Unlocking the Power of Compounding with Fixed Deposits

Category: Business

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<u>Fixed Deposits</u> (FDs) have long been a popular investment choice for individuals seeking steady returns on their savings. One of the <u>key advantages of FDs</u> is the power of compounding, a financial phenomenon that can significantly amplify your investment over time.



The Power of Compounding with FD

Shriram Finance, a leading name in the NBFC (Non-Banking Financial Company) sector, makes a strong case for how compounding can significantly grow your wealth with its flagship investment product, Shriram Unnati Fixed Deposit.

Understanding Compounding

Compounding is the process of earning interest on both your initial investment and the accumulated interest. With each compounding period, your investment grows exponentially, leading to substantial returns over the long term.

How FDs Leverage Compounding

Here are a few things to remember about how FDs use the principle of compounding to generate compelling returns:

- Regular Interest Payments: FDs typically offer regular interest payments, which can be reinvested into the FD itself. This reinvestment allows your earnings to start compounding immediately.
- Longer Tenure, Higher Returns: Generally, longer tenure FDs offer higher interest rates. By opting for a longer tenure, you can maximise the compounding effect and earn higher returns.
- Compounding Frequency: The frequency of compounding, whether monthly, quarterly, or annually, also impacts the overall returns. More frequent compounding leads to more frequent interest accrual and, consequently, higher returns.

Maximising the Benefits of Compounding with Shriram FD

Shriram Unnati Fixed Deposit, with interest rates as high as 9.40%* p.a. (inclusive of 0.50%* p.a. for senior citizens and

0.10%* p.a. for women depositors), flexible tenure options ranging from 12 to 60 months, and a diverse range of interest payout options like monthly, quarterly, half-yearly, yearly and on-maturity, leverages the principle of compounding to its best.

Here's how you too, as an investor, can invest in Shriram FD to build a significant corpus:

- Choose Cumulative Scheme: Opt for the cumulative fixed deposit option, where interest is compounded and paid at maturity, allowing your investment to grow over time.
- Select Longer Tenures: Consider longer investment tenures (up to 60 months) to maximise the benefits of compounding, as interest accumulates more significantly over extended periods.
- Reinvest Interest Earnings: For those choosing a noncumulative option, consider reinvesting the interest payouts into a new fixed deposit to enhance compounding effects.
- Take Advantage of Additional Rates: Senior citizens and women depositors can benefit from additional interest rates (0.50%* p.a. and 0.10%* p.a. respectively), enhancing overall returns.
- Regular Contributions: Make regular contributions to your fixed deposit to increase the principal amount, thereby boosting the compounding effect on your total investment.

Conclusion

By leveraging the power of compounding and investing in Shriram Unnati Fixed Deposit, you can make your FD a powerful tool for wealth creation. FDs are known to provide a reliable way to grow your savings over time. By making informed decisions and staying disciplined, you can unlock the full potential of your fixed deposits. Head over to the official website of Shriram Finance to get started with FD today!

About Shriram Finance

Shriram Finance is a leading diversified financial services company in India, offering a wide range of financial products and services across consumer, wholesale, and business finance segments. The company has a strong presence pan India with a network of 3,196 branches and an employee strength of 79,405 with an AUM of Rs. 254,469 crores. With a focus on financial inclusion and customer-centricity, Shriram Finance continues to empower individuals and businesses to achieve their financial goals.

Disclaimer: With regards to deposit-taking activity of Shriram Finance Limited ('SFL'), viewers may refer to detailed information and T&C provided in our application form available at www.shriramfinance.in/downloads. The Company is having a valid Certificate of Registration dated 31st January 2023 issued by the Bank under section 45-IA of the RBI Act. However, the Reserve Bank of India does not accept any responsibility or quarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed b y the company and for repayment deposits/discharge of the liabilities by the company.

