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HDFC, ICICI Bank cut home loan rate by 0.15 per cent

By PTI | Updated: Nov 03, 2016, 11.19 PM IST

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NEW DELHI: Joining the rate cut war, biggest mortgage firm HDFC and private sector lender [ICICI Bank](#) today cut [home loan](#) rates by 0.15 per cent, a move that may be followed by other lenders.

Home loans up to Rs 75 lakh for [women](#) borrowers will now attract an interest of 9.15 per cent and for others it will be 9.20 per cent, [HDFC Ltd](#) said in a statement.

"Over the past couple of months, we have seen a drop in our marginal costs of funds and as always, HDFC has ensured that benefit is passed on to its customers," HDFC Ltd Managing Director Renu Sud Karnad said.

For loans beyond Rs 75 lakh, the interest rate has been revised downwards to 9.25 per cent for women borrower and 9.30 per cent for others.

Earlier in the day, ICICI Bank lowered rates by 0.15 per cent, following which home loans up to Rs 75 lakh for women borrowers will attract an interest of 9.15 per cent from the earlier rate of 9.30 per cent.

At the same time, the new rate for the salaried has been reduced to 9.20 per cent, as against 9.35 per cent earlier.

The new rate is effective from November 2, a day after the bank lowered marginal cost of funds based lending rate (MCLR) by 0.1 per cent.

Yesterday, SBI had slashed interest rates by 0.15 per cent for its home loans up to Rs 75 lakh. SBI home loan is available at 9.15 per cent while women borrowers will get it at 9.10 per cent interest.

According to analysts, the rate reduction effected by large players would put pressure on others to follow suit to remain in the competition.

Since there is hardly any credit demand from corporate sector, most of the banks are chasing retail loans to keep their [balance sheet](#) ticking, analysts added.

Yesterday, ICICI Bank launched a [product](#) for the loanees and salary account holders, offering credit from Rs 5 lakh to Rs 1 crore against property owned by them.

The product, 'ICICI Bank Home Overdraft', offers dual advantage of a term loan as well as an overdraft facility, the bank said in a statement.

"While the term loan provides customers with quick funds for immediate needs, the overdraft facility offers them flexibility to access funds instantly for expenses, as and when required," the bank had said.

Those buying the overdraft loan from the bank would be able to utilise the funds for their personal needs such as [education](#), medical treatment, home renovation, marriage and overseas [travel](#), among others.

Customers will have the facility to avail a minimum 10 per cent of the total amount as term loan and maximum 90 per cent as overdraft.

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