

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

[Issued vide Government of India, MOF (DEA) Notification No. GSR 701(E) dated 10.8.1987 and further amended from time to time]

**GSR 701 (E)** :- In exercise of the powers conferred by section 15 of the Government Savings Banks Act, 1873 (5 of 1873), the Central Government hereby makes the following rules, namely :-

**1. Short title and commencement:** - (1) These rules may be called the Post Office (Monthly Income Account) Rules, 1987.

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

**(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 Banks Act, 1873 (5 of 1873);

(c) '**Deposit**' means the money deposited by the depositor in an account under the 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 the rules.

(d) '**Post Office**' means any post office in India doing savings banks work and authorized 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.

**3. Application of the Post Office Savings Bank General Rules, 1981 and the Post Office Savings Account Rules, 1981** :- The provisions of the Post Office Savings Bank General Rules 1981 and the Post office Savings Account rules, 1981, so far as may be, apply in relation to matters for which no provision has been made in these rules.

**4. Opening of account** :- 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 lakh in single account and rupees six lakh in joint account.

**(5) Deposits and Withdrawals** :- (1) There shall be only one deposit in the account in multiple of one thousand rupees not exceeding rupees three lakh in case of single account and rupees six lakh 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 of the Post master.

(2) Where deposit is made by cheque or demand draft, the date of deposit under these rules shall be the date 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 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 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 of deposit :-** (1) The deposit made under these rules shall bear interest @ 8% per annum in respect of deposits made on or after the 1<sup>st</sup> day of March, 2003.

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

(3) If so authorized, 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 of balances in savings account is not exceeded.

(4) If the interest payable every month is not claimed by a depositor, such interest will not earn any additional interest.

(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.

(6) A post office shall, as soon as it comes to its notice that a deposit made under rule 4 by a depositor exceeds the prescribed ceilings specified therein, shall request the depositor to withdraw the excess deposit immediately.

(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 depositor on such amount.

(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 depositor has been requested to withdraw such excess amount in the account.

**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 depositor on or after expiry of six years from the date of the opening the account along with bonus equal to **5 percent of the amount deposited**, on production of the pass book accompanied by a written application (withdrawal form)

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

**9A. Post-maturity interest :-** Where repayment of the amount, 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 year from the date of maturity to the date of repayment of the amount 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 account of the type of single or joint account.
- (b) For the purpose of payment off 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.

**10. Premature closure of account :-** 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 of such account, subject to the condition that :-

- (i) 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
- (ii) 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 him.

**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 due for final payment.

(2) The pass books shall be presented to the post office at the time of collecting interest every month and also at the time of closing the account.

(3) The depositor availing facility of deposits of interest in his savings account under sub-rule (3) of the Rule 8 shall present the pass book to the post office at least once in six months for completion of entries.

**12. Power to relax :-** Where the Central Government is satisfied that the operation of any of the provisions of these rules causes undue hardship to the depositor, it may, by order for reasons to be recorded in writing, relax the requirements of that provision in a manner not inconsistent with the provision of the Act.