



Certificates of Deposit

[Source: BS](#)

Recently, the **Clearing Corporation of India** released data that revealed that **Commercial banks** have mobilised **Rs 1.45 trillion** through **Certificates of Deposit (CDs)** to strengthen their balance sheets.

Certificates of Deposit (CDs):

- A CD is a **negotiable, unsecured money market** instrument offered by banks and credit unions that provides an **interest rate premium** in exchange for the customer agreeing to leave a lump-sum deposit untouched for a **predetermined period**.
 - In other words, it pays a **fixed interest rate** on money held in banks for an agreed-upon period.
- CDs can be issued by **scheduled commercial banks** and **All-India Financial Institutions (FIs)** to **individuals (including NRIs), corporations, companies, trusts, funds, associations**, etc.
 - A minimum amount of a CD should be **Rs.1 lakh** and thereafter permits multiples of it.
- The **maturity period** of CDs issued by **banks** ranges from 7 days to one year, while for **FIs** this limit is from 1 year to upto 3 years from the date of issue.

Clearing Corporation of India (CCIL):

- Established in 2001, it provides reliable **clearing and settlement services** in the **Money and Government Securities** markets.

Read more: [Banking Sector: Opportunities and Challenges](#)

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