

4. Fixed Deposit (FD) Account

Money is deposited in fixed deposit account for a fixed period, say 1 year, 2 years, 3 years or 5 years.

The rate of interest is higher than that of saving deposits account.

The longer is the period of deposit, the higher will be the rate of interest. This is so because banks can use the money for a longer period.

The amount of deposits is repayable by the bank after the expiry of the fixed term.

If the depositor needs this money before the specified fixed period, then banks can refund the money deposited after charging some discount.

5. Multiple Option Deposit Account

Multiple Option Deposit account is a combination of savings account and fixed deposit account which provides specific options to the depositors. It is a type of Saving Deposits Account in which amount of deposit in excess of a particular limit gets automatically transferred to Fixed Deposit Account. And, in case sufficient funds are not available in Saving Deposits Account to honour a cheque issued, the required amount gets automatically transferred from Fixed Deposit Account to the Saving Deposits Account.

The account holder has two benefits from this account — he/she can earn more interest and it lowers the risk of dishonouring a cheque. It is also called Multiple Option Deposit Scheme (MODS).