

CD issuances fall in April as liquidity condition eases

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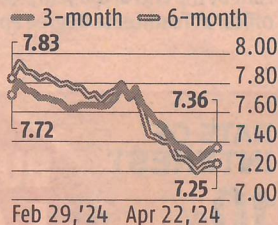
Issuances of certificates of deposit (CDs) fell significantly in April on the back of easing liquidity conditions which also resulted in rates falling by around 40 basis points (bps).

Total issuances stood at ₹19,850 crore as of April 21, as compared to ₹1.2 trillion worth of issuances in March. The issuances were the lowest since April 2022.

“March being the year end, the issuances were more and rates were elevated. The liquidity has also improved within the system, which is leading to a fall in rates,” said VRC Reddy, head of treasury, Karur Vysya Bank. The banking system liquidity was in surplus throughout April until Friday. It fell into deficit mode on Saturday on the back of GST outflows, said market participants. It was in a deficit of

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Rates on CDs (in %)



Source: Bloomberg

₹30,133 crore on Sunday, according to the latest data by the Reserve Bank of India. On the other hand, the liquidity was largely in deficit mode in January, February and March.

The rates on three-month and six-month CDs fell by 40 basis points, whereas on 12-month CDs fell by 10 bps.

Banks issued CDs worth ₹9.56 trillion in FY24 against ₹7.28 trillion in the previous financial year, according to data by Prime data base.