



DEPARTMENT : RISK MANAGEMENT

CIRCULAR NO: HO / RMD/14/2018-19/46

APRIL 10th, 2018

TO: ALL BRANCHES/ OFFICES

**REVIEW OF MARGINAL COST OF FUNDS BASED LENDING RATE (MCLR) AND
MCLR RATES APPLICABLE FROM 11th APRIL, 2018**

I. BACKGROUND

- The Reserve Bank of India vide its circular DBR.No.Dir.BC.67/13.03.00/2015-16 dated December 17, 2015 has brought in a new methodology of setting lending rate by commercial banks under the name Marginal Cost of Funds based Lending Rate (MCLR).
- All rupee loans sanctioned and credit limits renewed w.e.f. April 1, 2016 are priced with reference to the Marginal Cost of Funds based Lending Rate (MCLR), which is the internal benchmark for such purposes.
- The methodology adopted by the Bank for of computation of MCLR was approved by the Board of Directors in the meeting dated 28.03.2016 vide agenda item no. A-9.
- The MCLR rates were last reviewed by ALCO in meeting dated 09.03.2018.
- ALCO in the meeting dated 10.04.2018, has reviewed the MCLR for different tenors and **kept** the MCLR rates **unchanged** for all tenors.

II. MCLR RATES TO BE APPLICABLE FROM 11th APRIL 2018 TILL NEXT REVIEW:-

- The following MCLR rates will be applicable from 11.04.2018 onwards till next review of MCLR rates by the Bank:-

MCLR Benchmark	Existing MCLR (%) w.e.f. 12.03.2018	Revised MCLR (%) w.e.f. 11.04.2018
Overnight MCLR	8.10	8.10
One-month MCLR (1 month)	8.20	8.20
Three-month MCLR (3 months)	8.30	8.30
Six-month MCLR (6 months)	8.45	8.45
One-year MCLR (1 Year)	8.50	8.50

- The above MCLR rates shall be applicable to all credit limits **sanctioned/ disbursed /renewed & benchmark MCLR reset (in accounts)** on and after 11.04.2018 and till next review of MCLR by the Bank.
- For all other guidelines on MCLR, the circulars issued by Risk Management Department shall be referred.

III. REVIEW OF MCLR

- i. The MCLR is being reviewed on a monthly basis at present as per RBI guidelines.
- ii. On periodic review, the MCLR shall be communicated to the Field functionaries, Branches, Cluster Offices and Cluster Monitoring Offices (CMO).

IV. TREATMENT OF INTEREST RATES LINKED TO BASE RATE / BPLR CHARGED TO EXISTING BORROWERS

- i. Existing loans and credit limits linked to the Base Rate/ BPLR may continue till repayment or renewal, as the case may be.
- ii. Bank will continue to review and publish Base Rate/ BPLR as hitherto.
- iii. Existing borrowers will also have the option to move to the Marginal Cost of Funds based Lending Rate (MCLR) linked loan at mutually acceptable terms. However, this should not be treated as a foreclosure of existing facility.

V. OTHER CONDITIONS:

- i. The interest shall be charged and compounded at monthly rests except in specified cases such as permissible agricultural advances as per RBI guidelines.
- ii. In cases where the sanctions are with fixed rate of interest, **the same would continue till the sanction permits** or the bank exercises the **option of reset of rate of interest**, if any, agreed at the time of sanction, whichever is earlier.

All Branches, Cluster Offices and Cluster Monitoring Offices (CMO) are advised to take note of the above for compliance.

All inspecting officials from the Inspection and Control Department at Head Office as well as the CMO (Inspection & Control) should verify the compliance of the above during their visits to Branches, Cluster Offices and Cluster Monitoring Offices.


NAVLEEN KUNDRA
GENERAL MANAGER
RISK MANAGEMENT

