

General FAQs on Repo rate

1. What is External Benchmark based lending?

The Reserve Bank of India (RBI) vide its circular no DBR.DIR.BC.No.14/13.03.00/2019-20 on “External Benchmark Based Lending” dated September 04, 2019 and vide circular no. DBR. Dir. No.85/13.03.00/2015-16 on “Interest Rate on Advances” dated March 03, 2016 , updated as on September 04,2019 has advised to link all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to Micro, Small and Medium Enterprises extended by banks with effect from October 01, 2019 to external benchmark which can be one of the following:

- Reserve Bank of India policy repo rate
- Government of India 3-Months Treasury Bill yield published by the Financial
- Benchmarks India Private Ltd (FBIL)
- Government of India 6-Months Treasury Bill yield published by the FBIL
- Any other benchmark market interest rate published by the FBIL.

In line with the above circular, **Axis Bank has adopted Repo rate as the external Benchmark lending rate with effect from October 01, 2019.**

2. What will be implications of REPO RATE for Customers?

New customer at REPO RATE: - All new floating rate loans and credit limits renewed with effect from October 01, 2019 will be linked to Repo rate.

Existing customer at MRR/BPLR/Base rate/MCLR: - Existing loans and credit limits linked to MRR/BPLR/Base rate/MCLR shall continue till repayment or renewal, as the case may be. Only if existing customers approach us and give request for switching from MRR/BPLR/Base rate/MCLR to REPO RATE then only it will be changed. Once transitioned to REPO RATE, the customer can't switch back to the old benchmark rates.

3. How will be my loan priced? Or how my loan effective ROI will get calculated?

All floating rate loans will be linked to REPO RATE. The rate offered to you shall be the REPO RATE plus spread. It may be noted that the Repo rate would be reset every three months.

Further, the Bank is free to decide the spread over the Repo Rate. The spread may undergo a change during the tenure of the loan.

4. Will REPO RATE be same for entire year or it will get changed?

Bank will publish the Repo rate every month on a pre-announced date. The rate applicable to you would be the prevailing repo rate for that month.

For all loans linked to Repo rate, the reset frequency would be three months.

5. Do I have option to move from existing MRR/BPLR/Base rate/MCLR to REPO RATE? Are there any charges applicable?

YES, for all floating rate loans/credit facilities, if customer is on MRR/BPLR/Base rate/MCLR, customer can give request to move to REPO RATE. Hence, the benchmark rate and spread shall undergo a change.

- Bank shall charge flat administrative fee of Rs.10,000/-

6. Can I raise the request through Call Centre / email channel for conversion from MRR/BPLR/Base rate/MCLR to REPO RATE?

You are requested to visit the nearest loan center along with the co-applicant(s) and/or guarantor(s), since there would be additional documentation involved.

7. In case of reset of REPO RATE, if the rate increase or decreases, how will it impact my loan EMI /Tenure?

The Repo Rate would be reset every three months. The impact would be given on loan tenure first, however if maximum tenure has already been availed then the EMI would have to be modified.

8. Do I have option to move from REPO RATE to Base Rate/BPLR/MRR/MCLR)?

No, there is no option to move back from REPO RATE to Base rate/BPLR/MRR/MCLR.

9. If I continue on the existing base rate/MCLR. Is there a possibility of Base rate/MCLR change?

YES, Base rate/MCLR will be reviewed by the Bank from time to time and it may or may not change.

10. I am interested in applying for Axis bank product. How do I know about REPO RATE for any month?

Applicable Repo Rate for each month will be updated on Axis Bank Website.

11. I am an existing customer. How do I know about my rate change?

You will come to know through our Website / SMS / Email/ letter as deemed fit.