

SBI cuts fixed deposit rates to 8.75% from 9%, but effects 25 bps hike in select maturities

State Bank of India has become the first lender to cut deposit rates below 9 per cent.

India's largest lender, **State Bank of India (SBI)** on Tuesday revised fixed deposit (FDs) rates in select maturities and thus becomes the first lender to cut rates below 9%.

In a regulatory filing, the bank said it has lowered interest rates by 25 basis points (bps) to 8.75% from 9% for deposits maturing between one to three years, with effect from Thursday September 18.

The bank, however, increased its deposit rates for maturities between 180 to 210 days by 25 bps to 7.25%.

Speaking to a news channel, SBI Chairman Arundhati Bhattacharya said that they have excess of liquidity at present and there is not enough demand to match it.

“The reason for the revision is the fact that we have a lot of liquidity, we have not seen that kind of credit demand and therefore this is basically adjusting our asset liability management (ALM),” Bhattacharya said.

SBI had last revised its term deposit rates in July when it cut bulk term deposit rates by 25 bps and retail term deposit rates by 50 bps for certain tenures.

The bank had cut bulk term deposit rates (Rs 1 crore and above) by 25 bps for tenures of 7-60 days to 6.25% and 61 days to less than one year to 6.75%. For retail term deposits (less than Rs 1 crore) the downward revision in rates affected deposits that mature between 7-179 days, which has been revised to 7% from 7.5%.

That apart, private sector lender IndusInd Bank recently cut interest rate on savings account to 4.5% per annum from 5.5% on daily balance up to Rs 1 lakh from September 1. However, it kept the interest on accounts that maintain a daily balance of more than Rs 1 lakh at 6%, the bank said on its website.

SBI shares were trading at Rs 2,610, marginally down about 0.5% on the BSE at 12:18 hours.

(Financial Express)