

***The Public Provident Fund Act, 1968***  
***(23 OF 1968)***

**21/923**

[16th May, 1968]

An Act to provide for the institution of a provident fund for the general public.

Be it enacted by Parliament in the Nineteenth Year of the Republic of India as follows:-

**1. Short title and extent** .-(1) This Act may be called the Public Provident Fund Act, 1968.

(2) It extends to the whole of India.

***Object & Reasons*** ▼

**Statement of Objects and Reasons.**-The object of this Bill is to provide for the institution of a provident fund for the general public. The fund is meant to be a medium of long term savings for individuals. The Bill inter alia seeks to empower the Central Government to frame a Scheme Specifying the maximum and minimum limits in respect of subscriptions to the Fund; the extent to which withdrawals may be made from the Fund; the procedure for making subscriptions to, and withdrawals from the Fund; and other relevant matters. Interest on subscription will be credited to the individual account of subscribers to the Fund at the rate notified by the Central Government from time to time.

**2. Definitions** .-In this Act, unless the context otherwise requires,--

- (a) "Fund" means the Public Provident Fund established under the Scheme;
- (b) "minor" means a person who is not deemed to have attained majority under the Indian Majority Act, 1875 (9 of 1875);
- (c) "Scheme" means the Public Provident Fund Scheme framed under sub-section (1) of section 3;
- (d) "subscriber" means an individual who makes subscription to the Fund under section 4 and where such subscription is made by an individual on behalf of a minor, of whom he is the guardian, such minor;
- (e) "year" means the financial year.

**3. Public Provident Fund Scheme** .-(1) The Central Government may, by notification in the Official Gazette, frame a scheme to be called the Public

Provident Fund Scheme for the establishment of a provident fund for the general public and there shall be established, as soon as may be after the framing of the Scheme, a Fund in accordance with the provisions of this Act and the Scheme.

(2) Subject to the provisions of this Act, the Scheme may provide for all or any of the matters specified in the Schedule.

(3) The Scheme shall have effect notwithstanding anything contained in any law for the time being in force other than this Act or in any instrument having effect by virtue of any law other than this Act.

(4) The Central Government may, from time to time, by notification in the Official Gazette, add to, amend or vary the Scheme.

**4. Subscriptions to Fund** .-Any individual may, on his own behalf or on behalf of a minor, of whom he is the guardian, subscribe to the Fund in such manner and subject to such maximum and minimum limits as may be specified in the Scheme.

**5. Interest** .-All subscription made under section 4 shall bear interest at such rate as may be notified by the Central Government in the Official Gazette, from time to time, and the interest shall be calculated in such manner as may be specified in the Scheme.

**6. Withdrawals** .-(1) A subscriber shall be entitled to make withdrawals from the amount standing to his credit in the Fund (including any interest accrued thereon) to such extent and subject to such terms and conditions as may be specified in the Scheme:

Provided that such withdrawals shall be allowed only after the expiry of a period of five years from the end of the year in which he makes the initial subscription to the Fund.

(2) Notwithstanding anything contained in sub-section (1), a subscriber shall be entitled to withdraw the entire balance standing to his credit in the Fund after the expiry of a period of fifteen years from the end of the year in which he makes the initial subscription to the Fund.

(3) Subject to the provisions of sub-sections (1) and (2), an individual who has made subscriptions to the Fund on behalf of a minor, of whom he is the guardian, shall be entitled to withdraw any amount from the Fund only for the use of the minor.

**7. Grant of loans** .-A subscriber may be granted loans out of the amount standing to his credit in the Fund on such terms and conditions as may be specified in the Scheme and where the subscriber is a minor, such loans shall be granted to his guardian only for the use of the minor.

**8. Payment on death of subscriber** .-(1) If a subscriber dies and there is in force at the time of his death a nomination in favour of any person, all amounts standing to his credit in the Fund shall be payable to the nominee.

(2) Where the nominee is a minor, the amounts referred to in sub-section (1) shall be payable to any guardian of the property of the minor appointed by a competent Court, or where no such guardian has been so appointed, to

either parent of the minor, or where neither parent is alive, to any other guardian of the minor.

(3) Where there is no nomination in force at the time of the death of the subscriber, the amounts referred to in sub-section (1) shall be payable to his legal heirs.

**9. Protection against attachment** .-The amount standing to the credit of any subscriber in the Fund shall not be liable to attachment under any decree or order of any Court in respect of any debt or liability incurred by the subscriber.

**10. Protection of action taken in good faith** .-No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Act or the Scheme.

**11. Power to remove difficulties** .-(1) If any difficulty arises in giving effect to the provisions of this Act or the Scheme, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as appear to it to be necessary or expedient for the removal of the difficulty:

Provided that no such order shall be made after the expiration of three years from the commencement of this Act.

(2) Every order made under sub-section (1) shall be laid as soon as may be after it is made before each House of Parliament.

**12. Scheme to be laid before Parliament** .-The Scheme shall be laid, as soon as may be, after it is framed before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in any provision of the Scheme or both Houses agree that any provision in the Scheme should not be made, the provision of the Scheme shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that provision.

## **THE SCHEDULE**

*[See section 3(2)]*

Matters for which provision may be made in the Scheme :-

- (1) The manner in which subscriptions to the Fund may be made and the maximum and minimum limits of such subscriptions.
- (2) The manner in which interest on subscriptions to the Fund may be calculated.
- (3) The documents to be issued to subscribers as evidence of the subscriptions made by them to the Fund.

- (4) The extent to which and the terms and conditions under which withdrawals may be made by subscribers from the amount standing to their credit in the Fund.
- (5) The authority or authorities by or through whom subscriptions to the Fund may be collected or withdrawals therefrom may be made.
- (6) The terms and conditions under which loans may be granted to subscribers out of the amounts standing to their credit in the Fund and the authority or authorities by whom such loans may be granted.
- (7) The accounts to be maintained with respect to subscriptions to the Fund, and withdrawals and final payments made and loans granted therefrom and the authority or authorities by whom such accounts shall be maintained.
- (8) The nomination of any person to receive the amount standing to the credit of a subscriber in the Fund in the event of his death and the cancellation or change of such nomination.
- (9) The issue of duplicate of any document issued as evidence of any subscription to the Fund in the event of damage, loss or destruction of the original and the fee on the payment of which such duplicate may be issued.
- (10) Any other matter which is to be provided for in the Scheme or which may be necessary or proper for the purpose of implementing the Scheme.