

OpenVoiceNews

Transparent. Unbiased. Yours.

SBI, IOB Cut MCLR Across Tenures

August 16, 2025

– Categories: Finance

Download IPFS

New Delhi, India – Major Indian banks have revised their lending rates following continued policy easing by the Reserve Bank of India (RBI), providing relief to borrowers across the country. State Bank of India (SBI) and Indian Overseas Bank (IOB) on Friday cut their marginal cost of funds-based lending rates (MCLR) by up to 10 basis points across all tenures, effective immediately.

SBI's revised MCLR now ranges from 7.90% to 8.85%, following a 25-basis-point reduction last month. IOB's rates are between 8.05% and 8.85%. The MCLR, a benchmark for lending, represents the minimum rate at which banks can issue loans, and is reviewed monthly by the RBI guidelines.

Other lenders are following suit. HDFC Bank, India's largest private sector bank, reduced select MCLR tenures by five basis points, bringing rates to 8.55%-8.75%, while Bank of Baroda lowered rates across various tenures by 10-35 basis points. Overnight loans at Bank of Baroda fell to 7.95%, one-month loans also dropped to 7.95%, three-month loans to 8.35%, and six-month and one-year loans were set at 8.65% and 8.80%, respectively. Canara Bank, however, kept its MCLR unchanged for August.

These adjustments are a direct result of the RBI's monetary policy easing, which has seen the repo rate cut by 100 basis points since February 2025. Data from the RBI indicates that the weighted average lending rate on fresh rupee loans has fallen by 78 basis points for scheduled commercial banks during the same period. Public sector banks have reduced

lending rates by 86 basis points, while private banks have cut rates by 50 basis points, showing a consistent trend of lower borrowing costs for individuals and businesses alike.

The one-year median MCLR for July moderated to 8.75%, down from 8.90% in June, reflecting the broader impact of the policy measures on credit markets. The reductions are expected to boost consumption, support micro, small, and medium enterprises (MSMEs), and provide immediate financial relief to the common man, strengthening India's economy from the grassroots level.

Experts suggest that borrowers can expect continued benefits as banks adjust their lending practices to reflect RBI guidance. The trend also highlights India's market-driven approach, where economic considerations and policy guidance align to support sustainable growth, while ensuring that credit remains accessible to both individuals and businesses.

With these cuts, India's banking system demonstrates its commitment to fiscal prudence and economic stability, helping households and enterprises thrive in an environment of measured monetary easing and predictable credit costs.