CD Ratio Moderates Slightly but Continues to Stay Over 80% for the Fortnight

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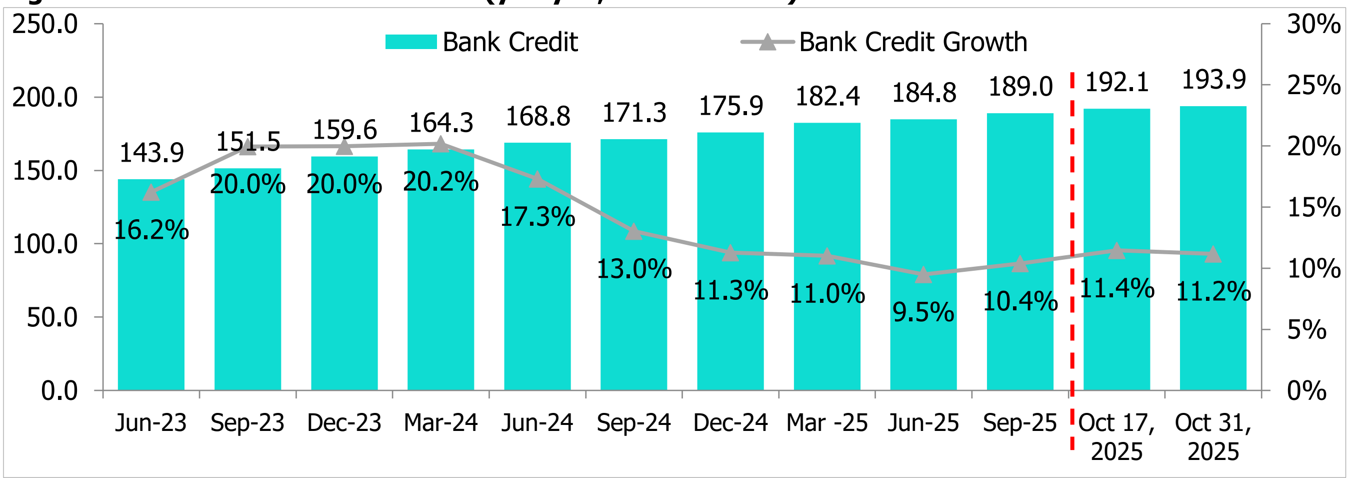
Synopsis

- On a sequential basis, deposit growth outpaced credit offtake as credit momentum eased, marking the first instance in the past two months when deposits have grown faster than credit. However, deposit growth has remained below the double-digit threshold for the last three months.
    - As of October 31, 2025, total credit off-take rose to Rs 193.9 lakh crore, up 11.2% year-on-year (y-o-y). Festive-season demand, GST rate cuts, sustained retail and MSME activity, and some corporate borrowing amid rising bond yields all contributed to the increase. Strong vehicle financing during the festive period is also expected to aid credit growth further. Meanwhile, this growth was lower than the 11.8% growth in the same period last year due to weaker corporate demand and reduced lending to certain segments.
    - Bank deposits rose 9.7% y-o-y to Rs 241.7 lakh crore, moderating from the 11.0% growth seen a year earlier (ex-merger). The softer expansion reflects the impact of the ongoing rate-cut cycle, which has made alternative investment avenues relatively more attractive than traditional bank deposits.
- As of October 31, 2025, the weighted average call rate (WACR) rose to 5.58%, up from 5.53% in the previous fortnight, standing eight bps above the 5.50% repo rate. The uptick highlights tighter system liquidity amid firm credit demand, even as the RBI manages liquidity through VRR operations.

Bank Credit Growth Rate Softens Marginally

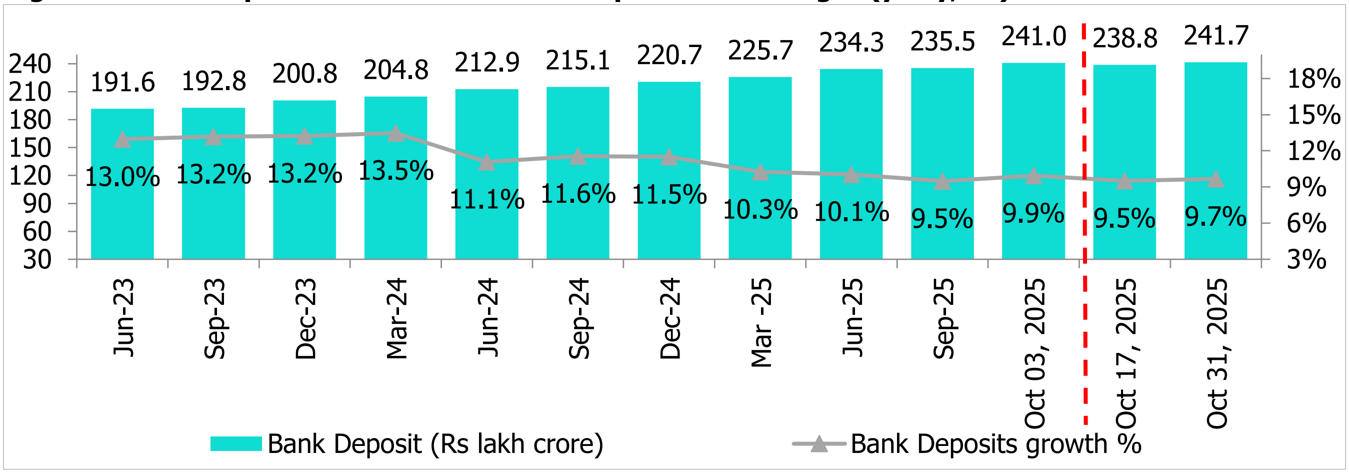
Figure 1: Bank Credit Growth Trend (y-o-y%, Rs lakh crore)



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

- Bank credit off-take rose 11.2% y-o-y to Rs 193.9 lakh crore as of the fortnight ending October 31, 2025, marking a 0.9% uptick over the previous fortnight. The improvement was fuelled by festive-season demand, the boost from recent GST rate cuts, and sustained traction in the retail and MSME segments. Corporate borrowing also picked up amid elevated bond yields. Strong vehicle financing during the festive period is expected to provide additional support to overall credit growth in the near term.

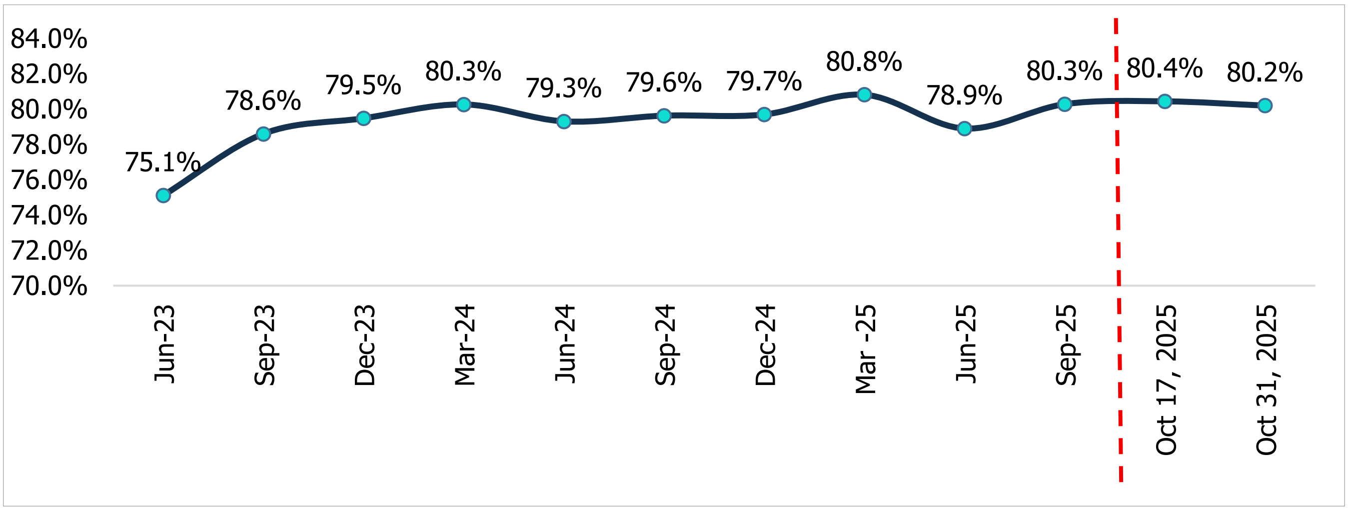
Figure 2: Bank Deposit Growth Rate Inches Up for the Fortnight (y-o-y, %)



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

- As of October 31, 2025, aggregate bank deposits stood at Rs 241.7 lakh crore, registering a 9.7% y-o-y increase and a 1.2% rise over the previous fortnight. Despite the sequential improvement, deposit growth continued to trail the 11.0% (ex-merger) expansion recorded a year earlier, attributed to investments into alternative avenues yielding higher returns. The latest fortnightly uptick was supported largely by a rise in demand deposits, which grew 21.0% y-o-y, higher than the 12.0% growth seen a year ago, driven by festive season business collections. Demand deposits now stand at Rs 31.0 lakh crore, accounting for 12.8% of total deposits. Meanwhile, time deposits, which form 87.2% of the deposit base, expanded by 8.2% y-o-y to Rs 210.7 lakh crore, moderating from 11.8% in the corresponding period last year.

Figure 3: CD Ratio Softens in Late October, Yet Stays Above 80% - incl. merger impact



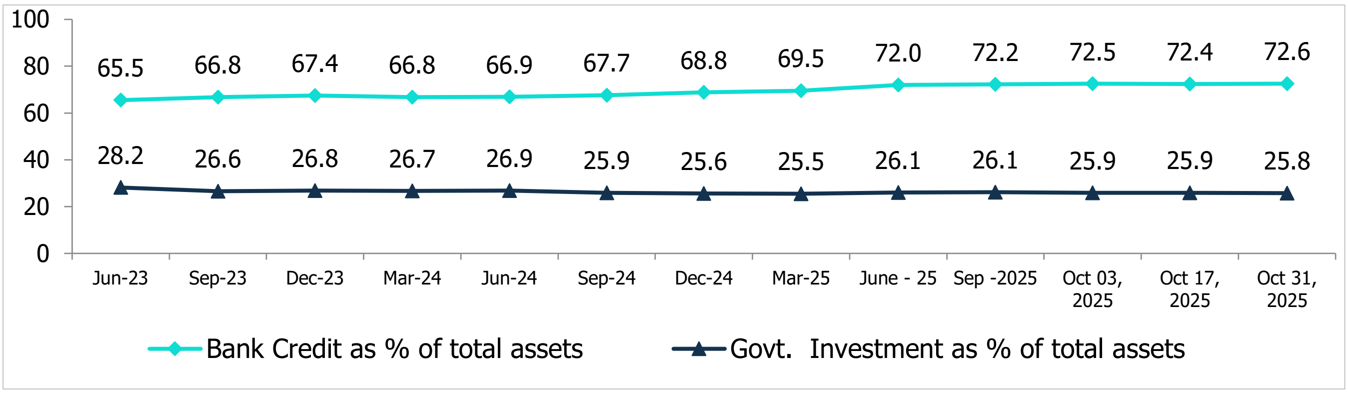
Note: The quarter-end data reflects last fortnight's data of the quarter and compares post-merger figures; Source: RBI, CareEdge Ratings

- The credit-to-deposit (CD) ratio eased slightly to 80.2% in the fortnight ending October 31, 2025, though it continued to stay above the 80% mark. The slight moderation was driven by a stronger increase in deposits, which rose by Rs 2.91 lakh crore during the fortnight, compared with a smaller rise in credit offtake of Rs 1.8

lakh crore. The relatively higher deposit accretion diluted the pace of credit expansion, resulting in a mild softening of the CD ratio.

Bank Credit Share Edges Up, While Government Investments See a Mild Dip

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

- The bank credit-to-total-assets ratio inched up by two basis points to 72.6% in the fortnight ending October 31, 2025. In contrast, the government investment-to-total-assets ratio eased slightly to 25.8%. Total government investments stood at Rs 68.9 lakh crore, reflecting a 5.1% y-o-y increase and a modest sequential rise of 0.1%.

Certificates of Deposit (CDs) Increase while O/s Commercial Papers (CPs) Decline Sequentially

Figure 5: Certificate of Deposit O/s

Fortnight ended	Amount Outstanding (Rs '000 crore)	Y-o-Y growth %
September 20, 2024	474.6	62.7
November 29, 2024	491.6	55.7
January 24, 2025	499.3	40.6
February 21, 2025	513.8	34.7
March 21, 2025	532.9	41.8
April 18, 2025	518.7	39.1
May 16, 2025	511.8	39.3
June 13, 2025	483.1	37.1
June 27, 2025	517.4	26.3
July 25, 2025	508.4	19.7
September 05, 2025	495.2	7.0
October 03, 2025	497.9	6.4
October 17, 2025	502.6	3.8
October 31, 2025	514.8	10.6

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, crore) and RoI (%)

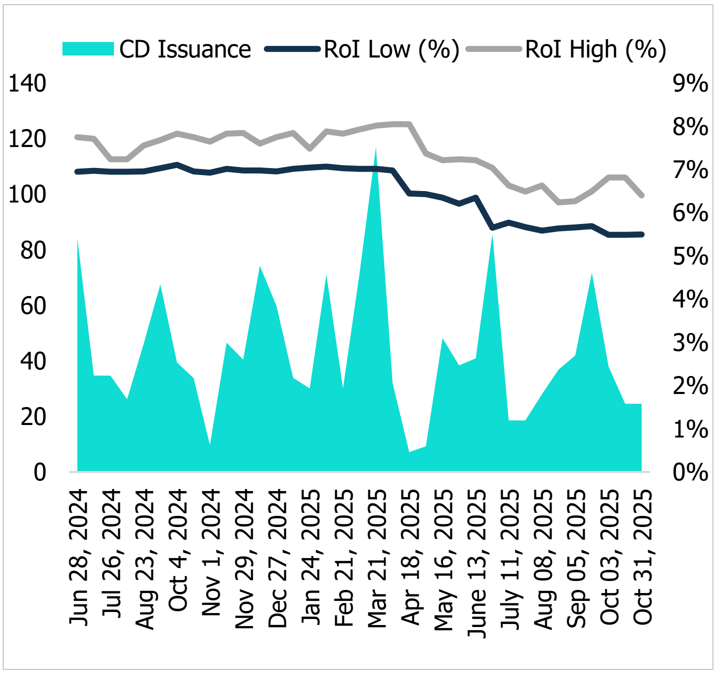
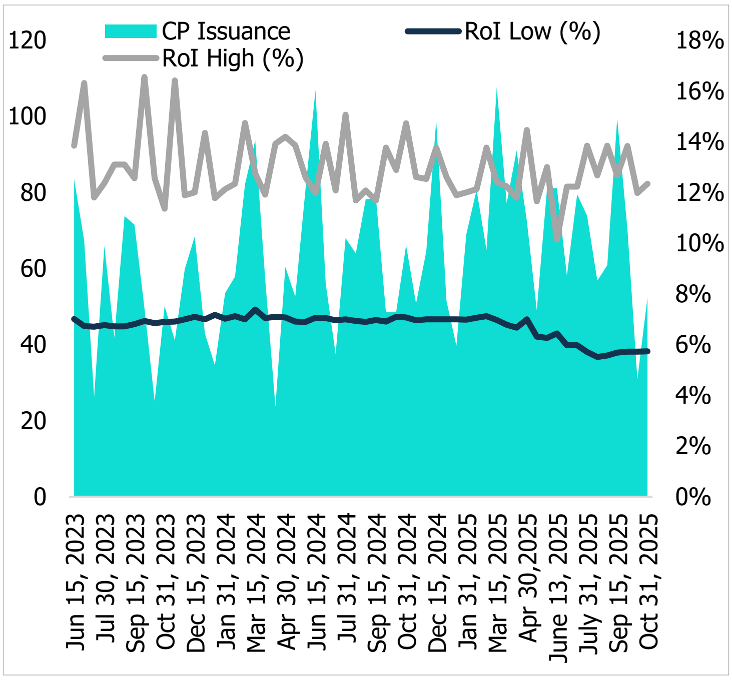


Figure 7: CP Outstanding

Fortnight ended	Amount Outstanding (Rs ' 000 crore)	Y-o-Y growth %
September 30, 2024	397.6	-3.6
November 30, 2024	445.1	12.7
December 30, 2024	435.8	19.7
February 28, 2025	465.9	14.2
March 31, 2025	442.9	14.0
April 30, 2025	545.6	32.6
May 15, 2025	541.5	28.6
June 15, 2025	549.3	27.4
June 30, 2025	500.0	18.4
July 31, 2025	547.2	19.2
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

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

Figure 8: Trend in CP Iss. (Rs '000, crore) and ROI (%)



RBI Announcements

Announcement	Detail
Reserve Bank of India (Trade Relief Measures) Directions, 2025	The Reserve Bank, mandated to operate the country's credit system in the public interest, has introduced the Trade Relief Measures Directions, 2025, with immediate effect. These directions aim to ease debt-servicing pressures arising from global trade disruptions and support the continuity of viable businesses. This includes a moratorium on all term loans to be paid by exporters that are due between September 1 and December 31, 2025. This leeway has been granted to exporters having an outstanding export credit facility from an RBI-regulated entity as of August 31. To qualify for the scheme, the accounts must be "standard" or not in default.

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