

Bank credit growth continues to be robust in Q2 so far

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However, deposit accretion dips to ₹30,500 crore from ₹63,000 crore in the year-ago period

Credit growth of all scheduled banks in the second quarter so far (up to August 26) has been relatively robust at about ₹80,000 crore as compared to a decline of about ₹33,000 crore in the year-ago period.

However, deposit accretion at about ₹30,500 crore during the reporting period against ₹63,000 crore .

“The banking system is seeing a healthy recovery in loan growth, led by a revival in the corporate segment, while growth in retail and SME remains robust. Deposit

growth remains modest, but is expected to see some uptick in the current rising interest rate regime,” according to an assessment by Motilal Oswal Financial Services report.

CARE Ratings, in a report, observed that credit offtake, which showed an improving trend in the latter half of FY22, has continued in FY23.

The rating agency noted that lending rates on fresh loans witnessed a rise in tandem with the repo rate, while deposit rates’ rise has albeit slower has also started to pick up. CARE Ratings expects deposit rates to rise as credit growth has remained high and the liquidity has been narrowing in the banking system.

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