Public Provident Fund (PPF)

A 15-year, government-backed, fully tax-free savings scheme.

7.1% p.a. | EEE – fully tax-free

What is PPF?

PPF is a long-term savings scheme backed by the Government of India. You deposit up to ₹1.5 lakh a year for 15 years, earn a government-set rate (currently 7.1%, reviewed every quarter), and the entire corpus, your deposits, the interest, and the maturity amount, is exempt from income tax. That "EEE" status plus a sovereign guarantee makes it one of the safest long-horizon options for the debt part of a portfolio.

In brief

Suits	Long-term, guaranteed savings for the debt part of a plan; anyone resident, one account each.
You get	7.1% a year, compounded yearly, set by the government each quarter.
Your money	15-year account; loans from year 3, partial withdrawals from year 7.
Tax	Interest and maturity tax-free; the deposit is deductible only in the old regime.
Watch for	Deposit by the 5th of the month (or 5 April for a yearly lump sum) to earn that month's interest.

Key facts

Interest rate	7.1% p.a. (compounded yearly)
Tenure	15 years (extend in 5-year blocks)
Deposit / year	₹500 min · ₹1.5 lakh max
Tax	EEE, deposit (80C), interest & maturity all tax-free
Risk	Sovereign-backed, capital fully guaranteed

What's new

Sep 2026	Rates for October–December 2026 were kept unchanged; PPF stays at 7.1%.
Apr 2026	The Income-tax Act 2025 replaced the 1961 Act. The PPF deduction is now section 123, with the same ₹1.5 lakh limit.

Questions and answers

THE BASICS

How does PPF work?

You open one account (bank or post office), deposit between ₹500 and ₹1.5 lakh in a financial year, as a lump sum or in instalments. The balance earns a government-set rate, compounded yearly, and the account runs for 15 financial years. At the end you can withdraw the whole corpus tax-free, or extend in blocks of 5 years.

What does the 15-year tenure actually mean?

The 15 years are counted from the end of the financial year in which you open the account, not from the exact opening date. So an account opened any time in FY 2026-27 matures on 1 April 2042. In practice the money is locked for roughly 15–16 years, softened by the loan and partial-withdrawal facilities.

Is PPF safe?

Yes, PPF carries a sovereign guarantee from the Government of India, so both your capital and the declared interest are fully secure. There is no market risk. The only "risk" is that the interest rate is reset each quarter, so future returns can move up or down.

PPF vs EPF, what's the difference?

EPF (Employees' Provident Fund) is a workplace scheme, you and your employer both contribute a share of salary, and it currently pays 8.25%. PPF is a voluntary scheme anyone can open, capped at ₹1.5 lakh a year, currently paying 7.1%. Many people use EPF for the salaried default and PPF as a top-up, especially the self-employed who have no EPF.

INTEREST & RETURNS

What is the current PPF interest rate?

PPF pays 7.1% per annum for the Oct–Dec 2026 quarter, compounded annually. The rate has been steady at 7.1% since April 2020, but the government can revise it every quarter.

How exactly is PPF interest calculated?

Interest is calculated every month on the LOWEST balance in your account between the 5th and the last day of that month, but it is credited only once, at the end of the financial year (31 March). This "lowest balance" rule is why the deposit date matters (see below).

When is the best time to deposit for maximum interest?

Deposit on or before the 5th of the month, then that money counts towards the "lowest balance" and earns interest for the whole month. For a yearly lump sum, deposit before 5 April so it earns interest for all 12 months of the financial year. Depositing after the 5th loses you that month's interest on the fresh amount.

Is the 7.1% rate fixed for the full 15 years?

No. The rate is reviewed every quarter, so your effective return drifts with whatever the government announces over 15 years. Our calculator assumes a level 7.1%, treat the maturity figure as indicative, not a promise.

WHO CAN OPEN A PPF ACCOUNT

Who is eligible to open PPF?

Any resident individual can open exactly one PPF account in their own name. A parent or legal guardian can also open one on behalf of a minor. That's it, the scheme is built for individual residents.

Can an HUF open a PPF account?

No. Since 13 May 2005, a Hindu Undivided Family (HUF) cannot open a new PPF account. HUF accounts opened before that date were allowed to run only up to their original 15-year maturity and could not be extended. An individual member can, of course, still open a PPF account in their own name.

Can NRIs open or continue a PPF account?

An NRI cannot open a NEW PPF account. However, if you opened a PPF account while a resident and later became an NRI, you may continue it (on a non-repatriation basis) until its 15-year maturity, but you cannot extend it beyond maturity. On maturity it must be closed.

Can I open a PPF account for my child?

Yes. A parent/guardian can open a PPF account for a minor child and operate it until the child turns 18. Importantly, the combined deposit across your own account and the minor's account cannot exceed ₹1.5 lakh in a financial year for 80C and interest purposes.

Can I have more than one PPF account?

No. Only one PPF account per individual is allowed. If a second account is discovered, it is treated as irregular, it earns no interest and the deposits are refunded (recent rules allow merging in some cases). Don't open a second account thinking you can double the ₹1.5 lakh limit.

Can a husband and wife each have a PPF account?

Yes, each individual (including spouses) can have their own PPF account with a separate ₹1.5 lakh limit. A couple can therefore invest up to ₹3 lakh a year across two accounts. Only one account per person, though.

OPENING & OPERATING

Where can I open a PPF account?

At most banks (SBI, HDFC, ICICI, etc.) or at any post office. Many banks let you open and operate PPF fully online through net-banking, including setting up auto-debit for deposits.

What documents do I need?

KYC documents, proof of identity (Aadhaar/PAN), proof of address, a passport-size photo, the account-opening form (Form A) and a nomination form. If opening for a minor, add the child's age proof.

Can I transfer my PPF account between a bank and a post office?

Yes. A PPF account can be transferred between banks, or between a bank and a post office, and it is treated as a continuous account (not a new one), your tenure and balance carry over. You cannot, however, transfer ownership to another person.

Can I add a nominee?

Yes, and you should. You can nominate one or more persons and specify their shares. On the account holder's death the balance is paid to the nominee(s); if there is no nominee, legal heirs must claim it, which is slower.

DEPOSITS & LIMITS

What are the minimum and maximum deposits?

Minimum ₹500 in a financial year (to keep the account active), maximum ₹1.5 lakh. You can deposit in one shot or across the year, there is no longer a cap on the number of instalments.

What happens if I deposit more than ₹1.5 lakh in a year?

Any amount above ₹1.5 lakh in a financial year earns NO interest and gets no 80C benefit, it is simply returned to you without interest. Watch the combined limit if you also run a minor's account.

TAX TREATMENT

What are the tax benefits of PPF?

PPF is in the elite "EEE" category: the deposit qualifies for a section 123 (earlier 80C) deduction (within the ₹1.5 lakh limit), the annual interest is tax-free, and the maturity amount is fully exempt from tax. Very few products are tax-free at all three stages.

Does the 80C benefit apply under the new tax regime?

No. The section 123 (earlier 80C) deduction on the deposit is available only under the OLD tax regime. Under the new regime you don't get the 80C deduction, but the interest and maturity remain tax-free regardless of regime.

LOANS & WITHDRAWALS

When can I take a loan against my PPF?

Between the start of the 3rd year and the end of the 6th year. You can borrow up to 25% of the balance at the end of the 2nd year preceding the loan year. A second loan is allowed only after the first is repaid.

What interest do I pay on a PPF loan?

For loans taken after December 2019, the interest is just 1% above the prevailing PPF rate (so about 8.1% today), and it must be repaid within 36 months. It's one of the cheapest secured loans available.

When can I make a partial withdrawal?

From the 7th financial year onward, once per year. You can withdraw up to 50% of the balance at the end of the 4th year preceding the year of withdrawal, or the balance at the end of the preceding year, whichever is lower. Partial withdrawals are tax-free.

Can I close my PPF account early?

Premature closure is allowed only after 5 completed years, and only for specified reasons, a life-threatening illness of the holder/family, higher education of the holder/children, or a change in residency status. A 1% interest penalty applies (interest recomputed at 1% lower for the whole period).

MATURITY & EXTENSION

What are my options at maturity?

Three choices: (1) withdraw the entire corpus tax-free and close the account; (2) extend for another 5 years WITH fresh deposits (submit Form H within one year of maturity); or (3) extend WITHOUT further deposits (the balance keeps earning interest, and you can withdraw once a year).

How does extension without contributions work?

If you do nothing at maturity, the account is automatically treated as "extended without contribution". The balance keeps earning the PPF rate, and you can make one withdrawal of any amount per financial year. You cannot start fresh deposits later if you go down this route.

RULES & EDGE CASES

What if I miss a year's deposit?

The account becomes "inactive". You can revive it by paying ₹50 penalty per defaulted year plus the ₹500 minimum arrears for each of those years. An inactive account still earns interest, but you cannot take a loan or partial withdrawal until it is revived.

Is my PPF balance protected from creditors?

Yes. A unique feature of PPF is that the balance cannot be attached or seized under any court order or decree for the payment of the holder's debts. This protection makes it a safe refuge for long-term savings.

What happens to PPF on the account holder's death?

The account is closed on death (it cannot be continued by anyone, including a nominee). The balance, with interest, is paid to the nominee(s) or legal heirs. The 15-year lock-in does not apply in case of death, the money is released to the beneficiary.

Sources: Ministry of Finance notification of 30 Sep 2026 – small-savings rates, Oct-Dec 2026; Business Standard / Business Today on the MoF notification, 30 Sep 2026; TaxGuru: Chapter VIII deductions under the Income-tax Act 2025.

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