

Trends Witnessed in Term Deposits

STRATEGIC MANAGEMENT AND ECONOMIC ADVISORY DIVISION

Share of term deposits offering 7% plus interest rate jumps to 64.4% in Mar'24

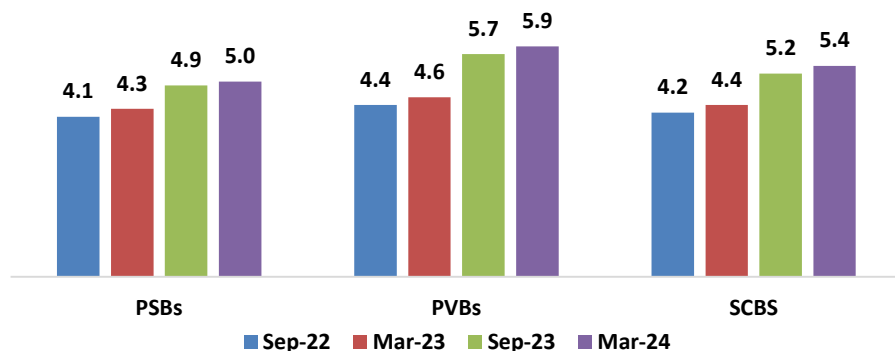
Interest rate-wise Share of Term Deposits of Banks

Market share in %

S no.	Interest rate(%)	<5	5 to 6	6 to 7	7 to 8	Above 8
1.	March-end 2024	5.3	8.1	22.2	58.9	5.5
2.	December-end 2023	3.5	9.6	25.4	56.3	5.2
3.	September-end 2023	4.1	12.6	28.6	50.0	4.7
4.	June-end 2023	4.8	20.2	29.6	41.0	4.4
5.	March-end 2023	7.0	31.8	27.5	30.3	3.4

Source: RBI (BSR)

Cost of Funds (%)- Annualised



Source: RBI (FSR)

Rates Offered by Different Banks on TD

S no.	Banks	Maturity Period	Interest Rate
1.	Punjab National Bank	400 days	7.25%
2.	Central Bank of India	2 yr to less than 3 years	7.00%
3.	Bank of Baroda	Above 2 Years and upto 3 Years	7.25%
4.	Bank of India	699 days	7.30%
5.	State Bank of India	2 yrs to less than 3 years	7.00%
6.	HDFC Bank	18 to 21 months	7.25%
7.	ICICI Bank	15 Months to < 18 Months	7.20%
8.	Kotak Mahindra Bank	391 Days - Less than 23 Months	7.40%

- The share of term deposit (TD) offering 7 per cent and above interest rate has jumped to 64.4 per cent of banks' total TDs as at March-end 2024 against 33.7 per cent at March-end 2023.
- According to RBI data, it shows that in march-end 2024, 58.9 per cent of the TDs of banks' carried interest rate between 7 per cent and 8 per cent (against 30.3 per cent of TDs as at March-end 2023) and 5.5 per cent of the TDs carried interest rate above 8 per cent (against 3.4 per cent of TDs as at March-end 2023).
- Interest rate bucket of (5-6 percent) shows the highest decline in the share of term deposits from 31.8 percent in Mar'23 to 8.1 per cent in Mar'24.
- Consequently , cost of funds increased continuously for all bank categories in March 2024.
- Lagged effects of transmission of monetary policy rate increases and shifts in liquidity conditions led to nearly 100 bps rise in the cost of funds from Mar'23 to Mar'24 for SCBs.
- The highest interest rate that **Punjab National Bank** (PNB) is currently offering is 7.25 on a TD of "400 days" duration.
- The highest interest rate that the largest Bank (SBI) is currently offering is 7 per cent on a TD of "2 years to less than 3 years" duration.
- The highest interest rate that **Public Banks** are offering on TD is in the range of 7.00-7.30 per cent.
- The highest interest rate that **Private Banks** are currently offering on TD is in the range of 7.20-7.40 per cent.