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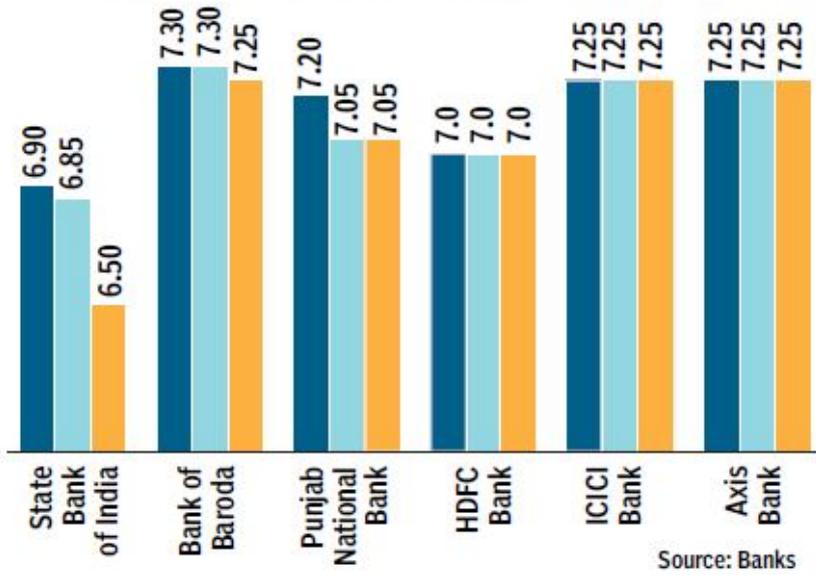
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Interest rates on deposits at State Bank of India (SBI) have hit a seven-year low after the lender trimmed the rates by 15 basis points (bps) across three maturity buckets on Wednesday. This cut takes SBI's interest rates on one-year deposits below 7% for the first time since 2009.

The bank has reduced interest rate on one-year term deposits to 6.9%, lower than 7% offered by HDFC Bank. SBI has cut deposit rates for the second time in less than a month. It had earlier effected a 10-basis point cut on its one-year deposits, from October 24.

SBI has also cut interest rates on deposits from 456 days to less than two years by 15 bps to 6.95% and on deposits of two years to less than three years to 6.85%.

SBI chairman Arundhati Bhattacharya had said last week that since banks have got more than R3.25 lakh crore in deposits following the de-monetisation drive, sooner or later banks will cut deposit rates. Moreover, banks need to reduce their deposit rates in order to pass on the benefits of Reserve Bank of India (RBI) rate cuts, amounting to 175 bps



while borrowers can avail of cheaper loans, fixed deposits will turn progressively unattractive for savers.