

# Can You Get a Loan Against Your Fixed Deposit

Category: Business

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Fixed deposits (FDs) are a popular investment option due to their predictable returns and stability compared to other market-linked investment products. However, there may be instances when you need immediate liquidity, even before your FD matures. Fortunately, many financial institutions offer [loans against fixed deposits](#).



**Loan Against Your FD**

A loan against your FD can help you access the required funds quickly, with minimal documentation and typically at competitive interest rates. Therefore, if you do not prefer opting for traditional loans, like a personal loan, or have urgent financial requirements, a loan against your FD can be a great choice.

### **How Does a Loan Against Fixed Deposit Work**

A loan against a fixed deposit allows you to borrow funds using your [FD](#) as collateral, without breaking the deposit. Here's how it typically works:

- 1. Eligibility and Application:** You are most likely to be eligible for a loan against FD if you hold an FD account with a bank or NBFC that offers this facility. You can apply online or at a branch.
- 2. Loan Amount:** The loan amount is usually a percentage of the FDs value, often around 75-90%. The exact limit depends on the institution's policies and the FD amount.
- 3. Interest Rate:** The interest rate on this loan is generally 1-2% above the [FD's interest rate](#). This makes it a lower-cost option compared to unsecured loans since your FD acts as collateral.
- 4. Repayment Tenure:** The repayment term often aligns with the FD's remaining tenure, meaning you must repay the loan before the FD matures. Some institutions offer flexible repayment terms.
- 5. Zero to Minimal Processing Fee or Penalty for Prepayment:** Many banks and NBFCs charge little or no processing fee, and some waive prepayment penalties, making this a convenient loan option if you repay it early.
- 6. No Impact on FD:** Your FD remains intact, continuing to

earn interest as usual. You'll only face consequences on your FD if you default on the loan repayment, in which case the financial institution may liquidate your FD to recover the outstanding amount.

## **Things to Keep in Mind before Applying for a Loan Against Fixed Deposit**

Before you apply for a loan against FD, keep the following points in mind:

- **Understand the Terms and Conditions:** Carefully review the terms and conditions of the loan, including interest rates, processing fees, and repayment terms.
- **Compare Offers:** Explore offers from different financial institutions to find the best deal.
- **Consider the Impact on Returns:** While a loan against FD can provide immediate liquidity, it may impact your overall returns on the FD.

By understanding the nuances of this type of loan, you can make informed decisions and leverage this financial tool to meet your immediate needs without compromising your long-term investment goals.

## **Why Open Shriram Unnati Fixed Deposit**

Shriram Unnati Fixed Deposit is a dependable choice of investment with a range of compelling features and benefits. It is designed to meet the wide spectrum of financial goals and aspirations of investors.

- **Compelling Interest Rates:** Shriram FD offers an interest rate of up to 9.40%\* p.a. (inclusive of 0.50%\* p.a. for senior citizens and 0.10%\* p.a. for women depositors), making it a wise choice of investment for people from

different demographics.

- **Affordable Minimum Investment Amount:** Investors can start their journey with Shriram Fixed Deposit with an investment amount as low as ₹15000 increasing in multiples of ₹1000. This makes it accessible to a wide range of investors with different financial profiles.
- **High Credit Ratings:** Shriram Finance is rated “[ICRA]AA+ (Stable)” by ICRA and “IND AA+/Stable” by India Ratings and Research, making its FD a reliable investment tool in the market.
- **Cumulative and Non-Cumulative Schemes:** Investors can opt between a cumulative or non-cumulative FD scheme, enabling them to have more control over their payout options. With a non-cumulative scheme, investors can choose from monthly, quarterly, half-yearly and yearly payout options and enjoy a steady flow of income. A cumulative scheme can help investors maximise their returns on maturity.
- **Flexible Tenure and Easy Liquidity:** Shriram Finance offers a variety of tenure options on Shriram Unnati Fixed Deposit, allowing investors to choose terms that best suit their short-term or long-term financial goals. Investors also enjoy easy liquidity on their FD with a diverse range of payout options.

## Conclusion

Opting for a loan against FD is a smart, flexible solution for individuals seeking immediate funds without disrupting their investment portfolio. This form of secured loan is an ideal choice for those who need temporary liquidity while maintaining their savings strategy. With its ease of access and minimal documentation, a loan against FD stands out as a valuable financial tool for both planned and unplanned

expenses.

### **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 3,149 branches and an employee strength of 77,764 with an AUM of Rs. 2,430,40 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](http://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 guarantee 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 by the company and for repayment of deposits/discharge of the liabilities by the company.

