

# Weighted average lending rates up 5-76 bps in March-June

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## OUR BUREAU



## MUMBAI, SEPTEMBER 3

Our Bureau The weighted average lending rates (WALRs) of scheduled commercial banks on outstanding rupee loans for sectors such as housing, large industries and credit cards have gone up by 5-76 basis points (bps) between March-end and June-end 2018, according to the Reserve Bank of India's annual report.

Following the policy rate hike of 25 bps on June 6, 2018, the median term deposit rate and one-year marginal cost of funds based lending rate (most of the loans are benchmarked to this rate), increased by 5 bps and 3 bps, respectively. One basis point is equal to one-hundredth of a percentage point.

The WALR on fresh rupee loans also increased by 8 bps in June, the RBI report said.

It further said the WALR on outstanding rupee loans in the case of credit cards increased by 76 bps, from 37.79 per cent in March to 38.55 per cent in June. Similarly, the WALR on outstanding rupee loans in the case of large industries and housing sectors increased to 11.23 per cent (from 11.03 per cent) and 9.43 per cent (9.38 per cent), respectively.

However, the WALRs on outstanding rupee loans in the case of agriculture, trade, vehicles, MSME, infrastructure and professional service declined by 4-14 bps.

Professional services, which recorded a robust year-on-year credit growth of 17.1 per cent as on July 20, 2018, saw the maximum WALR reduction of 14 bps to 10.73 per cent.

Lending rates on outstanding loans in FY18 declined across the sectors in a wide range of 24-123 bps, with the largest decline occurring in the personal credit card segment, said the report.

# FY18 rate trends

The WALR of banks in the case of the credit cards segment came down by 123 bps from 39.02 per cent as at March-end 2017 to 37.79 per cent as at March-end 2018.

The WALR in the case of large industry and trade declined YoY to 11.03 per cent (down 54 bps) and 11.08 per cent (down 51 bps), respectively.

The WALR reduction in the case of MSMEs and education loans was 47 basis points (to 11.41 per cent) and 41 bps (to 11.29 per cent) respectively. The infrastructure and housing sectors saw 40 bps cut each in WALR to 11.40 per cent and 9.38 per cent respectively.

The WALR reduction in the case of vehicle and agriculture was 31 bps (to 10.74 per cent) and 24 bps (to 10.71 per cent) respectively.

Published on September 03, 2018

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