

SBI raises lending rates by 0.20%; Home, auto and consumer loans to get costlier

Home, auto and consumer loans are expected to become costlier with the country's largest lender State Bank of India (SBI) raising its lending rates by 0.20 per cent with effect from tomorrow.

The bank has revised the base rate or the minimum lending rate to 10 per cent from 9.80 per cent, SBI said in a statement.

At the same time, the Benchmark Prime Lending Rate (BPLR) was also raised by 0.20 per cent from 14.55 per cent to 14.75 per cent.

Upward revision in the lending rate by SBI may prompt others public and private sector banks to follow suit.

The decision come a day after HDFC Bank raised the base rate by 0.20 per cent to 10 per cent.

Earlier this month, SBI raised fixed deposit rate by 0.2 per cent on select maturity.

With the revision, term deposit between 180-210 days less than Rs 1 crore now earn 7 per cent against 6.80 per cent earlier.

Last week, RBI raised short-term lending (repo) rate by 0.25 per cent to 7.75 per cent, making cost of fund expensive for the banks.

At the same time, the RBI lowered marginal standing facility (MSF) rate by a similar margin to 8.75 per cent.

Accordingly, the bank rate was reduced to 8.75 per cent with immediate effect. Consequently, the reverse repo rate is adjusted upward to 6.75 per cent.

The RBI has left unchanged other rates such as the cash reserve ratio at 4 per cent and the mandatory holdings in government securities and other liquid assets as a solvency measure - Statutory Liquidity Ratio (SLR)- at 23 per cent.

SBI had last raised base rate by 0.10 per cent to 9.80 per cent in September this year.

(Economic Times)