Method of Calculation of Interest on Term Deposits

As per Policy on Bank Deposits with effect from 14th August 2023

A. **11.B) Payment of interest in Savings Accounts**- Interest is calculated on a daily basis at the rate specified by SVC Bank in accordance with Reserve Bank of India directives. The interest amount calculated is rounded off to the nearest rupee. The interest will be paid half yearly in September and March.

B. **13.14) Domestic Tem Deposit:**

a) **For Long Term Deposits** of Tenors 365 days and above, Compounding Interest is applied as follows:

Interest (I) = P.V. * $(1+r/n)^{nt}$

(r =rate of interest, n = frequency of interest pay out during year and nt = frequency of interest pay out during tenure of Term Deposit)
This method calculates interest by taking into consideration compounding factor and compounding period and time.
For the excess broken period in months and broken period in days, the following formula is applied:

I= (P*r*(No. of Months/12))/100 + (P*r*(No. of Days/365))/100

b) **Term deposit (Monthly payout)**: Interest is paid at discounted value. Interest is calculated as per following formula:
Interest (I) = (P.V. * r * n) / (12 * 100 + r)

c) **For Long Term Deposits (Interest Payout Schemes)**: the following formula is applied for calculation of interest.

I= (P*r*(No. of Months/12))/100 + (P*r*(No. of Days/365))/100

d) **For Short Term Deposits (of Tenors less than 365 days)** the following formula is applied for calculation of interest.

I= (P*r*(No. of Days/365))/100

e) **For Recurring Deposits:**

Interest on the Recurring Deposit is compounded quarterly. The following formula is be used to calculate the RD Interest Rate:

M = R[$(1+I)^n$-1]/(1-$(1+I)^{(-1/3)}$)

In the above equation,
M = Maturity Value
R = Monthly Instalment
n = Number of Quarters
I = Rate of Interest/400

f) The maturity value is subject to deduction of Tax and Interest thereon. In case of recurring deposits the interest is added for compounding after application of TDS (Tax Deduction at Source).

-365 days is reckoning in a year, even in the case of leap year.

-Interest payable on deposits is rounded off to the nearest rupee i.e. fraction of 50 paise and above is rounded off to the next higher rupee and fraction of less than 50 paise is ignored.

***