



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2010-11/578

DGBA. CDD. No. H- 8842 /15.02.001/2010-11

June 17, 2011

The Managing Director/ Chief General Manager
Government Accounts Department
Government Business Department/Head Office
State Bank of India/State Bank of Patiala/
State Bank of Bikaner & Jaipur/State Bank of Travancore/
State Bank of Hyderabad/State Bank of Mysore/
Allahabad Bank/Bank of Baroda/Bank of India/
Bank of Maharashtra/Canara Bank/Central Bank of India/
Corporation Bank/Dena Bank/Indian Bank/
Indian Overseas Bank/Punjab National Bank/
Syndicate Bank/UCO Bank/Union Bank of India/
United Bank of India/Vijaya Bank/IDBI Bank/
ICICI Bank

Dear Sir/Madam,

**Public Provident Fund (PPF) Scheme -1968 - Clarification
Payment of interest in respect of PPF HUF accounts**

Please refer to our [Circular RBI/2010-11/344 DGBA.CDD.No.H-4311/15.02.001/2010-11 dated December 27, 2010](#), forwarding therewith a copy of Government of India Notification G.S.R.956 (E) dated December 7, 2010, on the above subject.

2. In this regard, Government of India has, vide their letter F.No.7/4/2008-NS.II dated June 1, 2011(copy enclosed), decided that interest at PPF rates would be paid on those PPF (HUF) accounts, which had attained the maturity after May 13, 2005 but closed by the subscribers before December 07, 2010, subject to the conditions that the accounts had not been extended thereafter and the deposits were retained in such accounts **without further subscriptions**.

This Department is ISO 9001-2000 Certified.

Department of Government & Bank Accounts, Central Office, 4th Floor, Reserve Bank of India Building,
Opp. Mumbai Central Railway Station, Mumbai – 400008.

Telephone: (022) 23084121, Fax: (022) 2301 0095/2300 0370, e-mail: cgmicdgbaco@rbi.org.in



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3. You may bring the contents of this circular to all your branches dealing with this scheme.

Yours faithfully

(P. S. Ranga Rao)
Assistant General Manager
Encls: As above

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F.No.7/4/2008-NS.II
Ministry of Finance
Department of Economic Affairs
(Budget Division)

New Delhi, the 1st June, 2011

The CGM (DGBA)
Reserve Bank of India
Department of Government & Bank Accounts
Central Office, Byculla Office Building
4th floor, Opposite Mumbai Central Railway Station
Byculla, Mumbai – 400 008

Sub: Payment of interest in respect of PPF (HUF) accounts

Sir,

I am directed to say that as per the provisions contained in Public Provident Fund (PPF) Scheme, 1968, prior to 13th May, 2005 accounts could be opened by individuals and on behalf of HUFs. With effect from 13th May, 2005 opening of PPF accounts has been restricted to "individuals" only. In this regard, a clarification was issued by Finance Ministry vide letter No. F.2/8/2005-NS.II dated 20.05.2005 intimating that PPF accounts of HUF shall continue till maturity and deposits/withdrawals in/from these accounts shall be allowed to be made in accordance with the rules of the scheme. However, any extension of existing accounts shall be subject to the amendment dated 13th May, 2005.

2. As per Paragraph 9 (3) of PPF Scheme, 1968, a subscriber to the account, any time after the expiry of 15 years from the end of the year in which the initial subscription was made, if he so desires, can apply for withdrawal of the entire balance standing to his credit. Further, as per proviso below Paragraph 9 (3), the 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.

3. An amendment has been made to PPF Scheme, 1968, vide this Ministry's Notification No. G.S.R. 956 (E) dated 7th December, 2010. A new Proviso below Sub Paragraph 3 of Paragraph 9 of PPF Scheme, 1968 has been inserted, according to which PPF accounts opened on behalf of HUFs prior to 13th May, 2005 shall be closed after expiry of 15 years from the end of the year in which initial subscription was made. In respect of those HUF accounts where the initial period of 15 years had already been completed prior to the

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issue of Notification dated 07.12.2010, such accounts were to be closed on 31st March, 2011.

4. Some of the subscribers of PPF (HUF) accounts had closed the accounts on maturity or thereafter between 13th May, 2005 to 7th December 2010 (before the issue of the aforesaid amendment). Some of such account holders, were not paid interest at PPF rates on the deposits retained beyond the maturity period (without further subscriptions). Those subscribers had been representing that interest at PPF rate may also be paid to them on the deposits that were retained in PPF accounts beyond maturity period. The matter has been examined in this Ministry and it has been decided that interest at PPF rate would be paid on those PPF (HUF) accounts, which had attained the maturity after 13.05.2005 but closed by the subscribers before 07.12.2010, subject to the conditions that the accounts had not been extended thereafter and the deposits were retained in such accounts without further subscriptions.

5. The above decision may be circulated to all concerned for compliance.

6. This issues with the approval of Secretary (EA).

Yours faithfully

-sd-

(M. A. Khan)

Under Secretary to the Govt. of India

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