



Healthy capital ratios, low NPAs

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Private sector lender has been able to maintain asset quality with 1.5-1.9% GNPA

- The RBI's policy rate cut in February 2019 is likely to nudge banks to trim deposit rates over the coming months.
- Though a sharp cut is unlikely in the near term, depositors with surplus funds should consider locking into attractive rates now.

Lock-in now

- Banks had raised deposit rates last year with those in the private sector hiking rates more aggressively.
- With the RBI expected to cut the policy rate further in the coming months, retail deposit rates offered by banks are likely to fall too.
- Given that interest rate cycles have become relatively shorter over the past two to three years, sudden reversal in rates (from rate easing now to hikes) cannot be ruled out.
- Remember, bank deposits score on safety over options such as deposits in NBFCs (non-banking finance companies) or non-convertible debentures (NCDs).
- Bank deposits are covered by the Deposit Insurance and Credit Guarantee Corporation of India (DICGC). Each depositor is insured up to Rs.1 lakh for principal and interest.
- Healthy growth in core net interest income, other income boost and favourable cost to income aided earnings.

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