**What is Company/Corporate Deposits?**

Company/Corporate Deposits are simply nothing but fixed deposits in companies that earn a fixed rate of return over a while.  The influential advantage of the company deposits is its plain simplicity. It is understood even by the most beginners among the investor community.

With the meltdown of Non-Banking Finance Companies (NBFCs) almost a decade ago, the company/corporate deposit market had a major slow down, but volumes remain significant and some loyal investors prefer company/corporate fixed deposits to other investment products.

**Advantages of Company/Corporate deposits:**

* Assured return.
* Higher interest when compared to bank deposits.
* Low risk when compared to [stock market investments](https://www.holisticinvestment.in/dos-and-donts-in-the-stock-market)
* Service at your doorstep.
* The Lock-in period in most cases is 6 months only.
* If the interest income is less than Rs.5000 in one financial year, then NO TDS.

**Risk in Company/Corporate Deposits:**

Company/Corporate deposits are basically unsecured. That is if the company defaults in repaying the interest or principal, the investor will not be able to recover his capital. As a company deposit holder, you don’t have any lien on any asset of the company, in case it goes into financial difficulties. This makes the company/corporate deposits a risky investment option.

**Identifying Risky Company/Corporate Deposits:**

One of the important tasks in investment planning in company deposits is to identify the risky company deposits and avoiding them. If you find any of the below symptoms in any of the company deposit scheme, then it is better to avoid such company deposit schemes.

* Poor credit ratings like A or lesser ratings
* Companies making losses.
* Companies that skip dividends.
* Companies that offer higher than 3% to 4% of bank deposit rates.

**Checklist for Choosing Right Company/Corporate Deposits:**

There are some promising investment options in company deposits. Also, there are some poor investment options. If you know how to select the right company deposit, then company deposits can be really an interesting investment option in your [portfolio](https://www.holisticinvestment.in/Portfolio-Management-Scheme).

**For Selecting Right Company/Corporate Deposits,**

* You need to ignore all the unrated company deposits and need to choose company deposits with a rating of AA or higher.
* Choose the company deposits of the company with a better reputation within a given rating grade. If you read business papers and magazines periodically, it is not difficult for you to check the credentials of the company.
* Take the help of a qualified financial advisor in choosing the right company deposit. But mind you, there are very few reputed and qualified financial advisors.
* Company deposits need to be spread over a large number of companies in different industries. By this, you can diversify your risk. Irrespective of the rating and reputation of the company, don’t invest all your investments in a single company deposit scheme.
* You need to check on the servicing level and standard of the company before investing in that company/corporate deposits. You need to ignore companies that don’t care or care little about issues like sending interest warrants and principal cheques.
* After investing in a company deposit, you need to constantly track the company’s credit rating. The times are uncertain and downgrades are rampant.
* Check the company’s balance sheet for its asset back up, profitability, reserves, existing borrowings, and loans.

Every investment has its distinct features and benefits. Likewise, each investor has specific risk- taking abilities and personal needs. Professional investment planning needs matching of the product benefits and features with the financial objectives of the investors. So, one needs to weigh the various alternative investment options like bank deposits, and debt funds vis-a-vis company deposits before making a choice.

SEBI functions within the legal framework of the SEBI Act, 1992. The statutory objectives of SEBI as enshrined in the SEBI Act, 1992 are fourfold:

1. Protection of the interests of investors in securities;
2. Development of the securities market;
3. Regulation of the securities market; and
4. Matters connected therewith and incidental thereto.

In keeping with these objectives, SEBI has set for itself strategic aims in the four key spheres which encompass SEBI’s activities, namely, investors, issuers, intermediaries and regulatory regime.

To the investors, SEBI strives to assure that their rights are protected, they are able to make informed choices and decisions and the market is fair in its financial dealings.

To the issuers, SEBI strives to provide a transparent, efficient market where they are able to raise resources at reasonable cost, conduct themselves in accordance with the highest standards of corporate governance, and diligently meet their regulatory obligations.

To the intermediaries, SEBI strives to provide a market in which they can compete freely and operate in a manner which gives the investors and market participants confidence that the market is efficient, orderly and fair.

In the regulatory regime, SEBI seeks to ensure transparency - that it always remains appropriate, proportionate and effective.

With these strategic aims in view, SEBI has been constantly reviewing and reappraising its policies and programmes, formulating new policies and regulations to cover areas hitherto unregulated or inadequately regulated and implementing them in a manner so as to

promote the growth of the market with transparency, fairness, efficiency and integrity