

In case of monthly interest payment, interest will be paid at discounted rate. And the calculation of discounted rate is given below.

Calculation of Monthly interest at discounted rate

Nature of Deposit	:	Fixed Deposit -General
Date of Deposit	:	02.01.2007
Period of deposit	:	4 Years
Amount of deposit	:	Rs.25000/-
Due date	:	02.01.2011
Rate of interest	:	8.25%

Interest calculation:-

Monthly interest without discount :		$\frac{25000 \times 8.25 \times 1}{100 \times 12}$
A :		Rs.171.88
Monthly interest for the interest amount of Rs.171.88 @ 8.25% :		$\frac{171.88 \times 8.25 \times 1}{100 \times 12}$
B :		Rs.1.18
Monthly discounted rate (A-B) :		171.88 - 1.18
		Rs.170.70

The depositor is eligible to receive the above amount of Rs.170.70 per month, if he/she opts for monthly interest on the deposit of Rs.25000/- carrying a rate of 8.25% p a.