Recurring Deposit (RD)

Save a fixed amount every month at a fixed rate, disciplined, guaranteed saving.

~6–7% (banks) · 6.7% (Post Office 5-yr) | Interest taxed at your slab

In brief

Suits	Building a fixed sum by saving the same amount every month.
You get	A rate fixed at opening; Post Office 5-year RD and bank RDs differ.
Your money	Monthly instalments for the chosen term; missed instalments attract a small penalty.
Tax	Interest is taxed at your slab each year.
Watch for	For goals five years or more away, compare the after-tax return with other options.

Key facts

Interest rate	Bank RD ~6–7%; Post Office 5-yr RD 6.7% (Oct–Dec 2026)
Tenure	6 months to 10 years (banks); 5 years (Post Office)
Deposit	Fixed amount every month
Compounding	Quarterly
Tax	Interest taxable at slab; TDS above ₹50k (₹1 lakh seniors)/yr

What's new

Oct 2026	RBI raised the repo rate to 5.50%. New RD rates may rise; existing RDs keep their booked rate.
Sep 2026	Post Office 5-year RD stays at 6.7% for October–December 2026.
Apr 2025	TDS on interest now starts above ₹50,000 a year (₹1 lakh for senior citizens).

> The full guide answers 15 questions on RD, from eligibility to tax and withdrawals: merasip.com/guides/recurring-deposit. To talk it through, WhatsApp 60039 03737.

Sources: SCC Online: RBI raises repo to 5.50%; Business Standard / Business Today on the MoF notification, 30 Sep 2026; Business Today: TDS rules from 1 April 2025.

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