Savings Account Interest Rate

For savings account customers, NESFB calculates and credits interest to their savings accounts on a daily basis (or other frequency as chosen by the customer) at the applicable savings account interest rate.

Interest on savings account is calculated as follows -

Interest earned (daily) (Rounded to 2 decimals) = ((User's balance) *(Rate) / (100*number of days in year))

For example -

- Customer has Rs.1,00,000/- balance in savings account as of end of day, in a year with 365 days
- Interest earned: 1,00,000* 6.25 / (100*365) = Rs.17.81

Fixed Deposit Interest Rate

Fixed deposits offer different tenures, and you can check the exact interest rate for your chosen tenure at the following link: https://sliceit.com/documents/imp/interest-rates.pdf. You can opt for either a Cumulative FD or a Simple FD.

Interest on Cumulative FD is calculated as follows

In a cumulative FD, interest is accrued daily. At the end of each quarter, the total accrued interest (rounded off) is added to the principal amount. This updated principal amount is then used to calculate subsequent daily interests, resulting in interest on interest, which provides the benefit of compounding.

$$\text{Daily Interest} = \frac{\text{Principal} \times \text{Interest Rate}}{\text{Days in Year} \times 100}$$

1. Interest earned for the quarter ending on 31st Dec'24 $= \frac{1,00,000 \times 9 \times 61}{366 \times 100} = 1500$
2. Interest earned for the quarter ending on 31st Mar'25 $= \frac{1,01,500 \times 9 \times 90}{365 \times 100} = 2252$
3. Interest earned for the period till 1st May'25 $= \frac{1,03,752 \times 9 \times 30}{365 \times 100} = 767$

Hence, **Maturity amount** = ₹1,00,000 (P) + ₹4,519 (I) = ₹**1,04,519** (in 6 months)

Interest on Simple FD is calculated as follows

In a simple FD, interest is accrued daily, like a cumulative FD, but it is paid out at regular intervals (monthly, quarterly, half-yearly, or yearly). The principal amount remains the same throughout the tenure, and no compounding occurs.

Example : If you invest ₹1,00,000 for 6 months at an annual interest rate of 9% on 1st Nov 2024 with a quarterly interest payout frequency, which matures on 1st May 2025

1. Interest paid for the quarter ending on 31st Dec'24 $= \frac{1,00,000 \times 9 \times 61}{366 \times 100} = 1500$
2. Interest paid for the quarter ending on 31st Mar'25 $= \frac{1,00,000 \times 9 \times 90}{365 \times 100} = 2219$
3. Interest paid for the period till 1st May'25 $= \frac{1,00,000 \times 9 \times 30}{365 \times 100} = 740$

Hence, **Maturity amount** = **₹1,00,000** (P) and **Interest Paid** = **₹4,459** (in 6 months)

The maturity amount can be reinvested to continue earning interest in both cumulative and simple fixed deposits.

Note: In case of pre-mature withdrawal of FD, applicable charges as per the FD's terms and conditions shall be levied.