

Government Schemes: PPF-SCSS-SSA

PUBLIC PROVIDENT FUND (PPF) 1968

SALIENT FEATURES:

- **Interest rate** of 8.1% per annum w.e.f. 01-04-2016 (1st Quarter-01.04.2016 to 30.06.2016)
- **Minimum deposit** is 500/- per annum. **Maximum deposit** is Rs. 1,50,000/- per annum
- The scheme is **for 15 years**.
- **Investment up to Rs 1, 50,000/- per annum** qualifies for Income Tax Rebate under section 80C of IT Act.
- Interest is **completely tax-free**.
- **Deposits can be made in lump sum** or in 12 installments.
- One deposit with a **minimum amount of Rs 500/-** is mandatory in each financial year.
- **Withdrawal** is permissible from 6th financial year.
- **Loan facility** available from 3rd financial year up to 5th financial year. The **rate of interest** charged on loan taken by the subscriber of a PPF account on or after 01.12.2011 **shall be 2% p.a.** However, **the rate of interest of 1% p.a. shall continue to be charged on the loans already taken or taken up to 30.11.2011.**
- **Free from court attachment.**
- Non-Resident Indians (NRIs) **not eligible.**
- **An individual cannot invest on behalf of HUF** (Hindu Undivided Family) or **Association of persons.**
- **Ideal investment option** for both salaried as well as self-employed classes.

SENIOR CITIZEN'S SAVINGS SCHEME-2004

SALIENT FEATURES:

- **Interest @ 8.6%** per annum from the date of deposit on quarterly basis w.e.f. 01-04-2016 (for Quarter-I)
- **Minimum deposit is Rs 1000** and multiples thereof. **Maximum limit of 15 lakhs.**
- **Maturity period is 5 years** and can be **extended for a further period of 3 years.**
- **Age should be 60 years or more, and 55 years or more but less than 60 years** who has retired under a **Voluntary Retirement Scheme** or a **Special Voluntary Retirement Scheme** on the date of opening of the account within three months from the date of retirement.

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- **No age limit for the retired personnel** of Defense services provided they fulfill other specified conditions.
- **The account may be opened** in individual capacity or jointly with spouse.
- **TDS is deducted at source** on interest if the interest amount is more than Rs 10,000/- per annum.
- **Investment up to Rs 1, 50,000/- per annum qualifies** for Income Tax Rebate under section **80C of IT Act**.
- Interest can **be automatically credited to savings account** provided both the accounts stand in the same bank...
- **Premature closure is allowed after one year** on deduction of 1.5% of the deposit and after 2 years on deduction of 1%.
- **No withdrawal permitted before the expiry of a period of 5 years** from the date of opening of the account.
- Non-resident Indians (NRIs) and Hindu Undivided Family (HUF) are **not eligible to open an account**.

SUKANYA SAMRIDDHI ACCOUNT YOJANA (SSA)

- **Interest rate** for SSA would be 8.60% for FY 2016 -17 annually for the current fiscal year (Quarter-I) to be compounded yearly. The rates may vary with each financial year's budget, quarterly review
- **Parents or legal guardians** of the girl child can open this account with any post office or nationalized banks listed by RBI for this scheme with an **initial deposit of Rs 1,000 or more**. A **multiple of Rs 100** can be deposited to the account any number of times grossing to a maximum of **Rs 1, 50,000 per fiscal year**.
- Account would be **opened in the name of the girl child** by the parents or legal guardian of the child.
- **Only one account can be opened per girl child**. That means, a girl cannot have more than one account across all post offices and banks.
- **A maximum of two girl child** would be covered under the scheme for any given parents.
- Opening of account can take place for **any girl child till she attains a maximum age of 10 years**.
- **Since the scheme has been launched in current fiscal year**, a one year grace period is given for opening of the account. That means that those girl children who are born between 2nd December 2003 and 01st December 2004 can also have an account opened till **01st December 2015. Age Limit for SSA**
- There is a **minimum amount of Rs 1,000 to be deposited every year**. In case if it does not happen in a particular year, the account would be discontinued. **However**, it can be reactivated by paying a penalty of just Rs 50 along with the minimum deposit amount of Rs 1,000 for that financial year.
- **Partial withdrawal** is allowed up to a **maximum of 50 per cent of the balance during the preceding year of withdrawal**. It is noteworthy that this could only

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be done in case of the marriage of the girl child or for her higher education; **both after 18 years of her age.**

- **Account will mature after 21 years from the date of opening of the account.** In case if the girl child does not wish to close the account after maturity, **the deposits would keep growing** at the same rate of interest as per the scheme for every financial year.
- All contributions or deposits made towards **Sukanya Samriddhi Account** would be **exempted from income tax under section 80C.** Since the features of the scheme may keep improving every financial year.
- Overall, **Sukanya Samriddhi Account** is an excellent mode of saving for parents of the girl child.