

## **POST OFFICE (MONTHLY INCOME ACCOUNT) RULES, 1987**

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## **POST OFFICE (MONTHLY INCOME ACCOUNT) RULES, 1987**

In exercise of the powers conferred by Section 15 of the Government Savings Bank Act, 1873 (5 of 1873), the Central Government hereby make the following rules, namely -

### **1. Short title and commencement :-**

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1) These rules may be called the Post Office (Monthly Income Account) Rules, 1987.

(2) They shall come into force on the 15th day of August, 1987.

Provided that no such deduction shall be made if the account is closed after expiry of three years from the date of opening of such Account.

### **2. Definitions :-**

In these rules, unless the context otherwise requires,-

(a) 'account' means a savings account opened by a depositor in accordance with the provisions of these rules;

(b) 'Act' means the Government Savings Bank Act, 1873 (5 of 1873);

**1** (c)'Deposit means the money deposited by a depositor in an account under these rules;

(ca) 'Depositor' means an individual who,

(i) on his own behalf; or

(ii) on behalf of a minor or a person of unsound mind of whom he is the guardian, deposits money in an account under these rules.

(d) 'post office' means any post office in India doing savings bank work and authorised to open an account under these rules ;

(e) words and expressions used herein and not defined but defined in the Post Office Savings Bank General Rules, 1981 shall have the meanings respectively assigned to them in those rules.

1. In Rule 2, for clause (c), the following clause shall be substituted by the Post Office (Monthly Income Account) Amendment Rules, 2005.

### **3. Application of the Post Office Savings Bank General Rules, 1981 and the Post Office Savings Account Rules, 1987 :-**

The provisions of Post Office Savings Bank General Rules, 1981 and the Post Office Savings Account Rules, 1987, as may be, apply in relation to matters for which no provision has been made in these rules.

### **4. Opening of accounts :-**

A depositor may operate more than one account under these rules subject to the condition that deposits in all accounts taken together shall not exceed rupees three lakhs in case of single account and rupees six lakhs in case of joint account."; "Note. For the purpose of maximum balance, the depositors share in the balance of a joint account shall be taken as one-half or one-third of such balance according to the account is held by two adults or three adults."

### **5. Deposits and withdrawals :-**

"(1) There shall be only one deposit in the account in the multiple of one thousand rupees not exceeding rupees three lakhs in case of single account and rupees six lakhs in case of joint account."

(2) Except as provided in Rule 10, no withdrawal shall be permitted under these rules before the expiry of a period of six years from the date of opening of an account.

## **6. Mode of deposit :-**

(1) The deposit under these rules may be made:

(a) in cash, or

(b) by cheque or demand draft drawn in favour of depositor or the postmaster of the post office and endorsed in favour the postmaster.

(2) Where deposit is made by cheque or demand draft, the date of deposit under these rules shall be the date of encashment of the cheque or the demand draft.

## **7. Nomination :-**

(1) The depositor may at the time of opening the account under these rules, nominate a person or persons who, in the event of death of the depositor, shall become entitled to payment of amount due on the account.

(2) If such nomination is not made at the time of opening the account, it may be made by the depositor at any time after the opening of the account but before its closure by means of an application, accompanied by the pass book to the postmaster of the Post Office.

## **8. Interest on deposit :-**

<sup>1</sup>"(1) The deposit made under these rules shall bear interest at the rate of-

(a) 12 per cent per annum in respect of deposits made on or after the 15th day of August, 1987 but before the 24th day of April, 1992;

(b) 14 per cent per annum in respect of deposits made on or after the 24th day of April, 1992 but before the 2nd day of September, 1993;

(c) 13 per cent per annum in respect of deposits made on or after the 2nd day of September, 1993 but before the 1st day of January, 1999;

(d) 12 per cent per annum in respect of deposits made on or after the 1st day of January, 1999 but before the 15th day of January, 2000;

(e) 11 per cent per annum in respect of deposits made on or after the 15th day of January, 2000 but before the 1st day of March, 2001;

(f) 9.5 per cent per annum in respect of deposits made on or after <sup>2</sup>[the 1st day of March, 2001 but before the 1st day of March, 2002].

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(g) 9 per cent per annum in respect of deposits made on or after the 1st day of March, 2002.

(2) The interest shall be payable monthly to the depositor on completion of a month from the date of deposit.

(3) If so authorised, interest payable monthly shall be deposited by the post office in the savings account of the depositor held at the post office where deposit is held subject to the condition that by so depositing the interest, maximum limit on balances in savings account is not exceeded.

(4) If the interest payable every mo<sup>^</sup>th is not claimed by a depositor, such interest will not earn any additional interest.

<sup>4</sup>"(5) Interest shall be rounded off to nearest multiple of rupee one and for this purpose any amount of 50 paise or more shall be treated as rupee one and any amount less than 50 paise shall be ignored."

<sup>5</sup>(6) A Post Office shall, as soon as it comes to the notice that a deposit made under Rule 4 by a subscriber exceeds the prescribed ceilings specified therein, such Post Office shall request the subscriber to withdraw the excess deposit immediately.

Explanation. "Post Office" means and includes a Head or Sub-Post Office.

<sup>5</sup>(7) The excess amount referred to in sub-rule (6) shall carry an interest at the rate applicable from time to time to the Post Office Savings Account and shall be payable to such subscriber on such amount.

<sup>5</sup> (8) The interest referred to in sub-rule (7) shall be admissible from the date of deposit of the excess amount till the end of the month preceding the month in which the subscriber has been

requested to withdraw such excess amount in the account.

1. Substituted for "(1) The deposit made under these rules shall bear interest at the rate of 12 per cent per annum. ["The deposit made on or after the 1st January, 1999 shall bear interest at the rate of 12 per cent per annum,"] "The deposit made on or after the 15th day of January, 2000 shall bear interest at the rate of 11 per cent per annum.", by the "Post Office (Monthly Income Account) Amendment Rules, 2001".

2. In rule 8, sub-rule (1), clause (f), for the words, figures and letters "the 1st day of March, 2001" shall be substituted by Post Office (Monthly Income Account) Amendment Rules, 2002., Published in the Gazette of India, Extra-Ordinary, Part II, Section 3 (i). No. 103 dated 1st March, 2002.

3. In rule 8, sub-rule (1), after clause (f), clause (g) shall be inserted by Post Office (Monthly Income Account) Amendment Rules, 2002., Published in the Gazette of India, Extra-Ordinary, Part II, Section 3 (i). No. 103 dated 1st March, 2002.

4. Inserted by the Post Office (Monthly Income Account) Third Amendment Rules, 2000

5. In Rule 8, sub-rule (6) ,(7) and (8) shall be inserted by Post Office (Monthly Income Account) Second Amendment Rules, 2002., published in the Gazette of India, Extra., Part II, Section 3(i), dated 10th May, 2002, p. 2, No. 220

## **9. Closure of account :-**

(1) The deposit made at the time of opening of account shall be paid by the post office at which the account stands to the depositor on or after expiry of six years from the date of the opening along with bonus equal to 10 per cent of the amount deposited-on production of the pass book accompanied by a written application.

**14** "Provided that no bonus shall be paid on the deposits made in the accounts opened on or after the 13th day of February, 2006."

(2) In case of death of a depositor before maturity, account may be closed and deposit refunded along with interest upto the month preceding the month in which refund is made.

In the Post Office (Monthly Income Account) Rules, 1987, In rule 9, in sub-rule (1), the following proviso shall be inserted, namely:-  
"Provided that no bonus shall be paid on the deposits made in the accounts opened on or after the 13th day of February, 2006.". by the Government Savings Banks Act, 1873 (5 of 1873) .

## **9A. Post-maturity interest :-**

**1** . Where repayment of a deposit, inclusive of bonus, under Rule 9 has become due but has not been made, interest shall be allowed on the amount due for a maximum period of two years from the

date of maturity to the date of repayment of the deposit subject to the following conditions, namely :

(a) The interest shall be simple and shall be calculated at the rate applicable from time to time to savings accounts of the type of single or joint account.

(b) For the purpose of payment of interest, any part of the period which is less than one month shall be ignored.

(c) The interest shall be paid to the depositor in lump sum at the time of repayment of amount due.

1. INSERTED BY THE the Post Office (Monthly Income Account) (Third Amendment) Rules, 2003 [Noti. No. F. No. 2/18/2002-NS-II, dt. 16.10.2003 Gaz. of India, Exty., Pt. II-Sec. 3(I), No. 503, dt. 16.10.2003, p. 5.]

#### **10. Premature closure of account :-**

**1617** Notwithstanding anything contained in sub-rule (2) of rule 5, on an application made by the depositor in this regard, he may be permitted to withdraw the deposit and close the account any time after the expiry of a period of one year from the date of opening of such account, subject to the condition that:

(1) if the account is closed on or before expiry of three years of opening of such account, an amount equal to two percent of the deposit shall be deducted and remainder paid to him, and

(2) if the account is closed after expiry of three years from the date of opening of such account, an amount equal to one per cent, of the deposit shall be deducted and remainder paid to the depositor."

SUBSTITUTED FOR THE WORDS "5 per cent" BY THE Post Office (Monthly Income Account) (Second Amendment) Rules, 2003 [Noti. No. F. No. 2/6/2003-NS. II, dt. 23.9.2003 Gaz. of India, Exty., Pt. II-Sec. 3(i), No. 459, dt. 23.9.2003, p. 2.]

In the Post Office (Monthly Income Account) Rules, 1987, Rule 10, shall be substituted, , the old clause is as follows :- "10. Premature closure of account .-(1) Notwithstanding anything contained in sub-rule (2) of Rule 5, on an application made by the depositor In this regard, he may be permitted to withdraw the deposit and close the account any time after expiry of a period of one year from the date of opening such account, subject to fhe condition that an amount equal to 3.50 per cent of the deposit shall be deducted and remainder paid to him." by the Government Savings Banks Act, 1873 (5 of 1873) .

## **11. Pass Book :-**

(1) On opening an account, the depositor shall be given a pass book bearing the date of opening of account, the number of his account, his name and address and the amount deposited and also the monthly interest payable along with the date on which the deposit will be final payment.