

# Credit Growth Outpaces Deposit Growth for the Fortnight

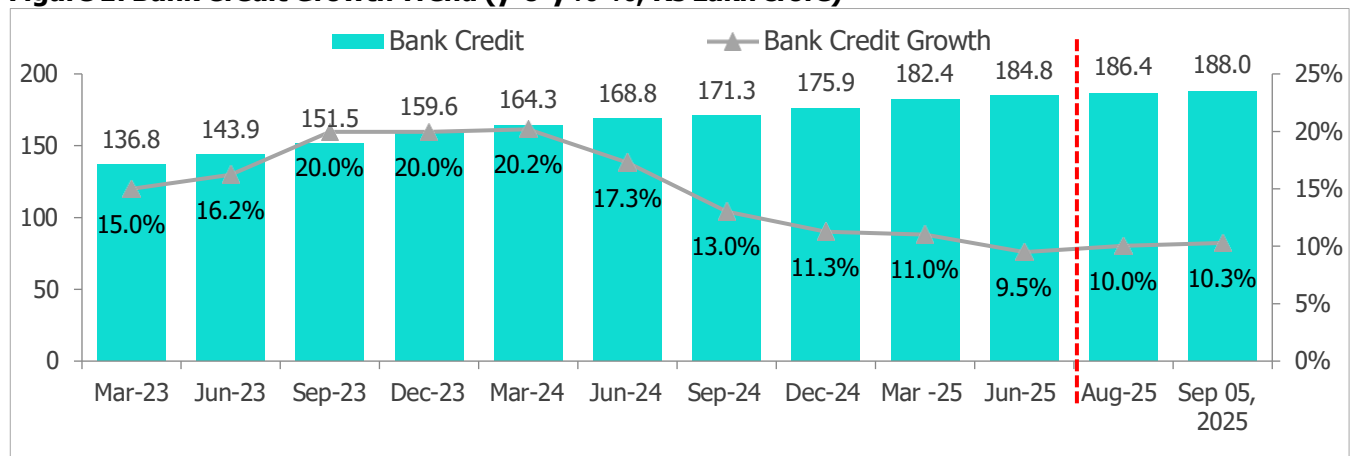
September 23, 2025 | BFSI Research

## Synopsis

- Credit growth has outpaced deposit growth in the current fortnight; however, overall credit offtake remains substantially lower compared to the same period last year. Meanwhile, deposit growth has slipped below the 10% mark, marking the first such decline in the past three months.
  - As of September 05, 2025, credit offtake stood at Rs 188.0 lakh crore, reflecting a 10.3% year-on-year rise, majorly due to credit expansion to MSMEs. Additionally, large corporates have shifted some part of their borrowings to banks due to higher yields in the bond market. This growth was substantially lower than the 13.4% growth recorded in the previous year (excluding merger impact), attributed to high base effect, slower lending to corporates, and reduced lending to NBFCs.
  - Deposits rose by 9.8% y-o-y, totalling Rs 236.7 lakh crore as of September 05, 2025, a decrease from 11.2% the previous year (excluding merger impact). The slower growth is attributed to a shift towards alternative instruments, while just-in-time government fund releases curtailed idle balances, dampening deposit growth.
- As of September 12 2025, the Short-Term Weighted Average Call Rate (WACR) dropped to 5.36% and is now 14 basis points (bps) below the repo rate of 5.50%. This decline follows three consecutive cuts to the repo rate and the Reserve Bank of India's (RBI) efforts to manage liquidity.

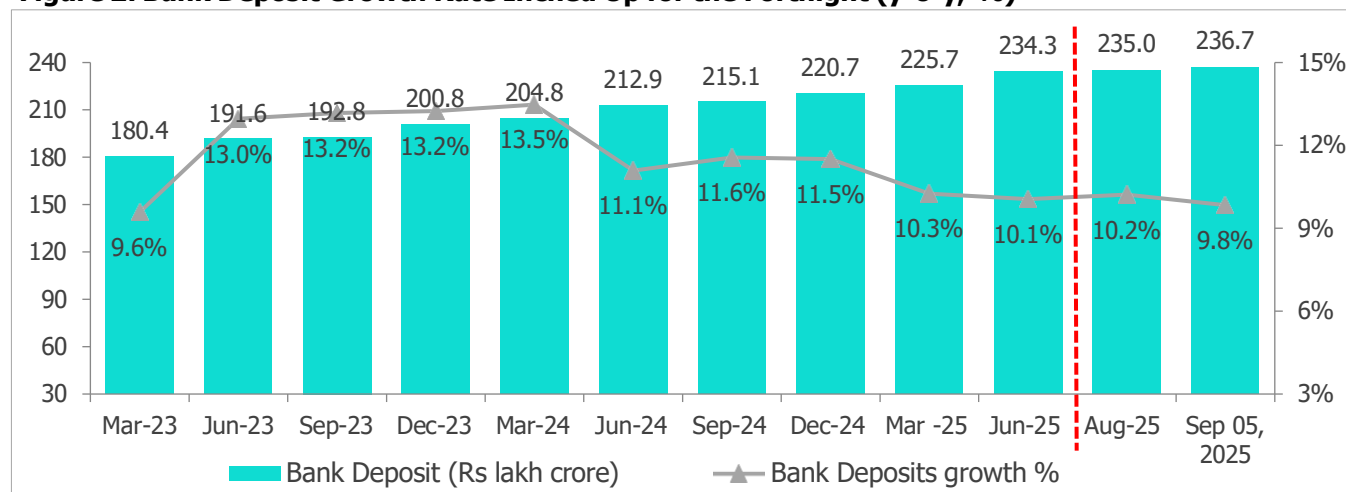
## Bank Credit Growth Rate Increases for the Fortnight

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



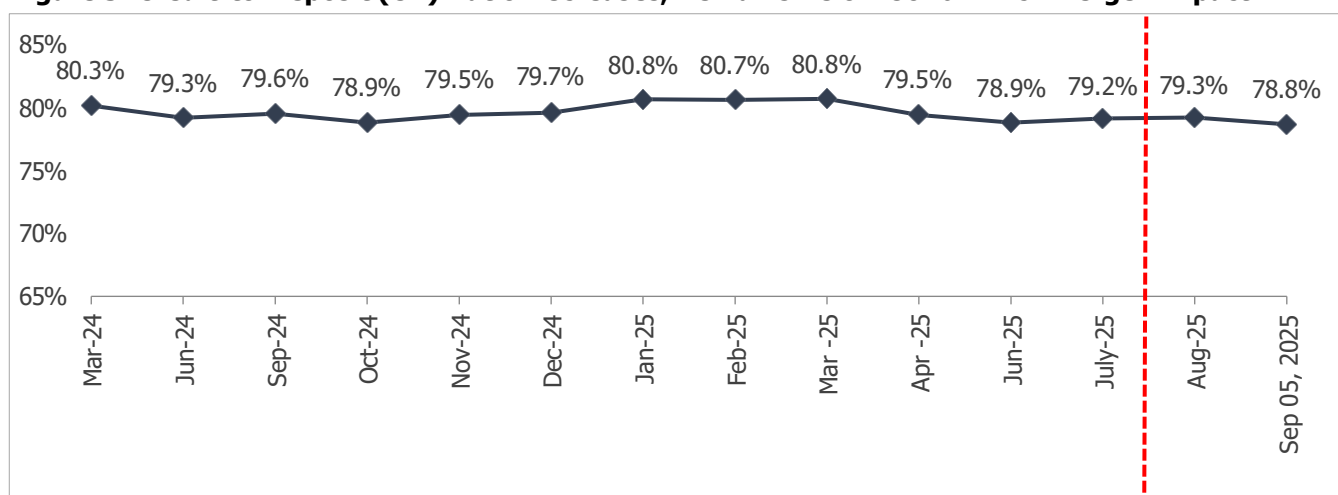
Note: The quarter-end data reflects the quarter's last fortnight's data. Source: RBI, CareEdge Ratings

- Credit offtake rose 10.3% y-o-y in the fortnight ending September 05, 2025, marking a sequential uptick of 0.8% i.e. Rs 1.55 lakh crore over the previous fortnight, attributed to rapid credit expansion to MSMEs. Additionally, large corporates have shifted some part of their borrowings to banks due to higher yields in the bond market. This growth stayed well below the 13.4% (ex-merger) seen in the same period last year, weighed down by a high base effect, subdued private capex, weaker corporate lending, and reduced credit flow to NBFCs.

**Figure 2: Bank Deposit Growth Rate Inched Up for the Fortnight (y-o-y, %)**

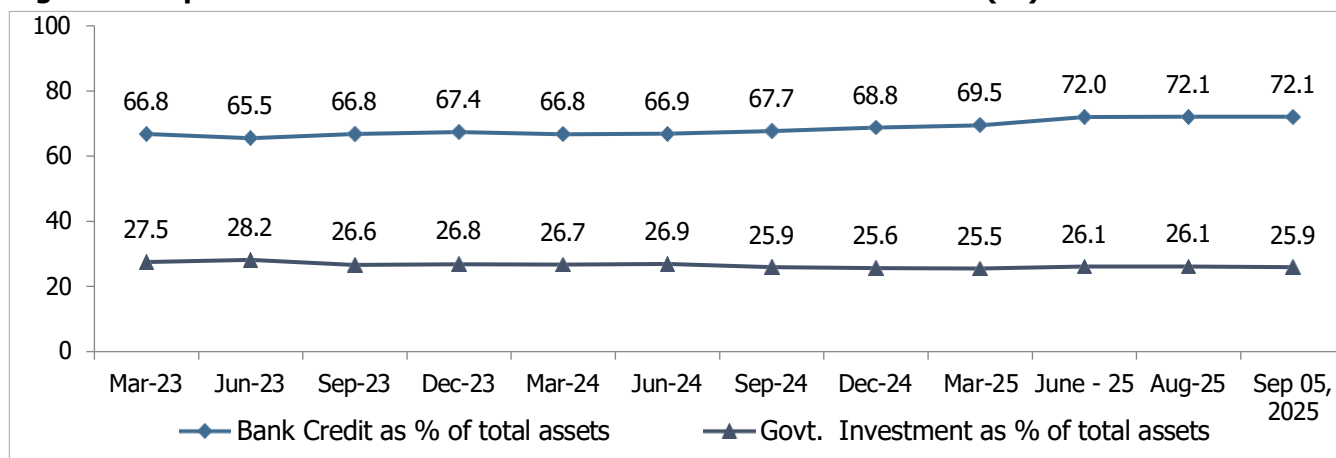
Note: The quarter-end data reflects the last fortnight's data of that quarter; Source: RBI, CareEdge Ratings

- Deposits rose by 9.8% y-o-y and increased marginally by 0.7% over the past fortnight, reaching Rs 236.7 lakh crore as of 5 September 2025. However, they remain lower than the 11.2% growth (excluding merger impact) seen last year. Time deposits grew by 8.8% year-on-year to Rs 207.8 lakh crore, accounting for 88.7% of the total deposits, and slowing from 11.1% growth in the same period last year. Demand deposits, on the other hand, increased by 17.7% y-o-y to Rs 28.9 lakh crore, making up 12.3% of the total deposits.

**Figure 3: Credit-to-Deposit (CD) Ratio Decreases, Remains Below 80% – Incl. Merger Impact**

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

- The Credit-Deposit (CD) ratio reduced to 78.8% in the current fortnight, remaining below the 80% mark since the last 5.5 months.

**Bank Credit Share Stays Flat, Government Investments Decline**
**Figure 4: Proportion of Govt. Investment and Bank Credit to Total Assets (%)**


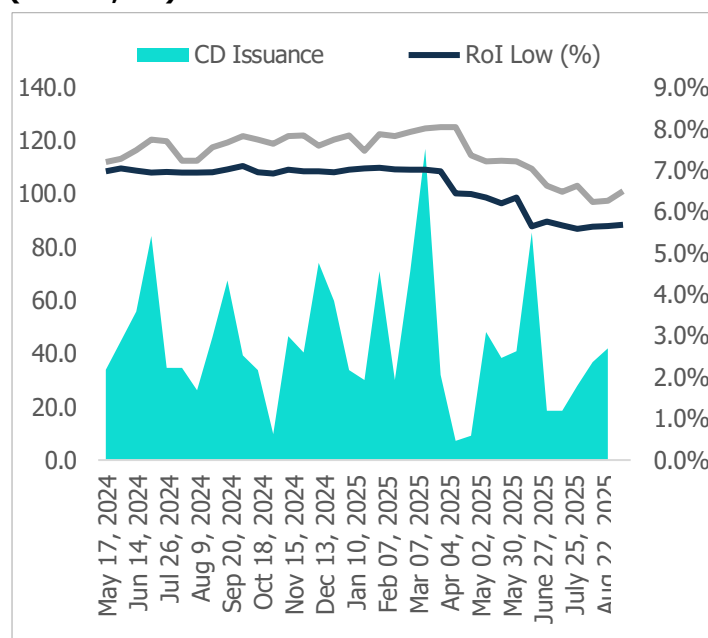
Note: The quarter-end data reflects the last fortnight's data of that quarter; 2) Total assets = Cash in hand + Assets with the Banking System + Investments + Bank Credit; Source: RBI, CareEdge Ratings

- The Bank credit-to-total-assets ratio remained flat at 72.1%, whereas Government Investment-to-total-assets decreased by 20 bps at 25.9% for the current fortnight. Additionally, overall government investments totalled Rs 68.2 lakh crore as of September 05, 2025, reflecting a y-o-y growth of 6.8% and a sequential rise of 0.9%.

**O/s Commercial Papers (CPs) Decrease, While Certificates of Deposit (CDs) Increase Sequentially**
**Figure 5: Certificate of Deposit O/s**

Fortnight ended	Amount Outstanding (Rs'000 cr.)	Y-o-Y growth %
May 31, 2024	369.2	18.2
July 26, 2024	424.8	42.7
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 18, 2025	518.7	39.1
May 16, 2025	511.8	39.3
Jun 13, 2025	483.1	37.1
Jun 27, 2025	517.4	26.3
July 25, 2025	508.4	19.7
Aug 22, 2025	494.9	10.8
Sep 05, 2025	495.2	7.0

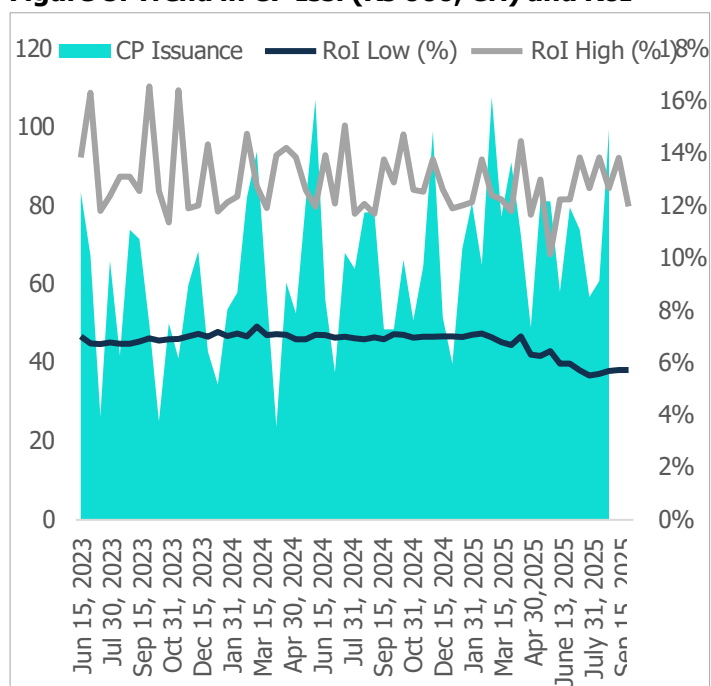
Note: The quarter-end data reflects the quarter's last fortnight's data. Source: RBI

**Figure 6: Trend in Certificates of Deposit Issued. (Rs'000, Cr.) and RoI**


**Figure 7: Commercial Paper Outstanding**

Fortnight ended	Amount Outstanding (Rs'000 cr.)	Y-o-Y growth %
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 30, 2025	545.6	32.6
May 15, 2025	541.5	28.6
Jun 15, 2025	549.3	27.4
Jun 30, 2025	500.0	18.4
July 31, 2025	547.2	19.2
Aug 31, 2025	543.8	15.4
Sep 15, 2025	526.7	19.4

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

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

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