

Union Bank of India, Kotak Mahindra Bank cut MCLRs

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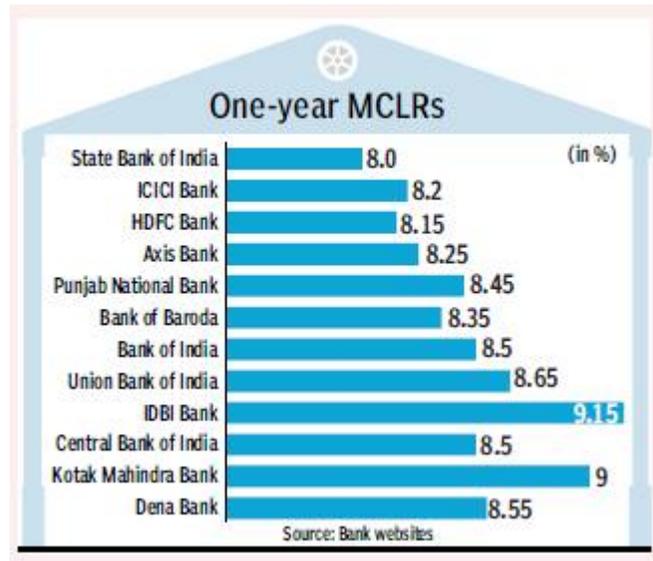
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State-owned Union Bank of India and private-sector lender Kotak [Mahindra](#)Bank have reduced their marginal cost of funds-based lending rates (MCLR), effective February 1. While Union Bank's one-year MCLR now stands 15 basis points (bps) lower at 8.5%, the corresponding figure for Kotak Mahindra Bank came down 15 bps to 8.85%.

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Kotak slashed MCLR by 15 to 24 bps, with the overnight rate now standing at 8.05%, and

those on tenures between one month and three years range between 8.1% and 8.85%.

Public-sector lender Dena Bank, on the other hand, raised MCLR by 5 to 15 bps across tenures. Its one-year MCLR is now at 8.6%, up from 8.55%. The overnight MCLR was raised 10 bps to 8.5%, the one-month rate by 15 bps to 8.55%, the three-month rate by 10 bps to 8.55% and the six-month rate by 10 bps to 8.6%.

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In January, Dena Bank had slashed its one-year MCLR by 75 bps. Most major banks had lowered their MCLR last month in reaction to a demonetisation-induced deluge of deposits and a resultant drop in their marginal cost of funds.

As per the MCLR regime, which replaced the base rate regime in April 2016, banks review their benchmark lending rates every month on the basis of their incremental cost of funds.

SBI, ICICI Bank and PNB have left their MCLRs unchanged for February.