

[State Bank of India](#) (SBI) raised its benchmark lending rates by 10 basis points (bps), followed by [Punjab National Bank](#) (PNB), ICICI Bank, [Kotak Mahindra Bank](#) and [Housing Development Finance](#) Corp (HDFC).

Bankers said it was to pass on the rising cost of funds to customers and an effort to protect the net interest margin. As the rise was small, it would not affect demand for credit.

While SBI, ICICI, Kotak Mahindra and PNB raised their marginal cost of funds-based lending rate (MCLR) by 10 basis points, HDFC raised its retail prime lending rate likewise. While the others kept the base rate unchanged, PNB raised its by 10 basis points.

SBI's one-year MCLR, which most loans are based on, is now 8.25 per cent. Those of ICICI and PNB are 8.4 per cent and Kotak Mahindra's is 8.9 per cent.

Interest rates on all rupee loans sanctioned and credit limits renewed, other than exceptions permitted by the Reserve Bank, are priced with reference to the MCLR from April 2016.

HDFC's revised home loan interest rates are 8.5-8.8 per cent. Up to Rs 3 million, the new rate is 8.5 per cent for women and 8.55 per cent for men. From Rs 3 million to Rs 7.5 million, it is 8.65 per cent for women and 8.7 per cent for others.

This is SBI's second hike in MCLR this year. It had done so in March, its first rate hike since the MCLR regime was introduced in April 2016. Earlier this week, it had raised the interest rate up to 25 bps in some maturity buckets of domestic term deposits, to stay competitive in retaining money.

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