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HDFC hikes home loan rate, Punjab National Bank, ICICI Bank and Bank of India raise MCLR

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Home loans and EMIs are set to turn costlier with a number of lenders including HDFC Ltd, ICICI Bank, Bank of India and Punjab National Bank hiking rates.

Mortgage financier HDFC Ltd has increased its retail prime lending rates by 5 basis points for all customers. "HDFC increases its retail prime lending rate (RPLR) on housing loans, on which its adjustable rate home loans (ARHL) are benchmarked, by 5 basis points, with effect from June 1, 2022," it said in a statement on Wednesday.

The new interest rates for HDFC customers range from 7.05 per cent to 7.50 per cent depending on the category of borrower and loan amount.

HDFC had previously hiked its RPLR by 30 basis points effective May 9.

Similarly, Punjab National Bank has raised its marginal cost of funds based lending rate (MCLR) by 15 basis points. According to the

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The overnight MCLR tenor is now 6.75 per cent, while the one-year tenor is 7.4 per cent. The three-year MCLR rate now stands at 7.7 per cent. (https://www.thehindubusinessline.com/)

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“There is no change in base rate (8.5 per cent) and RLLR (6.9 per cent),” PNB said.

ICICI Bank also raised its MCLR by 30 basis points across tenors while Bank of India has increased its MCLR by 10 basis points for select tenors from Wednesday.

Leading lending institutions have already increased interest rates after the Reserve Bank of India hiked the repo rate by 40 basis points to tackle inflation. It is widely anticipated that RBI will further hike rates in its upcoming monetary policy review meeting.

In April 2022, seven domestic banks, including two public sector banks and five private banks, increased their MCLRs in the range of 5 to 13 basis points, the RBI Bulletin on May 2022 had noted.

According to RBI data, 53.1 per cent of all loans by scheduled commercial banks are linked to MCLR as of December 2021 while 39.2 per cent of loans are linked to external benchmark.

“Given the tightening interest rate scenario, a couple of banks increased their MCLR before the RBI announcement (repo rate hike by 40 basis points on May 4, 2022) and many banks have followed the suit post the announcement, hence MCLR is expected to rise,” CARE Edge had also noted in a recent report.

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