

The Times of India

Title : SBI cuts deposit rates by 0.25%

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Location :

Mumbai

Article Date : 12/06/2014

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Mumbai: The country's largest lender State Bank of India (SBI) on Friday cut its deposit rates for maturities of over one year by 0.25%, making it the third bank after private sector rivals ICICI Bank and HDFC Bank to reduce deposit rates this week.

The bank, which has already affected rate cuts in the short-term maturities of up to a year in two moves over the past few months, on Friday reduced the rates for deposits of over one year.

Under the revised pricing applicable from Monday, a deposit in the bank for over one year but less than five years will fetch an interest of 8.50% as against the earlier 8.75%. For deposits of five years and above, the rate has been reduced to 8.25% as against the earlier 8.50%, the bank said in a filing to the exchanges.

London branch to raise \$300m via bonds

New Delhi: The **Arundhati Bhattacharya**-led SBI has decided to raise \$300 million by way of issuing bonds and the proceeds would be used for general corporate purposes. "State Bank of India (SBI) has decided to issue bond under reverse enquiry up to \$300 million...through issuance of senior unsecured fixed notes," the bank said in a filing to the Bombay Stock



Exchange (BSE). The bonds will carry an interest rate of 3.95% per annum, that will be paid semi-annually. They are expected to be rated Baa3 — the lowest rating of investment, carrying moderate risk — by ratings firm Moody's, or BBB — the lowest investment grade — by S&P, it added. The issuer of the bonds will be the London branch of SBI and the bank plans to list the notes on SIX Swiss Exchange. AGENCIES

The review is for retail deposits of under Rs 1 crore, the bank said.

The move comes a day after two private sector banks announced cuts of up to 0.50% in maturities of up to one year. State-run IDBI Bank had also

on Thursday announced a 0.50% cut in deposit rates for maturities starting from six months to 20 years.

The moves are important as these are generally a precursor to a drop in borrowing rates. It comes within days of

RBI governor Raghuram Rajan going public with his disappointment with banks for not transmitting the policy actions to the general public through lending rate cuts.

The governor had said there has been a fall in rates in the money markets due to a variety of reasons, including an expectation that the RBI will become more accommodative in the future, but the banks' rates are not reflecting the same.

SBI chairperson Arundhati Bhattacharya had said, "Banks get very little resources from the money market. For instance, SBI does not have a single CD (certificate of deposit) in the market and so, to that extent, the rates coming down in the money market won't really impact us. Therefore, there is no question of transmission." AGENCIES