

# Credit Offtake and Deposit Growth Continue to Cool

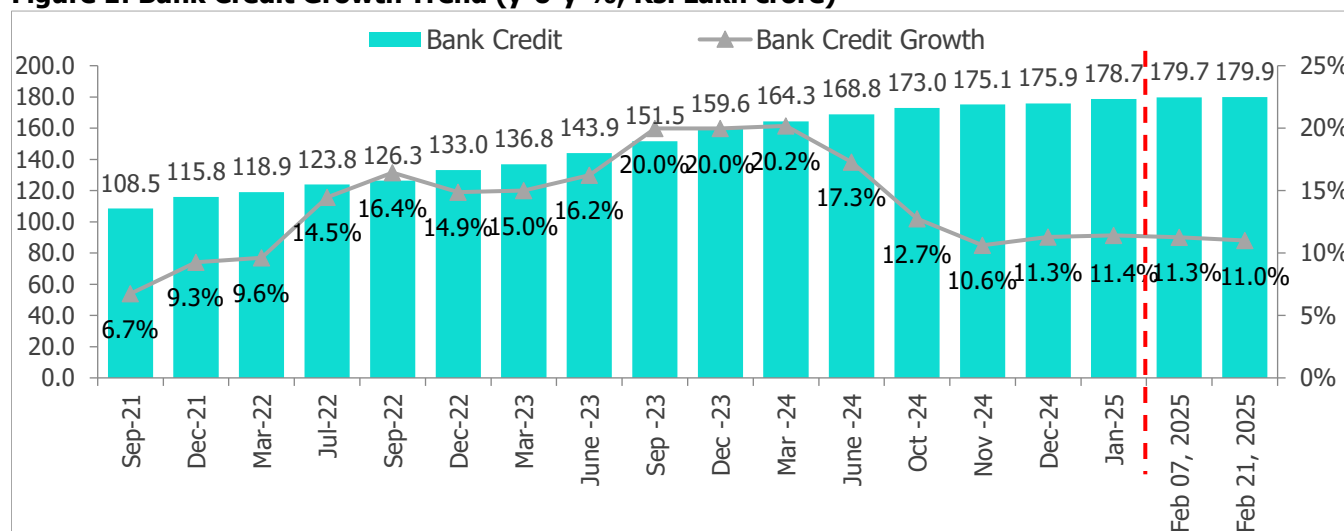
March 11, 2025 | BFSI Research

## Synopsis

- Credit and Deposit growth has continued to slow compared to the previous fortnight, however, despite the reduced rates, credit offtake continues to outpace deposit growth. Further, the gap between credit and deposit growth has slightly increased from 0.67% in the previous fortnight to 0.71% in the current fortnight.
  - As of February 21, 2025, credit offtake reached Rs 179.9 lakh crore, reflecting an 11.0% y-o-y increase, slower than last year's rate of 12.0% (excluding merger impact). This slowdown can be attributed to a higher base, alongside measures implemented by RBI, as well as market concerns regarding elevated credit-to-deposit ratio.
  - Deposits rose 10.3% year-on-year, totalling Rs 222.8 lakh crore as of February 21, 2025, a decrease from 10.6% the previous year (excluding merger impact). This growth is primarily attributed to the elevated term deposit rates offered by Scheduled Commercial Banks (SCBs).
- The Short-term Weighted Average Call Rate (WACR) has decreased to 6.33% as of February 21, 2025, down from 6.61% on March 01, 2024.

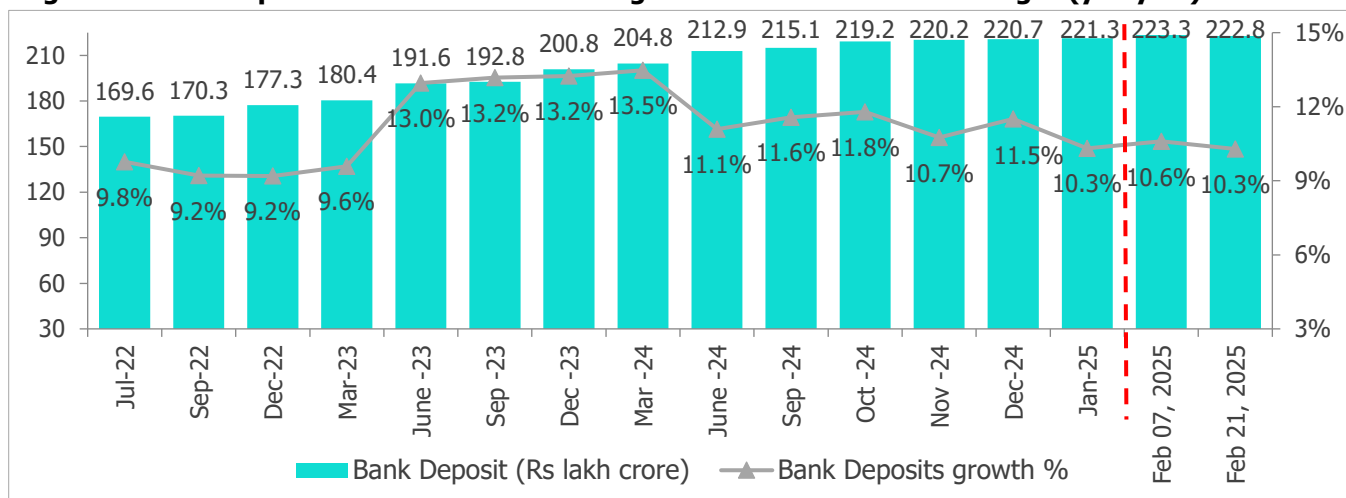
## Bank Credit Growth Rate Witness a Marginal Downtick for the Fortnight

**Figure 1: Bank Credit Growth Trend (y-o-y %, Rs. Lakh crore)**



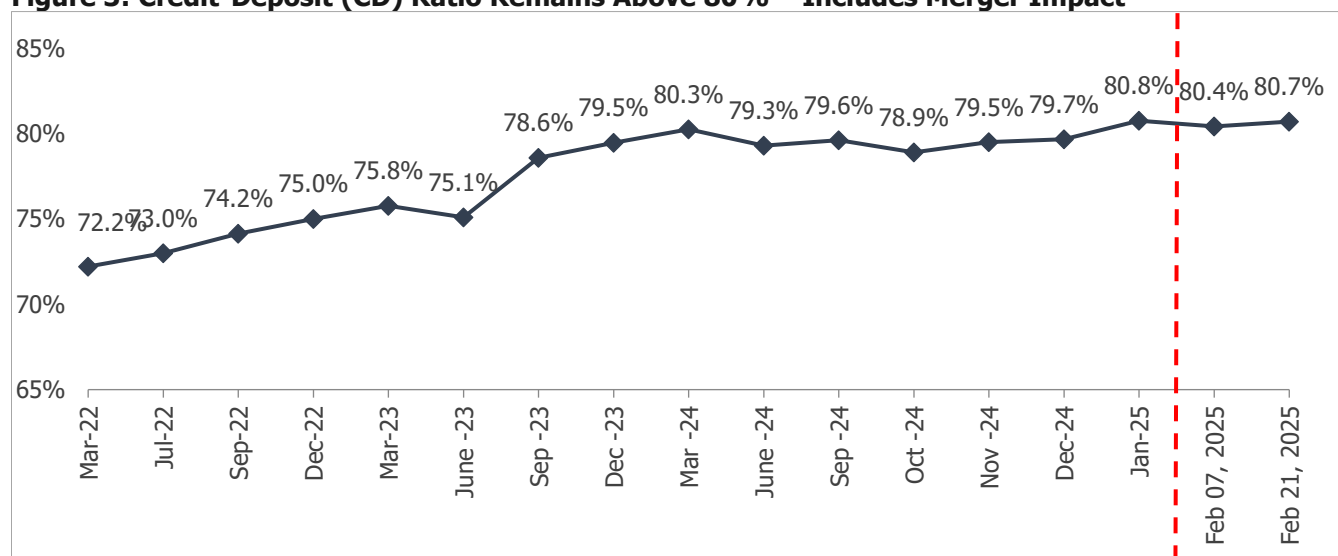
Note: Bank credit growth and related variations for all fortnights since December 3, 2021, are adjusted for past reporting errors by select scheduled commercial banks (SCBs). The quarter-end data reflects the previous fortnight's data for that quarter. Source: RBI, CareEdge

- Credit offtake rose by 11.0% y-o-y and by 0.1% sequentially for the fortnight ending February 21, 2025, yet came in slower than the previous year's growth of 12.0% (excluding the impact of the merger). This slowdown can be attributed to a higher base effect, RBI's commentary on a high credit-to-deposit ratio.

**Figure 2: Bank Deposit Growth Witness a Marginal Downtick for the Fortnight (y-o-y %)**

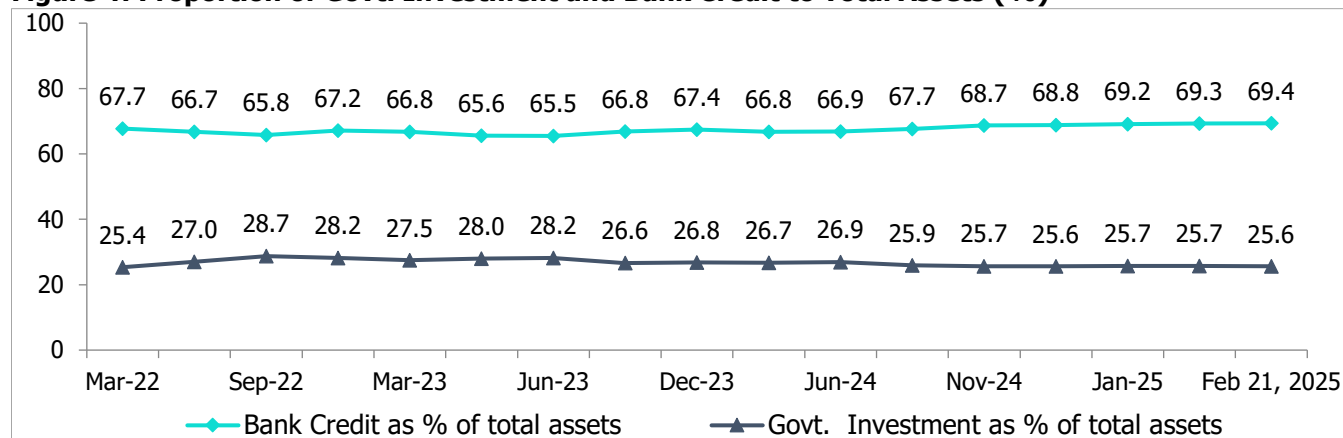
Note: The quarter-end data reflect, the last fortnight's data of that quarter; Source: RBI, CareEdge

- Deposits grew by 10.3% y-o-y, reaching Rs 222.8 lakh crore as of February 21, 2025, while decreasing by 0.2% sequentially and lower compared to the 10.6% growth (excluding the merger impact) recorded last year. In FY25, banks have intensified their efforts to enhance their liability franchises by offering higher rates on term deposits. Additionally, banks are sourcing funds through certificates of deposit, albeit at a higher cost. Furthermore, a liquidity deficit in the banking system has hampered deposit growth. According to the RBI, the issuance of certificates of deposit increased by 43.9% y-o-y totalling Rs 9.57 lakh crore during April-February 2025, a significant increase from Rs 6.66 lakh crore in the same period of the previous year. This surge reflects banks' funding requirements.

**Figure 3: Credit-Deposit (CD) Ratio Remains Above 80% – Includes Merger Impact**

Note: The quarter-end data reflect last fortnight's data the quarter, and compares post-merger figures; Source: RBI, CareEdge

- The CD ratio remains elevated and has increased above 80%. The CD ratio increased by 29 basis points over the previous fortnight, reaching 80.7% as of February 21, 2025. This elevated CD ratio could be attributed to deposit growth lagging credit offtake.

**The Proportion of Bank Credit rises marginally, and Govt. Invest. to Total Assets witness a downtick**
**Figure 4: Proportion of Govt. Investment and Bank Credit to Total Assets (%)**


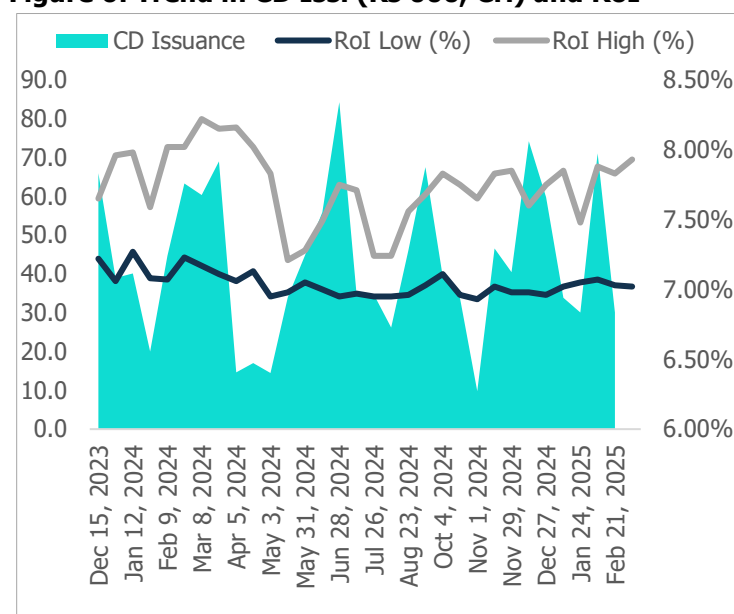
Note: The quarter-end data reflect the last fortnight's data of that quarter; 2) Total assets = Cash in hand + Assets with the Banking System + Investments + Bank Credit; Source: RBI, CareEdge

- The credit-to-total-assets ratio increased marginally to 69.4% while the Government Investment-to-total-assets ratio witnessed a minor downtick at 25.6%, for the fortnight ending 21 February 2025. Meanwhile, overall government investments amounted to Rs 66.5 lakh crore as of February 21, 2025, reflecting a year-on-year growth of 10.0% and a sequential downtick of 0.3%.

**O/s CDs and CPs Continue to Remain at Elevated Levels with Tight Liquidity Conditions and High Short-term CD and CP Rates**
**Figure 5: Certificate of Deposit O/s**

Fortnight ended	Amount Outstanding (Rs'000 cr.)	Y-o-Y growth %
Jan 12, 2024	351.1	20.1
Apr 5, 2024	361.6	20.0
Apr 19, 2024	372.8	24.1
May 3, 2024	380.0	31.6
May 17, 2024	367.5	21.6
May 31, 2024	369.2	18.2
Sep 20, 2024	474.6	62.7
Nov 29, 2024	491.6	55.7
Jan 24, 2025	499.3	40.6
Feb 07, 2025	519.2	40.7
Feb 21, 2025	513.8	34.7

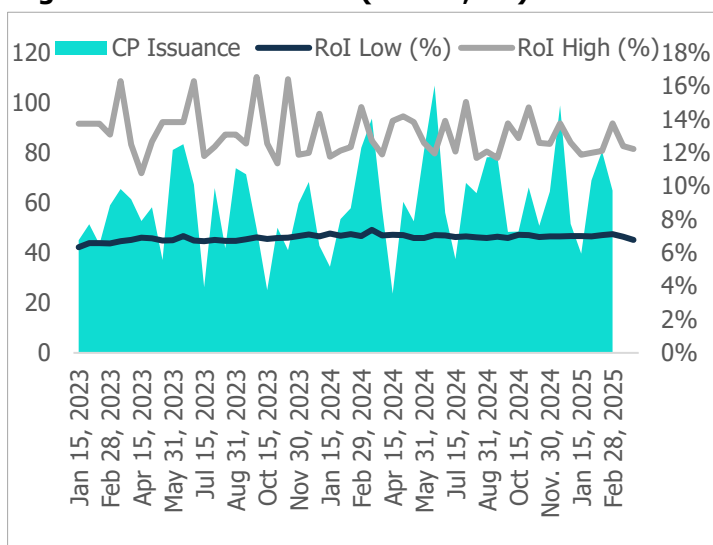
Note: The quarter-end data reflect the last fortnight's data of that quarter; Source: RBI

**Figure 6: Trend in CD Iss. (Rs'000, Cr.) and RoI**


**Figure 7: Commercial Paper Outstanding**

Fortnight ended	Amount Outstanding (Rs'000 cr.)	Y-o-Y growth %
Sep 30, 2023	412.2	2.8
Dec 31, 2023	364.2	1.3
Mar 31, 2024	388.6	9.9
Apr 30, 2024	411.5	-2.4
May 15, 2024	421.2	-0.1
May 31, 2024	404.0	-6.8
Jun 30, 2024	422.4	-2.5
Sep 30, 2024	397.6	-3.6
Nov 30, 2024	445.1	12.7
Dec 30, 2024	435.8	19.7
Jan 31, 2025	456.5	20.9
Feb 28, 2025	465.9	14.2

Note: The quarter-end data reflect the last fortnight's data of that quarter; Source: RBI

**Figure 8: Trend in CP Iss. (Rs'000, Cr.) and RoI**

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