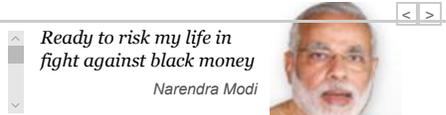


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Foreign banks top rate-cut charts; public sector lenders lag

By PTI | Updated: Dec 02, 2015, 08.31 PM IST [Post a Comment](#)

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NEW DELHI: RBI Governor Raghuram Rajan's repeated nudge to banks to pass on the rate-cut benefits seems to be falling on deaf ears, as the transmission has been less than one-fifth in some cases, government data showed today.

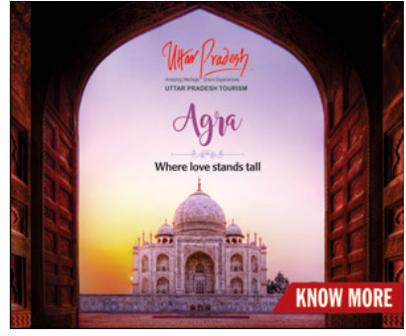
The Reserve Bank has lowered its policy rate by 1.25 **per cent** so far in 2015, while Rajan has been consistently chiding banks on their slow transmission of rate cuts to borrowers.

Interestingly, it is the public sector banks that appear to be **lagging** the most when it comes to the highest reduction in the base lending rates, while domestic **private sector** lenders have been a tad better.

The overseas banks have performed much better with rate cut of up to 1.05 per cent so far in 2015, although the lowest reduction of 0.20 per cent has also been in case of a foreign lender only.

While 27 public sector banks have reduced base rate between 0.30-0.70 per cent, as many as 16 private sector **lenders** have lowered it in the range of 0.25-0.75 per cent, Minister of State for **Finance** Jayant Sinha said in a written reply to a question in the Rajya Sabha.

Foreign banks were ahead in passing on the rate cut benefits to borrowers as they reduced base rates in the range of 0.20-1.05 per cent. There are 26 foreign banks in the country, Sinha said in the written reply dated December 1, which was released today.



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RBI reduced its repo rate by 0.75 per cent in three equal instalments each on January 15, March 4 and June 2, while the rates were further lowered by 0.50 per cent on September 29. The repo rate now stands at 6.75 per cent.

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Yesterday, RBI Governor Raghuram Rajan had said there is more room for rate cut by banks as the lenders on an average have only passed less than half of the 1.25 per cent reduction announced during 2015.

Since the rate reduction cycle that commenced in January, less than half of the cumulative policy repo rate reduction of 125 basis points has been transmitted by banks, Rajan said, adding, the median base lending rate has declined only by 60 basis points.

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