Method of Calculation of Interest on Savings Bank Accounts (SA) & Term Deposits (TD)

A. Savings Bank Account:

The interest is calculated based on the balance outstanding in the account as at the end of the day and is paid quarterly to customer's account. The formula for calculating interest is,

Interest for a day = Day end balance x Rate of Interest / (Actual days in that year).

This is applicable for all Resident, NRE, NRO & RFC Savings Bank Accounts.

B. Rupee Term Deposits held in Domestic, Ordinary Non-Resident (NRO) and Non-Resident External (NRE) Accounts:

For all the TDs [Fixed Deposits (FD)- Cumulative/Interest Pay-out & Recurring Deposits (RD)],

(i) maturity date will be arrived based on the date of deposit and the tenor specified by the customer.
(ii) interest is calculated for the actual number of days, reckoning a year as 365 days in the case of a non-leap year and 366 days in the case of a leap year.

In the case of Cumulative/Reinvestment FDs & RDs, interest is compounded quarterly (i.e., every three months from the date the deposit is opened).

In the case 'Interest pay-out (Non-Cumulative/ Non-Reinvestment) FDs, interest is paid out a frequency (monthly/ quarterly/ half-yearly/ yearly) or at maturity as preferred by the customer and is calculated without any compounding effect. If the customer insists for monthly payment of interest, it will be paid at a discounted interest rate using the formula:

Discounted Rate = (3 x normal rate) / (1 + (1+ normal rate/1200) + (1 + normal rate/1200) ^2)

C. FCNR(B) Deposits:

Interest on cumulative deposits accepted is compounded at intervals of 180 days each and thereafter for remaining actual number of days.

In case of non-cumulative deposits, interest is paid out at a frequency of 180 days or at maturity (as selected by the customer) without any compounding effect. Here interest is computed on a simple-interest basis, with no compounding effect.

Note:

For TDs opened/created before 21.01.2026, interest is calculated for the actual number of days, reckoning a year as 365 days in the case of a 'leap year/ non-leap year'. In the case of Cumulative/Reinvestment FDs & RDs, interest is compounded on calendar quarters.