

The Govt. of India has notified the revised Public Provident Fund Scheme 2019 on 12th December 2019, wherein a few changes have been made primarily related to the account operations.

5 Changes in PPF Account Rules that One Must Know

1. Removal of Restrictions in the Number of Deposits in a year

As per the earlier rules, an individual could not make more than 12 deposits in their PPF account in a financial year. However, the revised scheme has removed any such restriction on the number of deposits that can be made in a PPF account within a year.

2. Additional Reasons allowed for Premature Closure of Account

Earlier premature closure was allowed for pursuing higher education by the account holder only, the scope has now been broadened for the pursuance of higher education by dependent children as well. The closure on these grounds is allowed on the production of documents and fee bills confirming the admission in a recognized institute of higher education in India or abroad.

Further, a PPF account can also be closed earlier, but after the expiry of 5 years from account opening, if the residency status of the account holder has changed since NRIs are not allowed to open and operate PPF accounts now.

3. Continuation of PPF Account after 15 years without making deposits

Revised scheme rules have clarified that PPF account can be continued after 15 years with or without making deposits. However, such an option has to be made by

the account holder, and further operations to the account are regulated accordingly.

If the PPF account is continued without deposits, then the account holder cannot switch to making contributions to the PPF account thereafter.

4. Change in the Interest Rate on Loan from PPF Account

While the interest rate applicable to such PPF accounts was 2%, the interest rate on such loans has been reduced to 1% now.

Also, since the account does not earn interest on such an outstanding loan amount, the effective interest rate on such loans is the applicable PPF account interest rate plus 1%

5. Changes in Forms for PPF Account

As per revised PPF rules, the following five forms will now be applicable as below:

- Form 1 – Opening of Account form
- Form 2 – Form for application for loan/withdrawal
- Form 3 – Form for application for closure of the account
- Form 4 – Application for extension of account
- Form 5 – Form for premature closure of the account