

# Credit-Deposit Ratio Declines as Deposits Outpace Credit Growth

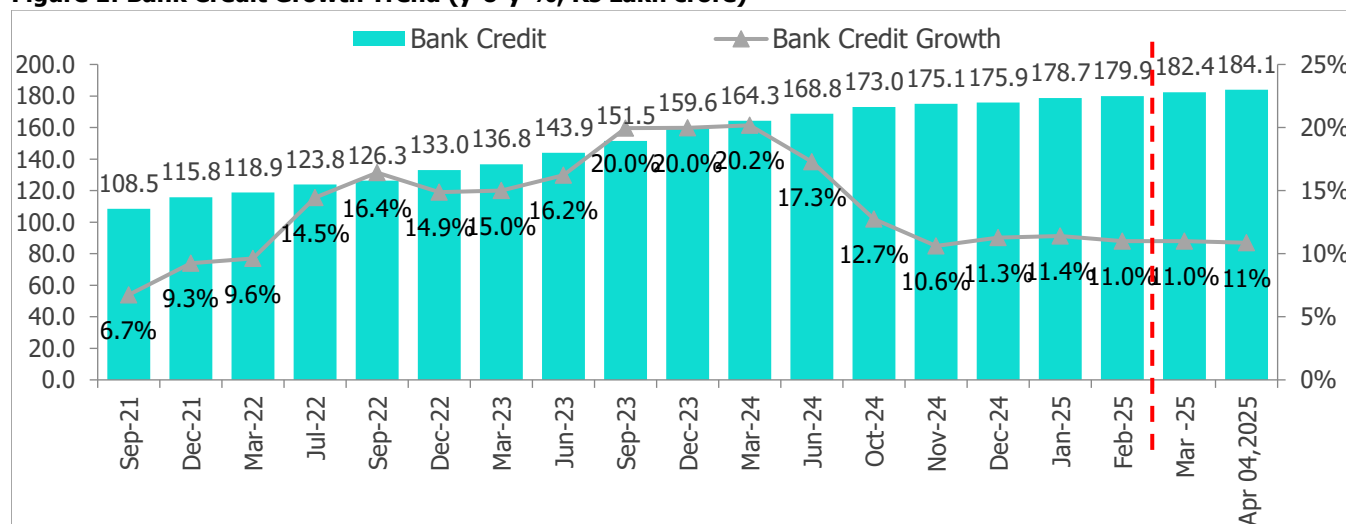
April 22, 2025 | BFSI Research

## Synopsis

- Credit offtake held steady over the fortnight, while the pace of deposit growth moderated. Meanwhile, the gap between credit and deposit growth has marginally increased from 0.75% in the previous fortnight to 0.78% in the current fortnight. This is a significant change compared to the same period last year, when the gap was significantly larger at 6.10% (including merger impact).
  - As of April 04, 2025, credit offtake reached Rs 184.1 lakh crore, marking an increase of 11.0% year-on-year (y-o-y), slower than last year's rate of 16.0% (excluding merger impact). The slowdown is attributed to a higher base effect, concerns about asset quality and elevated credit-to-deposit ratio.
  - Deposits rose 10.1% y-o-y totalling Rs 231.1 lakh crore as of April 04, 2025, a decrease from 13.3% the previous year (excluding merger impact). This slower growth is primarily attributed to a higher base effect and lower deposit interest rates.
- The Short-Term Weighted Average Call Rate (WACR) has decreased to 6.00% as of April 11, 2025, down from 6.52% on April 12, 2024. This decline follows two successive repo rate cuts by the Reserve Bank of India (RBI), bringing the WACR closely in line with the current repo rate of 6.00%.

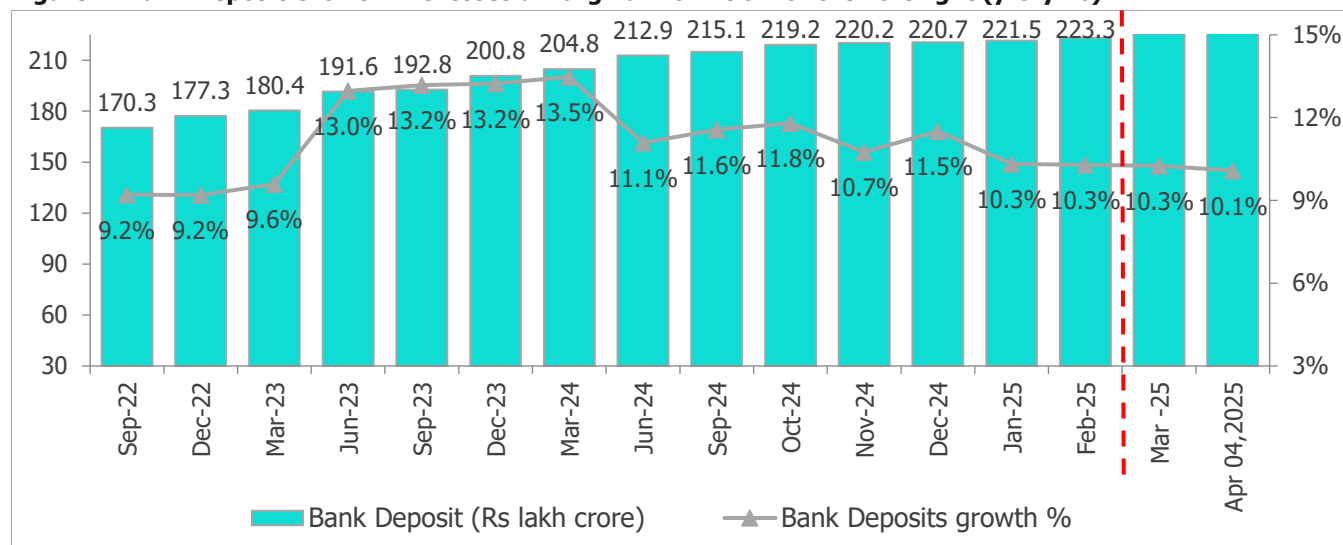
## Bank Credit Growth Rate Remained flat for the Fortnight

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



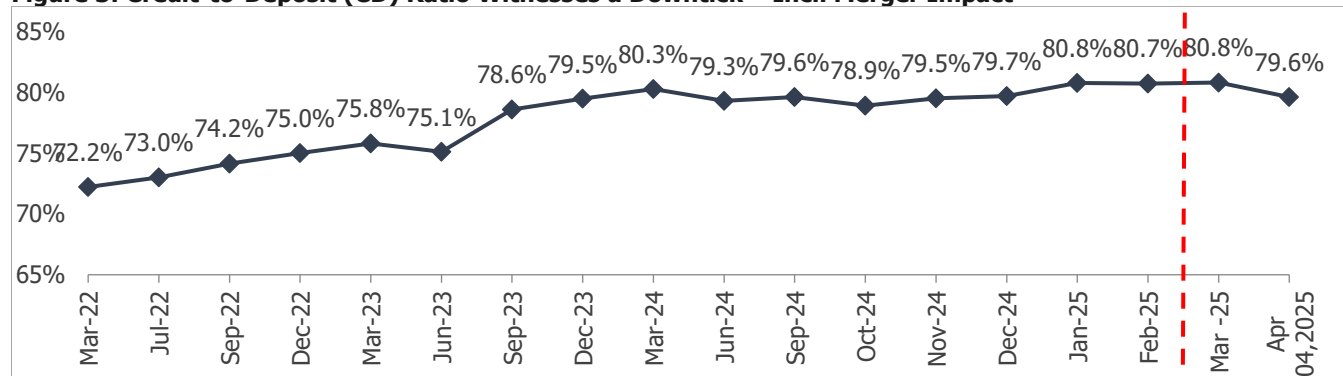
Note: Bank credit growth and related variations for all fortnights since December 3, 2021, are adjusted for past reporting errors by select scheduled commercial banks (SCBs). The quarter-end data reflects the previous fortnight's data for that quarter.  
Source: RBI, CareEdge Ratings

- Credit offtake rose by 11.0% y-o-y and 0.9% sequentially for the fortnight ending April 04, 2025, yet it came in slower than the previous year's growth of 16.1% (excluding the merger impact). This slowdown can be attributed to a higher base effect, RBI's commentary on a high credit-to-deposit ratio, slower pace of growth in personal loans, and advances to NBFCs.

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

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

- Deposits increased by 10.1% y-o-y, reaching Rs 231.1 lakh crore as of April 04, 2025, lower than the 13.3% growth (excluding merger impact) recorded last year. In FY25, banks have intensified efforts to strengthen their liability franchises by offering higher interest rates on term deposits. According to the RBI, the issuance of certificates of deposit grew by 44.6% y-o-y to reach Rs 5.2 lakh crore as of April 04, 2025 as banks continued to rely on raising funds through CDs amidst subdued deposit growth. Further, the yields on certificates of deposits marginally increased from 7.49% to 7.52% during the same period, reflecting the bank's funding requirements.

**Figure 3: Credit-to-Deposit (CD) Ratio Witnesses a Downtick – Incl. Merger Impact**

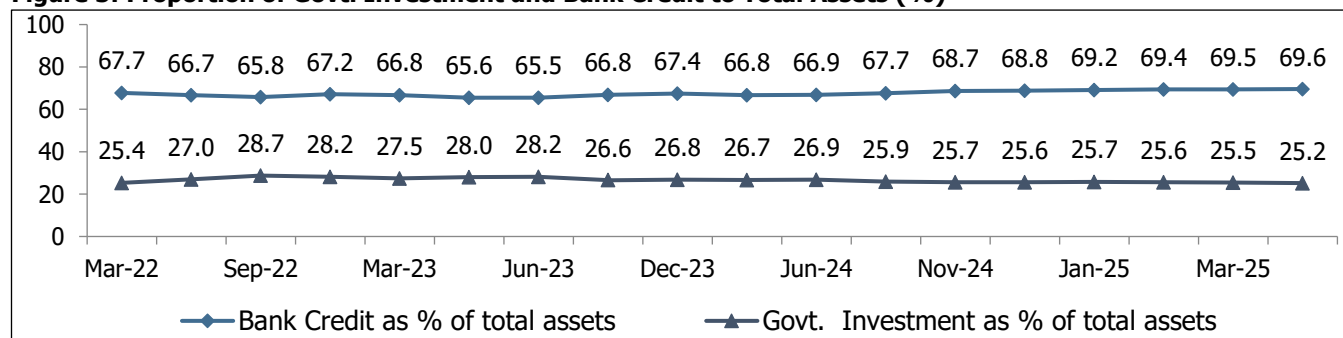
Note: The quarter-end data reflects the last fortnight's data of the quarter and compares post-merger figures; Source: RBI, CareEdge Ratings

- The Credit-Deposit (CD) ratio has experienced a significant decline, slipping below the 80% mark for the first time in the past three months. The CD ratio has decreased significantly by 120 basis points over the previous fortnight, reaching 79.6% as of April 04, 2025. This decrease was primarily driven by a higher deposit inflow of Rs 5.40 lakh crore compared to a lower credit offtake of Rs 1.61 lakh crore during the current fortnight. A combination of liquidity surplus in the system, anticipated monetary easing, and aggressive deposit rate offerings by banks drove this rise in deposit inflows. Despite an evolving rate-cut environment, several banks offered high interest rates on fixed deposits to boost their deposit base before rates started falling more broadly.

**Figure 4: Credit Outflow and Deposits Inflows**

Fortnight Ended	Credit Outflow (Rs lakh cr)	Deposits Inflow (Rs lakh cr)
April 04, 2025	1.61	5.40
April 05, 2024	1.67	5.23
April 07, 2023	1.70	4.06

Source: RBI, CareEdge Ratings

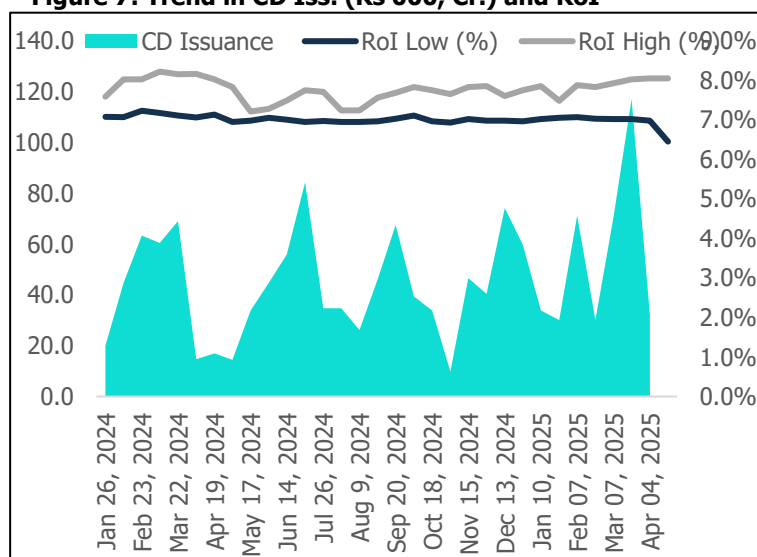
**The Proportion of Bank Credit rises, while the government invests. to Total Assets Witness a Downtick****Figure 5: Proportion of Govt. Investment and Bank Credit to Total Assets (%)**

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 Ratings

- The credit-to-total-assets ratio increased marginally to 69.6%, while the Government Investment-to-total-assets ratio witnessed a minor downtick at 25.2% for the fortnight ending 04 April 2025. Meanwhile, overall government investments totalled Rs 66.6 lakh crore as of April 04, 2025, reflecting a y-o-y growth of 8.8% and a sequential decrease of 0.5%.

**O/s CDs and CPs remain elevated****Figure 6: Certificate of Deposit O/s**

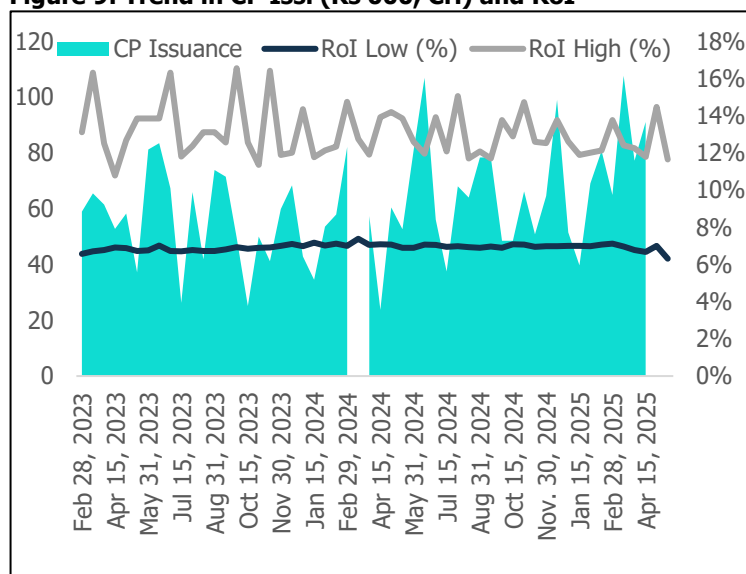
Fortnight ended	Amount Outstanding (Rs'000 cr.)	Y-o-Y growth %
Jan 12, 2024	351.1	20.1
Apr 5, 2024	361.6	20.0
Apr 19, 2024	372.8	24.1
May 3, 2024	380.0	31.6
May 17, 2024	367.5	21.6
May 31, 2024	369.2	18.2
Sep 20, 2024	474.6	62.7
Nov 29, 2024	491.6	55.7
Jan 24, 2025	499.3	40.6
Feb 21, 2025	513.8	34.7
Mar 21, 2025	532.9	41.8
Apr 04, 2025	522.8	44.6

**Figure 7: Trend in CD Iss. (Rs'000, Cr.) and RoI**

**Figure 8: 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
Feb 28, 2025	465.9	14.2
Mar 31, 2025	442.9	14.0
Apr 15, 2025	521.6	31.3

Note: The quarter-end data reflects that quarter's last fortnight's data. Source: RBI

**Figure 9: Trend in CP Iss. (Rs'000, Cr.) and RoI****RBI Announcement**

Announcement	Detail
RBI Monetary Policy Committee (MPC) Meeting	<ul style="list-style-type: none"> <li>In its April 2025 meeting, the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) unanimously voted to reduce the policy repo rate by 25 bps to 6.0%. This decision to lower the policy rate comes amidst an improved inflation outlook and the need to support economic growth. The policy stance was also changed from accommodative to neutral, signalling that the MPC may consider further rate cuts going forward. (Refer <a href="#">to RBI Delivers Second Rate Cut, Changes Stance to Accommodative</a> for further Details)</li> </ul>

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