

Lending Momentum Continues on a Stable Trajectory

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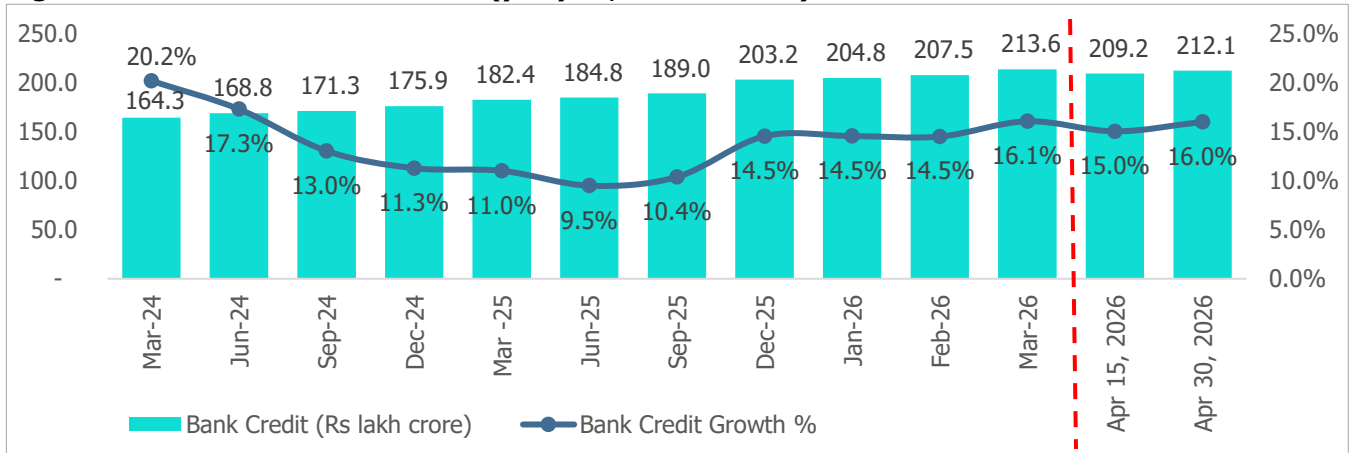


Synopsis

- Credit growth continued to outpace deposit accretion, although the gap narrowed slightly to ~370 bps in the current fortnight from 380 bps in the previous fortnight. The Loan-to-Deposit Ratio (LDR) consequently increased to 82.0% as on April 30, 2026, from 81.6% in the previous fortnight, reflecting stronger sequential growth in credit relative to deposits, while remaining below the peak level of 83.0% recorded in mid-March 2026.
 - Total bank credit stood at Rs 212.1 lakh crore as on April 30, 2026, registering a y-o-y growth of 16.0% compared with 10.3% in the corresponding period last year. Sequentially, credit increased by 1.4% over the previous fortnight, supported by continued growth in retail and MSME lending, incremental lending to NBFCs, and selective corporate borrowings.
 - Aggregate bank deposits increased to Rs 258.6 lakh crore as on April 30, 2026, registering a y-o-y growth of 12.3% compared with 10.1% in the corresponding period last year. Sequentially, deposits rose by 0.8% over the previous fortnight, supported by steady retail deposit mobilisation.
- As of May 01, 2026, the Weighted Average Call Rate (WACR) increased marginally to 5.16% compared to 5.08% in the previous fortnight and remained nine basis points (bps) below the prevailing repo rate of 5.25%.

Bank Credit Growth Remains Robust YoY and Sequentially

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

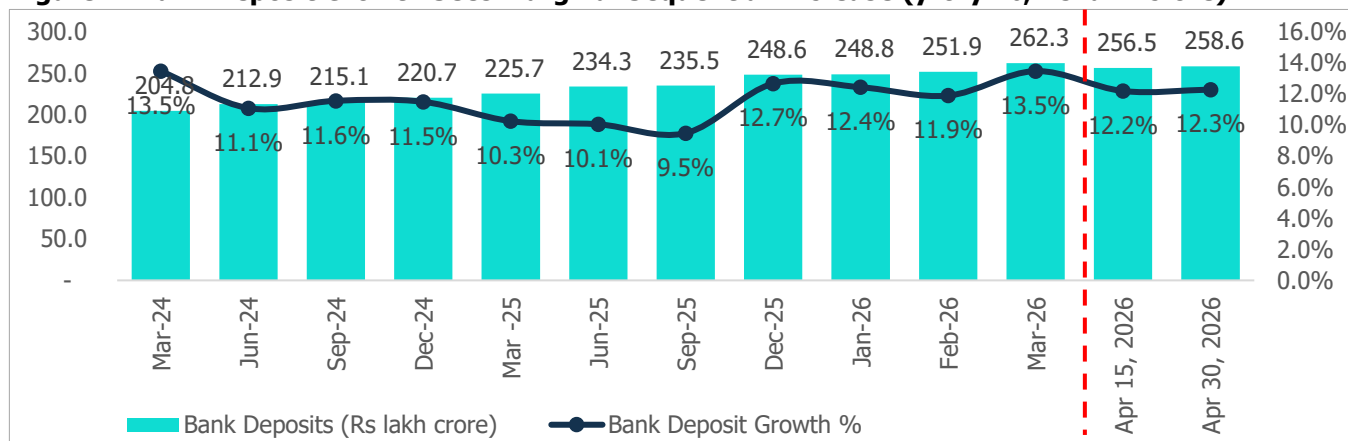


Note: The quarter-end data reflects the quarter's last fortnight's data; Source: RBI, CareEdge Ratings. Under the Banking Laws (Amendment) Act, 2025, the definition of fortnight has been revised from alternate Fridays to the 15th and the last calendar day of a month, effective from December 15, 2025.

- Bank credit growth improved to 16.0% y-o-y as on April 30, 2026, compared with 15.0% in the previous fortnight and 10.3% in the corresponding fortnight last year, reflecting sustained momentum in lending activity across segments. On a sequential basis, credit outstanding increased by Rs 2.9 lakh crore (1.4%) over the previous fortnight, reaching Rs 212.1 lakh crore. However, incremental credit growth during April remained relatively moderate, in line with the typical slowdown observed after the financial year-end surge in March. Despite this, overall credit growth was primarily supported by continued traction in retail lending, particularly in gold and vehicle loans, as well as steady MSME financing and working capital requirements. Incremental

lending to NBFCs and selective corporate borrowings also contributed to the expansion in overall credit outstanding. Additionally, the revised reporting fortnight definition under the Banking Laws (Amendment) Act, 2025, continued to provide marginal support to the reported growth trend.

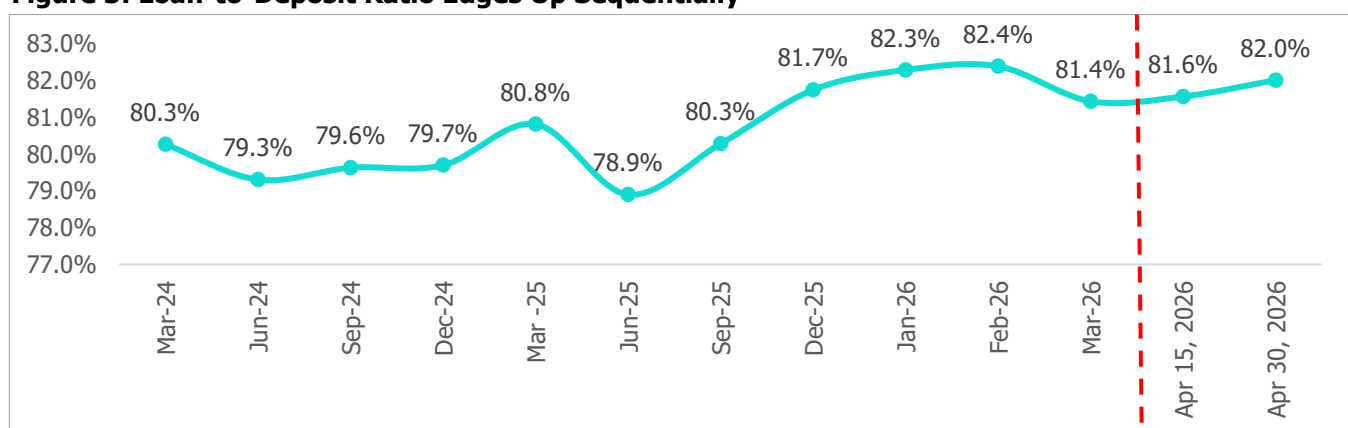
Figure 2: Bank Deposit Growth Sees Marginal Sequential Increase (y-o-y %, Rs lakh crore)



Note: The quarter-end data reflects the last fortnight's data of that quarter; Source: RBI, CareEdge Ratings. Under the Banking Laws (Amendment) Act, 2025, the definition of fortnight has been revised from alternate Fridays to the 15th and the last calendar day of a month, from December 15, 2025.

- Bank deposits increased by Rs 2.1 lakh crore (0.8%) on a sequential basis to Rs 258.6 lakh crore as on April 30, 2026. The deposit growth improved marginally to 12.3% y-o-y from 12.2% in the previous fortnight. It remained above 10.1%, the level recorded in the corresponding period last year, indicating improvement in overall deposit mobilisation. Time deposits remained the key driver of deposit growth, accounting for 87.2% of total deposits and rising by 12.2% y-o-y to Rs 225.6 lakh crore, compared with 8.7% growth in the year-ago period. Meanwhile, demand deposits grew by 13.0% y-o-y, moderating from 19.8% in the corresponding period last year, reflecting normalisation in low-cost deposit growth following higher base effects and shifting customer preference towards term deposits.

Figure 3: Loan-to-Deposit Ratio Edges Up Sequentially

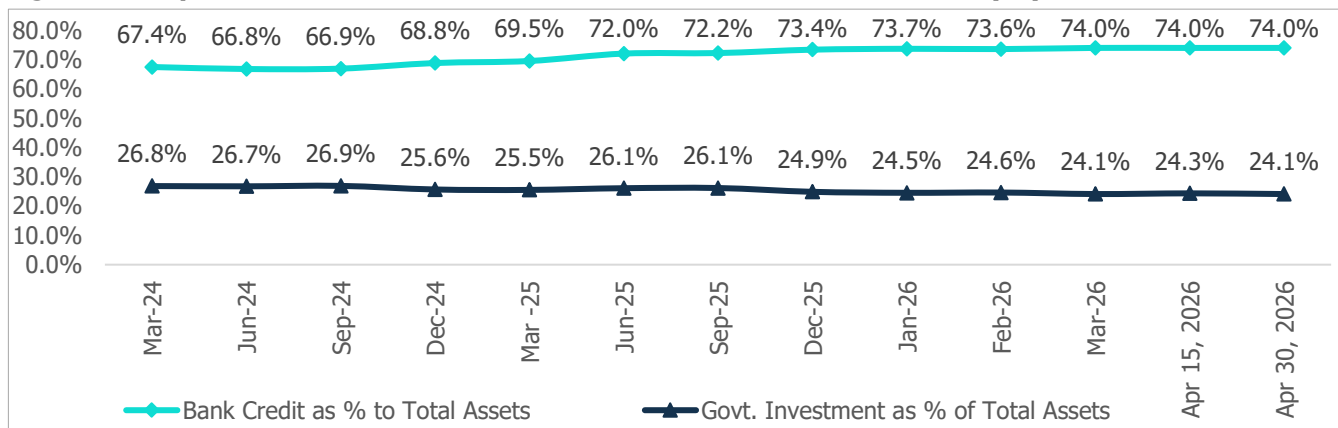


Note: The quarter-end data reflects last fortnight's data of the quarter and compares post-merger figures; Source: RBI, CareEdge Ratings. Under the Banking Laws (Amendment) Act, 2025, the definition of fortnight has been revised from alternate Fridays to the 15th and the last calendar day of a month, from December 15, 2025.

The loan-to-deposit ratio (LDR) increased to 82.0% as of April 30, 2026, from 81.6% in the previous fortnight and 80.8% in the corresponding period last year, indicating that credit growth continued to outpace deposit mobilisation. The sequential increase was driven by a faster rise in bank credit (1.4%) compared with deposits (0.8%) during the fortnight.

Bank Credit Share Remains Firm while Government Investments Decrease

Figure 4: Proportion of Govt. Investment and Bank Credit to Total Assets (%)



Note: The quarter-end data reflects the last fortnight’s data of that quarter; Total assets = Cash in hand + Assets with the Banking System + Investments + Bank Credit; Source: RBI, CareEdge Ratings. Under the Banking Laws (Amendment) Act, 2025, the definition of fortnight has been revised from alternate Fridays to the 15th and the last calendar day of a month, from December 15, 2025.

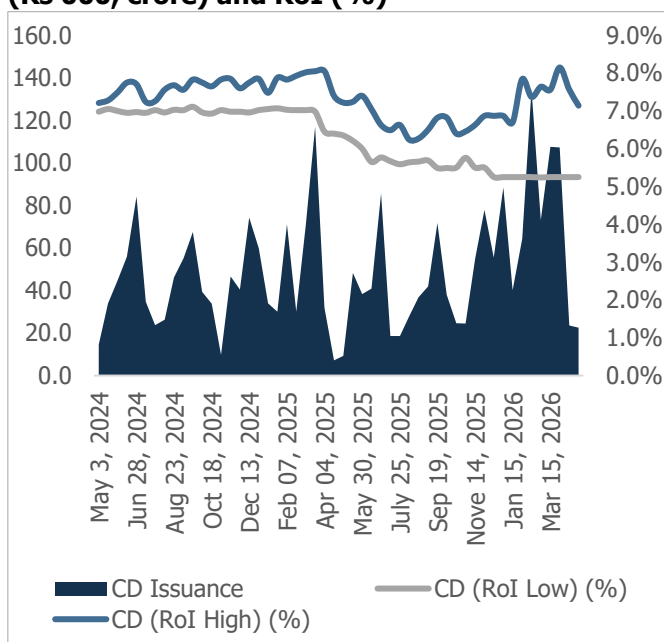
The credit-to-total assets ratio remained stable at 74.0% as on April 30, 2026, while the share of government investments in total assets moderated slightly to 24.1% from 24.3% in the previous fortnight. Sequentially, G-Secs (including Central and State government securities) grew modestly at 0.6%.

Certificates of Deposits Outstanding Moderate Sequentially; Commercial Papers (CPs) Increase

Figure 5: Certificate of Deposit O/s

Fortnight ended	Amount Outstanding (Rs '000 crore)	Y-o-Y growth %
July 25, 2025	508.4	19.7
September 05, 2025	495.2	7.0
October 17, 2025	502.6	3.8
October 31, 2025	514.8	10.6
December 15, 2025	552.9	13.3
December 31, 2025	568.1	14.9
January 15, 2026	574.6	16.3
January 31, 2026	588.7	17.9
February 15, 2026	662.2	27.6
February 28, 2026	663.8	29.2
March 15, 2026	679.4	32.9
March 31, 2026	692.7	32.5
April 15, 2026	684.8	32.0
April 30, 2026	687.3	34.0

Figure 6: Trend in Certificates of Deposit Issued (Rs'000, crore) and RoI (%)

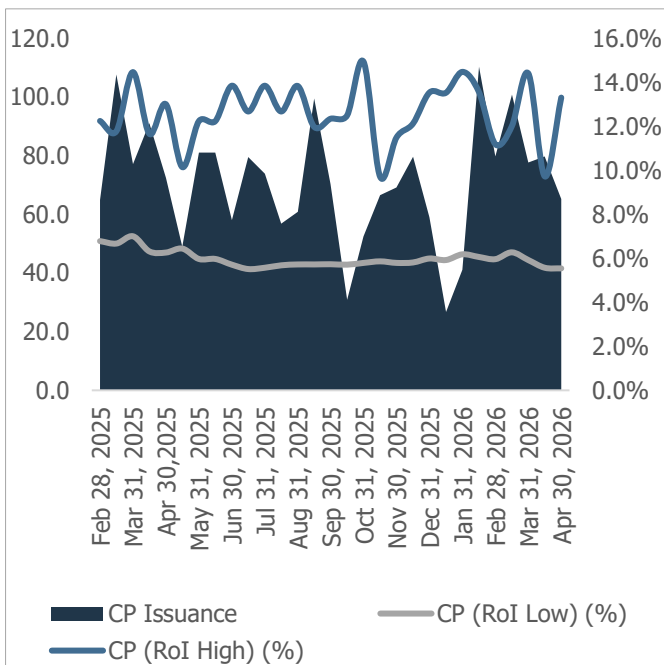


Note: The quarter-end data reflects the quarter's last fortnight's data. Source: RBI

Figure 7: CP Outstanding

Fortnight ended	Amount Outstanding (Rs ' 000 crore)	Y-o-Y Growth %
September 15, 2025	526.7	19.4
September 30, 2025	488.2	22.8
October 15, 2025	495.6	13.1
October 31, 2025	479.6	7.8
December 15, 2025	473.4	2.1
December 31, 2025	451.0	3.5
January 15, 2026	453.9	0.8
January 31, 2026	438.8	-3.9
February 15, 2026	481.2	0.4
February 28, 2026	478.4	2.7
March 15, 2026	476.2	4.2
March 31, 2026	460.2	3.9
April 15, 2026	526.6	1.0
April 30, 2026	560.9	2.8

Figure 8: Trend in Commercial Papers Issued (Rs '000, crore) and RoI (%)



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

RBI Announcement

Announcement	Detail
Reserve Bank of India (Commercial Banks - Capital Charge for Credit Risk – Standardised Approach) Directions, 2026 (Effective from April 1, 2027)	RBI has issued directions to implement the Standardised Approach (SA) for credit risk under the Basel III framework for banks under its jurisdiction, in line with the Basel Committee’s post-crisis reforms issued in December 2017. The framework aims to ensure more prudent, risk-sensitive, and comparable calculation of risk-weighted assets and capital ratios. The directions will come into effect from April 1, 2027. They will apply to the banking book exposures of commercial banks, including banking companies, corresponding new banks, and the State Bank of India, while excluding Small Finance Banks, Payments Banks, and Local Area Banks.
Reserve Bank of India (All India Financial Institutions– Resolution of Stressed Assets) Amendment Directions, 2026	The Reserve Bank of India (RBI) has issued amendments to the All India Financial Institutions – Resolution of Stressed Assets Directions, 2025, following its June 8, 2023, policy announcement to rationalise prudential norms for resolving stress caused by natural calamities and to harmonise regulations across entities. After reviewing public feedback and exercising powers under Section 45L of the RBI Act, 1934, the RBI introduced these amendments in the public interest.
Reserve Bank of India (All India Financial Institutions – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026	RBI has amended the All India Financial Institutions (AIFIs) – Resolution of Stressed Assets Directions, 2026, permitting borrower accounts restructured under the calamity-related resolution framework to retain their ‘Standard’ classification upon implementation of the resolution plan. Further, accounts that turned NPA between the occurrence of the calamity and implementation of the resolution plan may be upgraded to ‘Standard’ status. Subsequent asset classification, however, will continue to be governed by the existing prudential norms.
Reserve Bank of India (All India Financial Institutions – Credit Risk Management) Second Amendment Directions, 2026	RBI has issued amendments to the All India Financial Institutions (AIFIs) – Resolution of Stressed Assets Directions, 2026, introducing a new chapter on credit risk evaluation. Under the revised framework, AIFIs will be required to factor in the potential impact of calamities on affected borrowers while undertaking credit assessments. The amendment will come into effect from July 1, 2026.
Reserve Bank of India (Payments Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026	RBI has issued the Reserve Bank of India (Payments Banks – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026, with immediate effect. The amendment amends the provision on the inclusion of quarterly profits in Common Equity Tier 1 (CET1) capital for Payments Banks under the existing capital adequacy framework.
Reserve Bank of India (Urban Co-operative Banks – Credit Facilities) – Amendment Directions, 2026	RBI has amended the Urban Co-operative Banks (UCBs) – Credit Facilities Directions, 2025, revising the norms for housing loan tenors and moratorium periods. Under the revised framework, Tier 1 and Tier 2 UCBs can extend housing loans with a maximum tenor of 20 years, including a moratorium period of up to 24 months from the date of first disbursement. Meanwhile, Tier 3 and Tier 4 UCBs have been permitted to determine the housing loan tenor and moratorium periods in accordance with their Board-approved policies. RBI has also directed UCBs to incorporate appropriate risk management and pricing strategies for housing loans in their credit policies.

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