

## Go for FDs now, deposit rates will be cut soon

If you are a risk-averse investor, lock your savings in long-term fixed deposits — with a maturity period of two to three years — as soon as you can. The reason: Following the Reserve Bank of India's move to cut the rate at which it lends to banks by 0.50%, experts say the banks may respond by lowering not only their lending rates, but the deposit rates, too.

The banks are offering 9-9.25% on deposits having a maturity of three years and 8.75-9.25% on deposits of five years for amounts less than Rs 1 crore.

“After a cut in the repo rate by the RBI, the banks will cut both lending and deposit rates,” confirmed KVS Manian, president (consumer banking), Kotak Mahindra Bank.

IDBI Bank cut its deposits rates by up to 0.50% on Tuesday.

Surya Bhatia, managing partner, Asset Managers, advised, “Investors should lock themselves in the next two weeks, after which I expect fixed deposit rates to fall.”

“It makes sense for investors to go for term deposits of a longer duration of two to three years because their investment will be protected against possible fall in deposit rates,” said Vishal Dhawan, founder, Plan Ahead Wealth Advisors.

“The fall will be more in deposits of less than one year, compared to longer maturities because the hike in interest rates was steeper there,” said Ashutosh Khajuria, president (treasury), Federal Bank.

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### MIND YOUR MONEY

**Deposit rates\***

Bank	3-year	5-year
SBI	9.25%	9.25%
ICICI	9.25%	8.75%
PNB	9.25-9.50%	9.00%
HDFC	9.25%	9.25%
Axis	9.25%	8.75%

\*For less than ₹1 crore

Senior citizens usually get a rate that's 0.5 percentage points higher

