

# Bank of Baroda to offer lowest home loan rate at 8.35%

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**Mumbai, January 9:** Bank of Baroda has decided to give peer lenders in the housing finance space, such as State Bank of India and HDFC, a run for their money. The public sector lender will now offer home loans starting from 8.35 per cent, which is its one-year marginal cost of funds-based lending rate (MCLR).

At 8.35 per cent interest for the best-rated borrower, Bank of Baroda's rate is the lowest for home loans among all banks and housing finance companies.

State Bank of India, the country's largest bank, is currently offering floating home loans (of up to Rs. 75 lakh) at 8.60 per cent to women borrowers and 8.65 per cent to others.

HDFC, India's largest standalone housing finance company, is charging women borrowers (for loans up to Rs. 75 lakh) interest rate between 8.65 to 9.15 per cent and for other borrowers 8.70-9.20 per cent.

## Scoring model

Mayank Mehta, Executive Director, Bank of Baroda, said the bank's loan pricing is based on a scoring model, with the borrower with a higher credit score (800 or more) getting to avail home loan at 8.35 per cent. If the score is lower than this threshold, the bank will add a spread of 50-60 basis points to the one-year MCLR.

"Our interest rate is attractive and we should see a demand pick-up in the housing finance space," said Mehta.

On a home loan of Rs. 50 lakh, reduction in interest rate by 0.70 per cent by the bank will help a home buyer to save Rs. 2,496 a month and approximately Rs. 9 lakh during the loan tenure of 30 years, said the bank in a statement.

The existing home loan borrowers, who have not yet moved to the MCLR rate structure, can avail the benefit of reduced rate of interest rate by converting from Base Rate to MCLR without any additional charges.

With reduction of MCLR rates with effect from January 7, the bank said the rate of interest on car loans and mortgage loans now starts from 8.85 per cent and 10.35 per cent, respectively.

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