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Credit growth up 9.2% in Dec 2021 on strong growth in last fortnight of qtr

Banks lent Rs 3.7 trillion in 15 days to December 31, 2021 and outstanding commercial bank credit stood at Rs 116.83 trillion, RBI data showed

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Reflecting the surge in business at the end of the quarter, bank credit rose sharply by 9.2 per cent on Year-on-Year (YoY) basis on December 31, 2021. The YoY growth was 6.6 per cent a year ago, according to Reserve Bank of India data.

The [credit growth](#) was 7.3 per cent YoY till the previous fortnight ended December 2021.

Banks lent almost Rs 3.7 trillion in the 15-day period ended December 31, 2021 and outstanding commercial bank credit stood at Rs 116.83 trillion, RBI data showed.

Bankers said the upturn in the economy is creating demand in the busy season that began in October 2021. There was also a rise in use of credit limits by corporates and business at the end of Quarter 2021 (Q3Fy22).



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However, to see if the rise is sustainable, it will be useful to see how credit activity happened in the fortnight of January 14, 2022, the new quarter. Usually, the credit demand slumps in the first fortnight of the new quarter after a surge in the last fortnight of the previous quarter. Plus, a surge in Covid-19 infection, including Omicron in the third wave, may make lenders cautious in the near term.

The credit-deposit ratio (CD ratio) stood at 71.94 as of December 31, 2021, up from 71.3 per cent at the end of the previous fortnight ended December 17, 2021.

CARE Ratings note early this week had said the [credit growth](#) had been languishing through 2021 due to Covid-19 and also deleveraging of balance sheets by large corporates. However, it has been showing some signs of improvement over the last couple of months on account of growth in retail and agriculture [loans](#).

The bank [credit growth](#) is expected to be in the range of 8-9 per cent for FY22 with a low base effect, economic expansion. The support is also expected to come from a rise in government and private capital expenditure in road, renewables and production-linked incentive (PLI) schemes, extended ECLGS support and retail credit push mortgage finance, it added.

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Deposits rose by 10.3 per cent YoY to Rs 162.41 trillion as of end December 2021. The deposit growth was higher at 11.5 per cent a year ago. In the reporting fortnight the banks raised Rs 3.73 trillion via deposits.

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