

Post Office MIS: Executive Summary

The **Post Office Monthly Income Scheme (MIS)** is a government-backed small-savings plan operated by India Post that delivers fixed monthly interest for five years, making it a low-risk, retirement-income option. As of 1 Apr 2026, the rate is **7.40% p.a. (payable monthly)**. Deposits start at ₹1,000 (in multiples of ₹1,000) and can be made by cash or cheque. The scheme carries a sovereign guarantee (capital is safe) and interest is paid into a linked Post Office Savings Account by auto-credit or ECS. There is **no TDS** on interest (though it is taxable as “Income from Other Sources” at the investor’s slab rate). MIS accounts cannot be extended beyond 5 years; on maturity principal is returned and interest ceases

Suitability and Risks

MIS is **suitable for conservative investors** seeking regular fixed income with capital security. It has *no market risk* and “no overnight surprises.” The main risk/downsides are: inflation risk (fixed 7.4% may lag inflation), interest-rate risk (if future rates rise, your 7.4% is locked), and tax drag (high tax rates reduce net yield). It also lacks flexibility: illiquid for the first year, and locked for 5 years. For those needing higher returns or liquidity, alternatives like Bank FDs (if more flexible), SCSS (higher return but only for seniors and with tax implications), or PPF (tax-free but long lock-in) should be considered.

Recommendations: Use MIS for a portion of a safe-income portfolio. For example, ladder MIS with different start dates to smooth cash flows. Compare MIS with SCSS and Bank FDs: SCSS (8.2%) is better if eligible and you can lock money 5 years, PPF (7.1%) if you want tax-free return over 15 years. Always account for your tax bracket (e.g. a 30% taxpayer nets ~5.2% on MIS).

Scheme Overview and Objectives

MIS is a **fixed-income, small-savings scheme** designed to provide *regular monthly income* while preserving principal. It is ideal for conservative investors who need predictable cash flow: you invest a lump sum with India Post and receive a fixed rupee interest payout each month for five years. Both principal and interest payments are guaranteed by the Government of India. The scheme is administered by the Department of Posts and regulated via Ministry of Finance (Central Government) notifications (every quarter)

Eligibility, Account Types and Nomination

- **Who can open MIS:** Any *resident Indian individual* (single adult). Joint accounts (up to 3 adults) and minor accounts (children ≥10 years, via guardian) are allowed. NRIs and HUFs are *not* eligible. A person can open multiple MIS accounts, but all deposits across accounts must respect the overall investment limit (see below).

- **Account types:** Single and joint (Type A/B operation) accounts. A guardian can open an MIS on behalf of a minor (age 10+); on attaining majority the minor must convert it to an adult account. Existing accounts may be changed from single to joint (and vice versa) by application.
- **Nomination:** A nominee can be appointed at any time (at opening or later). On the depositor's death, the nominee can claim the deposit and all accrued interest. If there is *no nomination*, settlement follows the Government Savings rules: for claims **≤₹5 lakh**, legal heirs need only an indemnity and affidavits (no succession certificate); for claims **>₹5 lakh**, a succession certificate from a court is required.
- **Transfer:** MIS accounts are transferable to any post office across India, so you can shift branches if moving residence.

Deposit Limits and Instruments

- **Minimum deposit:** ₹1,000 (must be in multiples of ₹1,000).
- **Maximum deposit:** Under current rules (post Budget 2023), ₹9.0 lakh for a single account and ₹15.0 lakh for a joint account (up to 3 holders). (These caps are *cumulative* across all MIS accounts of the individual.) A minor's MIS is capped at ₹3 lakh.
- **Deposit instruments:** Deposits are accepted in cash or by cheque/DD, payable to the Post Office. (One can also pay by demand draft addressed to the Postmaster.) Initially you deposit the lump sum, then top-ups are not allowed (MIS is a fixed deposit). Separate rules limit deposits in other small-savings accounts; MIS limits are independent of e.g. RD or SCSS limits.

Interest Rate and Historical Changes (2016–2026)

The **current MIS rate** is **7.40% p.a.**, payable monthly. This 7.40% rate has been unchanged since Q2 FY2023-24 (April 2023). Below is a summary of the MIS interest rate over the last 10 years (as revised quarterly by the Finance Ministry):

Period (inclusive)	Rate (p.a.)	Notes
Apr–Sep 2016	7.8%	
Oct 2016–Mar 2017	7.7%	
Apr–Jun 2017	7.6%	
Jul–Dec 2017	7.5%	
Jan–Sep 2018	7.3%	
Oct 2018–Jun 2019	7.7%	
Jul 2019–Mar 2020	7.6%	
Apr 2020–Sep 2022	6.6%	(rates cut in Apr 2020)
Oct–Dec 2022	6.7%	
Jan–Mar 2023	7.1%	

Period (inclusive)	Rate (p.a.)	Notes
Apr 2023–Jun 2026	7.4%	<i>current rate</i>

Tenure, Maturity and Renewal

- **Tenure:** MIS has a *fixed 5-year term* (60 months). There is a lock-in: premature withdrawal is not allowed before 1 year.
- **Maturity:** On completion of 5 years, the account matures.
- **Maturity payout:** You get back your *entire principal*; all interest would have already been paid monthly and does *not* accumulate (one cannot withdraw interest as a lump sum at maturity). The account then terminates unless action is taken. If you do *not* close the account exactly on the maturity date, the balance continues to earn interest, but only at the Post Office Savings Bank rate (currently much lower), until you finally withdraw it.
- **Extension/Renewal:** *There is no automatic renewal.* MIS cannot be “extended” beyond five years. To continue after maturity, you must withdraw the funds and *open a fresh MIS account* subject to then-applicable limits.

Payout Frequency and Payment Modes

- **Frequency:** Interest is credited **monthly**, at the same calendar date each month (one month after deposit date). For example, a deposit on June 15 would pay interest on July 15, August 15, etc. (Interest is not compounded; it is simply paid out.)
- **Payment Modes:** In CBS-enabled post offices, MIS interest is auto-credited into your linked Post Office Savings Bank account or can be paid via ECS to any designated bank account. If automatic credit is not set up, interest can be paid by cheque. **Example:** A ₹100,000 deposit at 7.4% yields ₹7,400/year or ₹617/month.
- **Unclaimed Interest:** If a monthly interest cheque is not collected or electronic credit not set up, the unpaid interest simply lies in the post office; it does *not* earn any additional interest. (Thus it is best to auto-credit to your savings account to ensure no payments are lost.)

Tax Treatment

- **TDS:** The Post Office deducts TDS 10% if annual interest exceeds 50000 (100000 in case of senior citizens)
- **Taxability:** MIS interest is fully taxable as “Income from Other Sources” at your income-tax slab rate. Thus, to calculate effective yield you must also adjust the tax.
- **Joint Account –** Interest shall be proportionate in the ration of funds contributed by the joint account holders. Example 15 Lakh is invested by Mr Aman and his wife Ms ayushi in equal ration 7,50,000 each. Yearly income received is 1,11,000 shall be divided in 2 parts equally and 55500 shall be the income of Mr Aman and 55500 shall be the income of Ms Ayushi. It is possible that whole interest is credited in

account of one account holder i.e. Ms Ayushi, however as per clubbing provisions it shall be divided equally. Similarly, if whole amount is invested by one account holder then it shall be taxable in the hand of person invested the amount.

- **In case of minor MIS account** – As per clubbing provisions of income tax. In case of minor account interest income shall be taxable in the hand of parents having higher income.

Premature Withdrawal, Transfer and Closure Penalties

- **Before 1 year: No withdrawal** allowed in the first year.
- **After 1 year to 3 years:** Premature closure is permitted with a penalty. The post office deducts 2% of the principal and returns the balance.
- **After 3 years to 5 years:** The penalty drops to 1% of principal.
- **Transfer/Change:** You may *transfer* an MIS account from one post office to another without penalty. You may also convert a single account into a joint account (or vice versa) by applying at the post office.
- **Closure at Maturity:** At 5 years, simply collect your full principal. If you delay withdrawal, remaining balance will only earn the post-office savings account rate (4%) until you withdraw.
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Nomination and Succession on Death

- **Nomination:** As above, a nominee can be designated at any time. On the depositor's death before maturity, the account must be closed and all funds paid out. The **nominee** is entitled to receive the full deposit plus any earned (but unpaid) interest up to the previous month. With a valid nomination, claim settlement is straightforward: only proof of identity and death certificate are needed.
- **Without Nomination:** If the account holder dies intestate (no nominee), government rules apply. For *claims* \leq ₹5 lakh, the post office will settle payment to the legal heirs upon production of indemnity/affidavit (no succession certificate required). For *claims* $>$ ₹5 lakh, a succession certificate from the civil court is mandatory. In practice, heirs should file Form-11 (available from any post office or NSI website) and submit death certificate(s) and either the nominee's certificate or succession documents as per rules.

How to Open an MIS Account (Procedure)

1. **Documents:** You must be a resident Indian with valid identity and address proof (e.g. Aadhaar, passport, voter ID, etc.). Carry two passport-sized photos and PAN/Aadhaar (for KYC). Minor applicants need birth proof. NRIs *cannot* open MIS[11].

2. **Existing Savings Account:** You need an active Post Office Savings Bank Account (CBS enabled) to receive interest. If you don't have one, open a regular Post Office savings account first.
3. **Obtain Form:** Get the MIS Account Opening form (e.g. Form A for MIS) from any post office or download it from the official India Post site. Fill it out with nominee details.
4. **Deposit:** Pay the minimum ₹1,000 (or more) by cash or cheque. (Mint notes: "carry at least ₹1,000 in cash or a cheque for ₹1,000" when submitting.)
5. **Submit:** Submit the completed form and self-attested copies of ID/address proofs (with originals for verification), along with the deposit amount, at your chosen post office. The post office will process the application (usually same day).
6. **Account Details:** After opening, you will receive a passbook/receipt. Interest will then start accruing monthly from the date of deposit.
7. **Online Availability:** *Currently (2026)*, MIS cannot be opened online; it must be done in person at a post office.

**POST OFFICE SAVINGS BANK
ACCOUNT OPENING/PURCHASE OF CERTIFICATE APPLICATION FORM FOR INDIVIDUALS**

For Office Use												
Post Office:				Date:				SOL ID:				
Account/Registration No.								CIFID(1)				
								CIFID(2)				
								CIFID(3)				

For Applicant(s)

*1. I/We request you to open:- Savings/Basic Savings/RD/TD ___Year//MIS/SCSS/PPF/SSA or issue NSC(8th/9th issue) or KVP in my/our name.

*2. Full Name of applicant/Guardian (in case of minor/Lunatic A/C), in CAPITAL Letters (leave space between words)

	Mr./Mrs./Ms./Other	First Name	Middle Name	Last name	Gender (M/F)
1					
2					
3					

*3. Full Name of father/husband/Mother, in CAPITAL Letters

***4. Residential Address**

	First Applicant	2 nd Applicant	3 rd Applicant
Flat No./Bldg. name			
Street/Road/Locality/Village			
Tehsil/Post Office			
City and District			
State			
Pin Code			
Tel./Mobile No.(optional)			
Email (optional)			

*5. Applicant's Date of Birth (dd/mm/yy) PAN Number or Form 60/61 CIF ID (if already exists)

	Date of Birth (dd/mm/yy)	PAN Number or Form 60/61	CIF ID (if already exists)
1			
2			
3			

*6. Operating Instruction (please tick the empty box)

Single/Self	<input type="checkbox"/>	Either or Survivor (Joint-B)	<input type="checkbox"/>	Jointly (Joint-A)	<input type="checkbox"/>	Through literate agent	<input type="checkbox"/>
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*7. Detail of Know Your Customer (KYC) documents submitted:-

	Photo ID Applicant			Address Proof Applicant		
	1 st	2 nd	3 rd	1 st	2 nd	3 rd
Type of Document						
Document No.						
Valid up to (if any)						

*8. Detail of First deposit:- Amount Rs.(figures)_____(words)_____

Mode of Deposit _____

9. Nomination:- I/We nominate the person(s) named below under Section 4 of the Government Savings Bank Act, 1873 (5 of 1873) to be the sole recipient (s) of the amount standing at the credit of the account in the event of my/our death.

Name & address of nominee(s)	Date of Birth (in case of minor)	Share of nomination	Name & address of person who may receive the said amount during the minority of the nominee(s)

Signature of witness in case depositor wish to make nomination

Name & Address of witness _____

*Mandatory Fields to be filled by customer.

10. AADHAR NUMBER:- _____
11. Please open Minor A/C through Guardian/Lunatic Account through Guardian/Blind/Physically Handicapped/Illiterate through Agent/Pensioner/BPL/SB Basic Savings Account/Sanchayaka Account/Others _____
12. In case of minor/Lunatic Account, please fill Name of Guardian, his Residential Address and Relationship with Minor _____
13. In case of other than Minor/Lunatic, please enter Name of Sanchayka/Government Welfare Scheme and PPO/BPL/Registration/Enrollment number:- _____
14. Amount of Monthly Installment (In case of RD Account):-Rs.(in figures) _____ (in words) _____
15. In case of NSC/KVP:- Please issue (No. of NSC/KVP & Den.) _____
16. In case services of SAS/PPF/MPKBY Agent are taken:- Name of Agent _____ Authority No. _____ Valid Up to _____.
17. Standing Instructions if any :- _____
18. I/We authorize Agent (name) _____ to receive Passbook/Certificates on my/our behalf.

Declarations

I/We hereby declare that I/We have clearly understood POSB General Rules 1981 and Post Office Savings Account Rules 1981/ Post Office Recurring Deposit Rules 1981/ Post Office Time Deposit Rules 1981/ Monthly Income Account Rules 1987/ Senior Citizens Savings Scheme Rules, 2004 and Sukanya Samridhi Account Rules 2014, PPF Rules 1968, NSC(VIII) and (XI) issue Rules, KVP Rules (amended from time to time) governing the accounts/Certificates under this scheme and to abide by such rules framed by the Central Government as may be applicable to the account from time to time. I hereby declare that I am not maintaining any other Public Provident Fund Account and I will not exceed maximum deposit limit fixed from time to time in self as well as my minor accounts (combining all accounts) where I am a guardian.

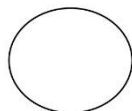
DATE:

Signature/Thumb Impression:- 1st Applicant	2nd Applicant	3rd Applicant
<p>-----</p> <p>Space for affixing photo of applicants</p>		

For Office Use only

Certified that I have verified the documents submitted with this application form and confirm that KYC norms are fully complied with. Following numbers of NSC/KVP issued (in case of NSC/KVP Application):- _____

Signature of BPM
Date Stamp



Signature of SPM

Signature of Postmaster

