

Fixed Deposit



Fixed Deposit, a type of Term Deposit is popular quite a popular investment choice in India due to a high-interest rate (as compared to a regular savings account) and low risk. The interest rate is fixed for the whole maturity period and, it's usually considered as an extremely safe investment. The interest rates differ from bank to bank and the interest earned can be calculated Cumulative, Quarterly, Monthly, and Standard. Issuing entities are banks, nbfc, post-office and corporates.



Benefits of FD

- Comparatively safe investment
- Stable and predicted returns (example 8% per annum)
- Well suitable for conservative investors like senior citizens

Limitations of FD

- Low liquidity
- Low returns because effective returns are lower considering taxes and inflation
- Not suitable for long term wealth creation or the investors with a high-risk appetite like young investors in their 20s or 30s.

TAX SAVER FD

Banks also offer bank saver FD. the tenure of such FD is 5 years and the maximum amount that can be deposited in a financial year is Rs 1.5 lakhs. the minimum deposit amount varies from bank to banks and ranges between rs100- rs 10,000. you can opt for monthly or quarterly interest payout. you are also eligible for tax benefit under section 80c of it act 1961.

POST OFFICE TIME DEPOSIT ACCOUNT

You can also open an FD in the post office. the account can be opened through cash or cheque mode. you can transfer such an account from one post office to another. the minimum deposit amount is 200 and there is no upper cap. premature closure is allowed after 6 months from the account opening date. the mini and max tenure is 1 yr and 5 respectively. interest is calculated every quarter and paid on an annual basis. in case of a 5-year deposit, you are eligible for tax benefit under section 80c of it act 1961.

FD INTEREST RATES BY TOP BANKS IN INDIA

Bank Name	Rate for General Citizens (in %)	Rate for Senior Citizens (in %)
SBI Fixed Deposit	4.50 to 6.25	5 to 6.75
ICICI Fixed Deposit	4.00 to 6.40	4.50 to 6.90
HDFC Fixed Deposit	3.50 to 6.30	4.00 to 6.80
PNB Fixed Deposit	4.50 to 6.30	5.00 to 6.80
Canara Bank Fixed Deposit	4.50 to 6.25	5.00 to 6.75