Bank Fixed Deposit (FD) — TDR & STDR

The classic FD, choose regular interest payout (TDR) or compounding (STDR).

~6–7% p.a. (varies by bank & tenure) | Interest taxed at your slab

What is FD?

A fixed deposit locks a lump sum with a bank for a chosen period at a fixed rate. There are two flavours: TDR (Term Deposit Receipt) pays the interest out to you every month or quarter, good for regular income, while STDR (Special Term Deposit) reinvests the interest so it compounds and is paid in one shot at maturity, good for growth. The rate depends on the bank and tenure, so the calculator lets you enter your own rate.

In brief

Suits	Money needed on a known date, an emergency reserve, or regular interest income.
You get	A rate fixed for the term, set by each bank (large banks about 6–6.6% now); senior citizens usually get a little more.
Your money	From 7 days to 10 years; breaking early usually costs 0.5–1% of interest.
Tax	Interest is taxed at your slab every year; TDS above ₹50,000 a bank (₹1 lakh for seniors).
Watch for	Deposit insurance covers ₹5 lakh per depositor per bank, principal and interest together.

Key facts

Interest rate	Set by each bank; large banks ~6–6.6% at the top, small finance banks higher
Tenure	7 days to 10 years
TDR (payout)	Interest paid out monthly/quarterly, for regular income
STDR (cumulative)	Interest compounded quarterly, paid at maturity, for growth
Tax	Interest fully taxable at slab; TDS above ₹50k (₹1 lakh seniors)/bank/yr

What's new

Oct 2026 RBI raised the repo rate by 0.25% to 5.50% on 7 October 2026, its first rise since February 2023. Banks may raise rates on new deposits; existing FDs keep their booked rate.

Apr 2025 TDS on deposit interest now starts above ₹50,000 a year per bank (₹1 lakh for senior citizens), up from ₹40,000 and ₹50,000.

Questions and answers

THE BASICS

What is a fixed deposit?

A fixed deposit locks a lump sum with a bank for a chosen period at a rate fixed at the time of booking. Unlike a savings account, you can't dip into it freely, and in return you earn a higher, guaranteed rate. The rate is fixed for the whole tenure even if the bank later changes its rates.

TDR vs STDR, what's the difference?

TDR (Term Deposit Receipt) pays the interest OUT to you every month or quarter, good for regular income. STDR (Special Term Deposit) REINVESTS the interest so it compounds, and pays everything at maturity, good for growth. Same deposit, two ways to receive the interest.

Which gives more money, TDR or STDR?

STDR (cumulative), almost always, because the interest itself earns interest (compounding). Choose TDR only if you actually need the periodic income; if you don't, STDR quietly grows into a larger maturity value at the same rate.

What tenures are available?

Anywhere from 7 days to 10 years, depending on the bank. Rates differ by tenure, the "sweet spots" (often 1–3 years and the 5-year mark) tend to carry the highest rates. Very short tenures pay little more than a savings account.

INTEREST & RATES

What FD rate can I get right now?

It varies by bank and tenure, most banks are in the ~6.5%–7.5% range for popular tenures in 2026, with small finance banks sometimes offering a bit more. Because it changes so often and differs by bank, our calculator lets you type in the exact rate your bank quotes.

How is FD interest compounded?

For cumulative (STDR) deposits, banks typically compound quarterly. So the effective annual yield is a touch higher than the headline rate. Payout (TDR) deposits pay simple interest at the chosen frequency, with no compounding.

Do senior citizens get a higher rate?

Yes, most banks add 0.25%–0.50% for senior citizens (60+) on the same tenure, and some run special senior-citizen schemes with an extra top-up. Super-senior citizens (80+) occasionally get a further add-on at select banks.

OPENING AN FD

Who can open an FD?

Resident individuals (singly or jointly), minors through a guardian, HUFs, companies, trusts and NRIs (through NRE/NRO/FCNR accounts). Most banks let you book an FD online in a couple of minutes if you already have a savings account.

What FD options do NRIs have?

NRIs use three deposit types: NRE (foreign income, fully repatriable, interest tax-free in India), NRO (Indian income, interest taxable with 30%+ TDS), and FCNR (held in foreign currency, no rupee-conversion risk). Which one fits depends on the source of funds and your repatriation needs.

Should I add a nominee?

Always. A nominee lets the bank release the FD proceeds quickly to your chosen person on death, avoiding a lengthy legal-heir process. You can add or change the nominee at any time.

TAX & TDS

How is FD interest taxed?

FD interest is fully taxable at your income-tax slab in the year it accrues (even if you haven't withdrawn it, for cumulative FDs). There is no special lower rate, it's added to your "income from other sources".

When does the bank deduct TDS?

The bank deducts 10% TDS once your interest at that bank crosses ₹50,000 in a year (₹1 lakh for senior citizens), the limits in force since 1 April 2025. If you haven't given your PAN, TDS is 20%. TDS is not the final tax, you still reconcile it against your slab when filing your return.

How do I avoid TDS if my income is below the taxable limit?

Submit Form 15G (below 60) or Form 15H (60+) to the bank at the start of the financial year, declaring that your total income is below the taxable threshold. The bank then won't deduct TDS. This doesn't make the interest tax-free, it just stops upfront deduction.

What is a 5-year tax-saver FD?

A special 5-year FD whose deposit qualifies for a section 123 (earlier 80C) deduction of up to ₹1.5 lakh (old regime only). The trade-off: a hard 5-year lock-in, no premature withdrawal, no loan against it. The interest it earns is still fully taxable.

BREAKING & BORROWING

Can I break an FD before maturity?

Usually yes (except tax-saver FDs). The bank pays interest for the period actually completed, but at the rate applicable for that shorter tenure, and often charges a 0.5%–1% premature-withdrawal penalty. So breaking early costs you both a lower rate and a penalty.

Can I borrow against my FD instead of breaking it?

Yes, most banks offer a loan or overdraft of up to 90% of the FD value at roughly 1–2% above the FD rate. This is often smarter than breaking the FD for a short-term need, because your deposit keeps earning and you avoid the penalty.

What is a sweep-in / flexi FD?

A linked FD that lets you withdraw partially without breaking the whole deposit, only the amount you need is "swept" out, and the rest keeps earning FD interest. It combines FD returns with savings-account liquidity.

SAFETY & EDGE CASES

Is my FD money safe?

Bank deposits are insured by DICGC (an RBI subsidiary) up to ₹5 lakh per depositor per bank, covering principal plus interest combined, across all your accounts in that bank. To keep large sums fully insured, people split deposits across banks.

What is auto-renewal, and should I use it?

On maturity, banks can either credit the proceeds to your account or auto-renew the FD for the same tenure at the then-current rate. Auto-renewal avoids idle money, but check the renewal rate, if rates have fallen, you may prefer to reinvest elsewhere.

What happens to an FD when the holder dies?

If there's a nominee, the bank releases the proceeds to them on submission of the death certificate and KYC. For a joint FD with "either or survivor", the survivor can continue or close it. Without a nominee, legal heirs must claim it with a succession document.

Sources: SCC Online: RBI raises repo to 5.50%; Business Today: TDS rules from 1 April 2025.

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