-book issued by an accounts office, the office may, on an application made to it in this behalf, and on payment of rupee one by the subscriber, issue a duplicate thereof to him.

¹[(2) A subscriber who fails to subscribe in any year according to the limits specified in paragraph 3, may approach the accounts office for condonation of the default, on payment, for each year of default, a fee of ²Rs. 50 along with arrear subscription of ² Rs. 500 for each such year.]

1. Substituted by G.S.R. 271 (E), dated 16th March, 1983.

2. In Paragraph 7, in sub-paragraph (2), the letters and figures "Rs 10" and "Rs 100", shall be substituted by Public Provident Fund (Second Amendment) Scheme, 2002. Gaz. of India, Exty., Pt. II-Sec. 3(1), No. 523, dt. 15.11.2002, p. 2.

8. Interest :-

Interest at the rate notified by the Central Government in the official Gazette from time to time shall be allowed for each calendar month on the lowest balance at credit of an account between the close of the fifth day and end of the month and shall be credited to the account at the end of each year:

Provided that where the interest to be credited contains a part of a

rupee, then, if such part is fifty paise or more, it shall be increased to one complete rupee and if such part is less than fifty paise, it shall be ignored.

9. Withdrawal from the fund :-

(1) 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, apply in Form C or as near thereto as possible, together with pass-book to the accounts office for withdrawing 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 ¹[fourth year] immediately preceding the year of withdrawal ²[or at the end of the preceding year, whichever is lower] less the amount of loan, if any, drawn by him under paragraph 10 and which remains to be repaid :

³[Provided that not more than one withdrawal shall be permissible during any one year].

(2) On receipt of an application under sub-paragraph (1), the accounts office may, after satisfying itself that the amount of withdrawal applied for is not in excess of the limit prescribed in sub-paragraph (1) ⁴[and that the applicant has, till the date of the application been subscribing according to limit specified in paragraph 3] subject to the provisions of sub-paragraph (4), permit the withdrawal and enter the amount withdrawn in the passbook.

⁵[(2-A) ⁶[* * *]]

(3) Notwithstanding the provisions of sub-paragraph (1), any time after the expiry of 15 years from the end of the year in which the initial subscription was made by him, a subscriber may, if he so desires, apply in Form C or as near thereto as possible together with his pass-book to the accounts office for the withdrawal of the entire balance standing to his credit and the accounts office on receipt of such an application from the subscriber, shall subject to the provisions of sub-paragraph (4) allow the withdrawal of the entire balance (together with interest up to the last day of the month preceding the month in which the application for withdrawal is made) after making adjustments, if any, in respect of any interest due from the subscriber on loans taken by him and close his account.

[Provided that a subscriber may if he so desires make withdrawal of the amount standing to his credit, from time to time, in instalments not exceeding one in a year.]

7 [(3 -A) Subject to the provisions of sub-paragraph (3) a subscriber may, on the expiry of 15 years from the end of the year in which initial subscription was made but before the expiry of one year thereafter, may exercise an option with the accounts office in Form H, or as near thereto as possible, that he would continue to subscribe for a further block period of 5 years according to the limits of subscription specified in paragraph 3.

(3-B) In the event of a subscriber opting to subscribe for the aforesaid block period he shall be eligible to make partial withdrawals not exceeding one every year by applying to the accounts office in Form C, or as near thereto as possible, subject to the condition that the total of the withdrawals, during the 5 year block period, shall not exceed 60 per cent. of the balance at his credit at the commencement of the said period.

(4) Where the application is made by a person who has made subscriptions to the Fund on behalf of a minor of whom he is a guardian, he shall furnish a certificate in the following form, namely :

"Certified that the amount sought to be withdrawn is required for the use of..... who is alive and is still a minor."

1. Substituted by G.S.R. 598 (E), dated 22nd July, 1985 (w.e.f. 22nd July, 1985), for the word "sixth year".
2. Inserted by G.S.R. 895 (E), dated 23rd June, 1986 (w.e.f. 23rd June, 1986).
3. Substituted by *ibid.* (w.e.f. 23rd June, 1986), (or the proviso amended earlier by C.S.R. 598 (E), dated 22nd July, 1985 (w.e.f. 22nd July, 1985) and G.S.R. 368 (E), dated 1st August, 1972.
4. Inserted by G.S.R. 368 (E), dated 1st August, 1972.
5. Substituted by C.S.R. 271 (E), dated 6th March, 1983.
6. Deleted by G.S.R. 1013(B), dated 20th August, 1986.
7. Ins .by *ibid.*

10. Loans :-

(1) Notwithstanding the provisions of paragraph 9, any time after the expiry of one year from the end of the year in which the initial subscription was made but before 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, apply in Form D or as near thereto

as possible together with his pass-book, to the accounts office for obtaining a loan consisting of a sum of whole rupees not exceeding twenty-five per cent. of the amount that stood to his credit at the end of the second year immediately preceding the year in which the loan is applied for.

(2) On receipt of an application under sub-paragraph (1), the accounts office may, after satisfying itself that the amount of loan applied for is not in excess of the limit prescribed in sub-paragraph (1), ¹ [and the applicant has, till the date of the application, been subscribing according to the limit specified in paragraph 3 and] subject to the provisions of sub-paragraph 1, sanction the loan and enter the amount in the pass-book.

(3) Where the application is made by a person who has made subscriptions to the Fund on behalf of a minor of whom he is the guardian, he shall furnish a certificate in the following form, namely :

"Certified that the amount for which loan is applied for is required for the use of..... who is alive and is still a minor."

(4) A subscriber shall not be entitled to get a fresh loan so long as an earlier loan has not been repaid in full together with interest thereon.

1. Inserted by G.S.R. 368 (E), dated 1st August, 1972.

11. Repayment of loan and Interest :-

(1) The principal amount of a loan under this Scheme shall be repaid by the subscriber before the expiry of ¹[thirty-six] months from the first day of the month following the month in which the loan is sanctioned. The repayment may be made either in one lump sum or in two or more monthly instalments within prescribed period of ¹[thirty-six] months. The repayment will be credited to the subscriber's account.

(2) After the principal of the loan is fully repaid, the subscriber shall pay interest thereon in not more than two monthly instalments at the rate of (one per cent.) of the principal per annum for the period 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 instalment of the loan is repaid:

Provided that where the loan is not repaid or is repaid only in part

within the prescribed period of ¹[thirty-six] months, interest on the amount of loan outstanding shall be charged at six per cent. per annum instead of at ⁴[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.

5 [(3) The interest on the amount of loan outstanding under the proviso to sub-paragraph (2) and any portion of interest payable, but not paid, on any loan the principal amount of which has already been repaid within the prescribed period of thirty-six months, on becoming due, be debited to the subscriber's account.]

(4) The interest recoverable shall accrue to the Central Government.

1. Substituted by G.S.R. 598 (E), dated 22nd July, 1985 (w.e.f. 22nd July, 1985), for the words "twenty four".

4. Substituted by G.S.R. 368 (E), dated 1st August, 1972, for the words "two per cent".

5. Substituted by G.S.R. 598 (E), dated 22nd July, 1985 (w.e.f. 22nd July, 1985).

12. Nomination and repayment after death of subscriber :-

(1) A subscriber to the Fund may nominate in Form E or, as near thereto as possible, one or more persons to receive the amount standing to his credit in the event of his death before the amount has become payable or, having become payable, has not been paid.

(2) No nomination shall be made in respect of an account opened on behalf of a minor and in respect of an account opened on behalf of a Hindu undivided family (HUF)].

(3) A nomination made by a subscriber may be cancelled or varied by a fresh nomination in Form F or, as near thereto as possible, by giving notice in writing to the accounts office in which the account stands.

(4) Every nomination and every cancellation or variation thereof shall be registered in the accounts office and shall be effective from the date of such registration, the particulars of which shall be entered in the pass-book.

(5) If the 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.

(6) Notwithstanding the provisions contained in paragraph 9,-

(i) if a subscriber to an account in respect of which a nomination is in force dies, the nominee or nominees may make an application in Form G, or as near thereto as possible, to the account office together with proof of death of the subscriber and on receipt of such application all amounts standing to the credit of the subscriber after making adjustments, if any, in respect of interest on loans taken by the subscriber, shall be repaid by the accounts office itself to the nominee or nominees: ,

Provided that if any nominee is dead the surviving nominee or nominees shall, in addition to the proof of death of the subscriber, also furnish proof of death of the deceased nominee;

(ii) where there is no nomination in force at the time of death of the subscriber, adjustment, if any, in respect of interest on loan taken by the subscriber shall be repaid by the accounts office only to the legal heirs of the deceased on receipt of an application in Form G in this behalf from them:

1[Provided that the balance upto Rs. 1 lakh may be paid to the legal heirs on production of (i) a letter of indemnity, (ii) an affidavit, (iii) a letter of disclaimer on affidavit, and (iv) a certificate of death of subscriber, on stamped papers, in the forms as Annexures to Form G]

2 (7) A subscriber to the Fund cannot nominate a trust as his nominee.

1. Inserted by G.S.R. 895 (E.), dated 23rd June, 1986 (w.e.f. 23rd June, 1986).

2. in paragraph 12, after sub-paragraph (6), the following sub-paragraph shall be inserted, by the Public Provident Fund (Amendment) Scheme, 2004

13. Power to relax :-

1 Where the Central Government is satisfied that the operation of any of the provisions of this Scheme causes undue hardship to a subscriber it may, by order for reasons to be recorded in writing, relax the requirements of that provision in a manner not inconsistent with the provisions of the Act.

1. Inserted by G.S.R. 368 (E) dated 1st August, 1972.