

Marginal Cost of Funds Lending Rate (MCLR)

Dear Champions, recently many banks changed the **mclr interest rates** here mclr stands for **marginal cost of fund lending rate**. In this article we are explaining what is mclr and **what is bank rate** and mainly the difference between **bank rate vs mclr rate**. Let us first discuss the meaning of mclr in detail and we have attached recent mclr rates in pdf format to download.

What is MCLR (Marginal Cost of Fund Lending Rate) ?

The MCLR meaning is a **reference rate or internal benchmark** for all financial Institution. Marginal cost of fund based lending rate defines the method used to determine the **minimum home loan rate of interest**. The MCLR method was introduced in the **Indian financial system by the RBI in the year 2016**. The MCLR system has been replaced with the **base rate system that was introduced in the year 2010**. Thus, renewal of credit limits and sanctioning of loans is done as per MCLR rates.

What is Base Rate ?

Base Rate can be defined as the minimum interest rate **below which a lender is not permitted to offer loans**. Introduced in the year 2011, the Base Rate System was implemented with the following objectives :

- To improve the transmission of monetary policy
- To introduce a higher level of transparency in the approach of a selection of lending rates by banks.



Difference between MCLR vs Base Rate :

Base Rate	MCLR
Based on average cost of funds	Based on marginal/incremental cost of funds
Calculated by considering minimum rate of return/profit margin	Calculated by considering tenor premium
Base is also governed by operating expenses, and expenses needed to maintain cash reserve ratio	The MCLR is also determined by considering deposit rates and repo rates, along with operating costs and cost of maintaining cash reserve ratio
Base rate can be changed by vendors every quarter	MCLR varies depending on the tenure of the given loan

Recently, All PSU and private sector banks changed their MCLR rates hence its very important for upcoming competitive exams here by we have attached the recent MCLR rates.

Bank Name	Overnight			1 Month			3 Months			6 Months			1 Year			2 years			3 years		
	O	N	C	O	N	C	O	N	C	O	N	C	O	N	C	O	N	C	O	N	C
State Bank of India	7.15	7.35	20	7.15	7.35	20	7.15	7.35	20	7.45	7.65	20	7.50	7.70	20	7.70	7.90	20	7.80	8.00	20
Bank of Baroda		7.00			7.50			7.50			7.65			7.80							
Union Bank of India		7.00			7.15			7.35			7.55			7.75			7.95			8.10	
Bank of Maharashtra	6.90	7.10	25	7.00	7.25	25	7.20	7.40		7.60	7.40	20	7.50	7.60	10						
Canara Bank	6.80	6.90	10	6.80	6.90	10	7.10	7.25	15	7.60	7.65	5	7.65	7.75	10						
Bank of India	6.80	6.85	5	7.30	7.30	0	7.35	7.35	0	7.45	7.55	10	7.60	7.70	10				7.80	7.80	0
Punjab National Bank	7.00	7.05	5	7.05	7.10	5	7.15	7.20	5	7.35	7.40	5	7.65	7.70	5				7.95	8.00	5
UCO Bank		6.70			6.82			6.95			7.20			7.30							
Central Bank of India		6.90			6.90			7.25			7.45			7.55							
Punjab and Sind Bank		6.85			6.95			7.10			7.30			7.65							
Indian Bank		7.05			7.10			7.25			7.30			7.30							
Indian Overseas Bank	6.95	6.95	0	6.95	7.05	10	7.50	7.60	10	7.50	7.60	10	7.55	7.65	10	7.55	7.70	15	7.55	7.70	15
HDFC Bank		7.80			7.80			7.85			7.95			8.10			8.20			8.30	
Axis Bank		7.35			7.35			7.45			7.50			7.55			7.60			8.80	
ICICI Bank	7.65	7.75	10	7.65	7.75	10	7.70	7.80	10	7.85	7.95	10	7.90	8.00	10						
IDFC First Bank		8.00			8.00			8.30			8.65			9.00							
IDBI Bank		6.75			6.85			7.15			7.50			7.85			8.40			8.85	

Kotak Mahindra Bank		7.35			7.60			7.70			7.95			8.10			8.40			8.60		
Yes Bank		6.35			6.95			7.90			8.50			8.80								

- O – Old Rate in %
- N – New rate in %
- C – Change in Basis point 10 basis point = 0.10%

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Recently Fixed Deposit rates are also updated and hereby we have attached the recently changed fixed deposit rates:

Fixed Deposit Below 2 Crores									
Bank	Citizen	7 days to 45 days	46 days to 179 days	180 days to 210 days	211 days to less than 1 year	1 year to less than 2 years	2 years to less than 3 years	3 years to less than 5 years	5 years and up to 10 years
State Bank of India	General	2.90	3.90	4.55	4.60	5.45	5.50	5.60	5.65
	Senior	3.40	4.40	5.05	5.10	5.95	6.00	6.10	6.45
Bank of Baroda	General	3.00	4.00	4.65	4.65	5.50	5.55	5.65	5.65
	Senior	3.50	4.50	5.15	5.15	6.00	6.05	6.30	6.65
Canara Bank	General	2.90	4.00	4.65	4.65	5.55	5.60	5.75	5.75
	Senior	2.90	4.00	5.15	5.15	6.05	6.10	6.25	6.25
Punjab National Bank	General	3.00	3.25-4.00	4.00-4.50	4.50	5.50	5.60	5.75	5.65
	Senior	3.50	3.75-4.50	4.50-5.00	5.00	6.00	6.10	6.25	6.15
UCO Bank	General	2.55-2.80	3.55-3.70	4.40	4.40	5.30	5.30	5.60	5.30
	Senior	2.80-3.05	3.80-3.95	4.65	4.65	5.80	5.80	6.10	5.80
Central Bank of India	General	2.75-3.00	3.35-4.00	4.65	4.75	5.45	5.50	5.50	5.60
	Senior								
Indian Bank	General	2.80-3.00	3.25-3.75	4.00	4.40	5.40	5.50	5.60	5.60
	Senior	3.30-3.50	3.75-4.25	4.50	4.90	5.90	6.00	6.10	6.10
Indian Overseas Bank	General	3.00	3.75-4.00	4.50	4.50	5.45	5.45	5.70	5.70
	Senior	3.50	4.25-4.50	5.00	5.00	5.95	5.95	6.20	6.20
HDFC Bank	General	2.75-3.25	3.25-3.75	4.65	4.65	5.50	5.50	6.10	5.75
	Senior								

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