

RBI/2004-05/479

Ref.No.CO.DT.15.02.001/H-9844-9866/2004-05

May 25, 2005
Jyeshtha 4, 1927 (S)

The General Manager
Government Accounts Department
State Bank of India and Associate Banks
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 /

Dear Sir,

Public Provident Fund Scheme, 1968 - Clarifications

Please refer to our Circular No.CO.DT.15.02.001/H-9593-9615/2004-05 dated May 14, 2005 forwarding therewith Government of India Notification dated May 13, 2005 issued by Ministry of Finance, amending the provisions of the PPF Scheme, 1968 with effect from May 13, 2005.

2. In this regard, Government of India, Ministry of Finance vide letter F.No.2/8/2005-NS-II dated May 20, 2005 have, inter *alia*, issued the following clarifications :

- i) Sequel to amendments to various Small Savings Schemes to restrict the scope of investments **only to individuals**, the accounts, if any, opened by juristic persons (HUFs, Trusts, Provident Funds, etc.) i.e. persons other than individuals (through single or joint accounts or deposits by guardians on behalf of minors and persons of unsound mind as per rules) on or after May 13, 2005, under any of the small savings scheme including Public Provident Fund Scheme, 1968, shall be treated as void *ab initio* and immediate action should be taken to close such accounts and to refund the deposits **without any interest to the depositors**.
- ii) It may, however, be noted that the above amendments **shall not be applicable to the existing accounts** opened in accordance with the rules in operation prior to the amendments dated May 13, 2005. These shall continue till maturity and deposits/withdrawals in/from these accounts shall be allowed to be made in accordance with the said rules. However, any extension of existing accounts shall be subject to the amendments dated May 13, 2005.

3. In view of the above, you may please issue suitable instructions to all your designated branches / offices operating the PPF Scheme, 1968 and ensure strict compliance with the same.

4. Please acknowledge receipt.

Yours faithfully,

(D.Rajagopala Rao)
Deputy General Manager