

# The Credit-Deposit Ratio Moderates a Tad as both Credit Offtake and Deposit Growth Stumble

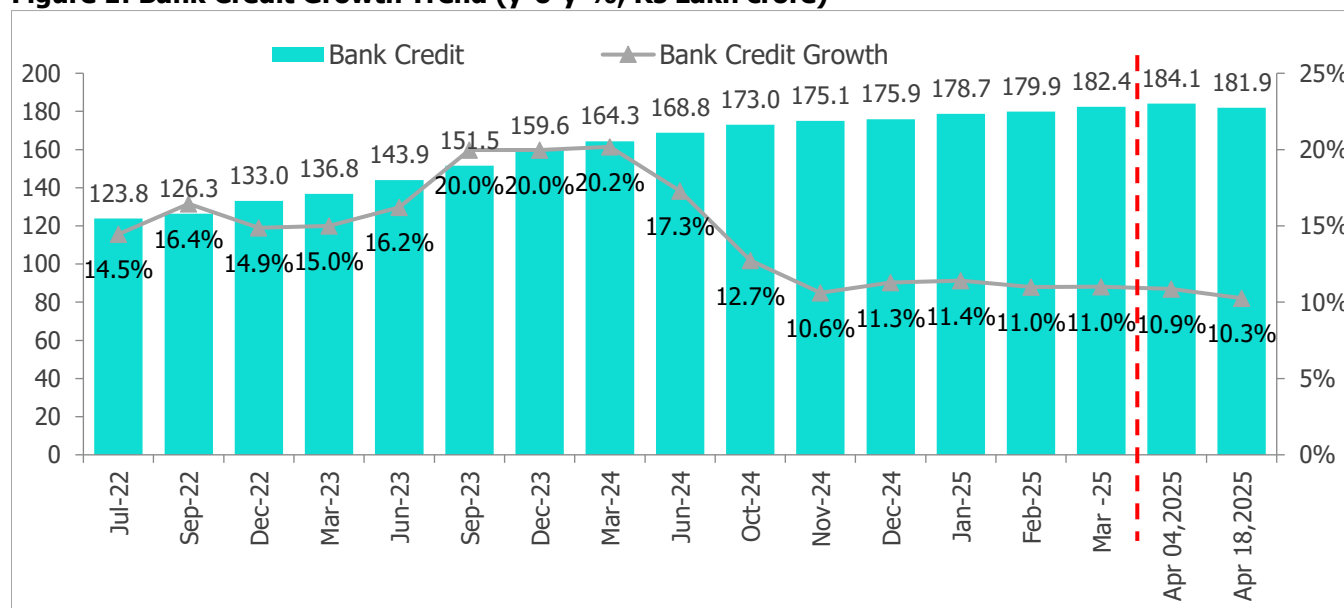
May 05, 2025 | BFSI Research

## Synopsis

- Credit and deposit growth declined over the fortnight. The credit and deposit growth gap has narrowed to 0.08% from 0.78% in the previous fortnight. This is a significant change compared to the same period last year, when the gap was significantly larger at 5.71% (including merger impact).
- As of April 18, 2025, credit offtake reached Rs 181.9 lakh crore, marking an increase of 10.3% year-on-year (y-o-y), slower than last year's rate of 15.3% (excluding merger impact). The slowdown can be attributed to a high base effect, muted growth across segments and typical behaviour at the beginning of the fiscal year.
- Deposits rose 10.2% y-o-y, totalling Rs 228.6 lakh crore as of April 18, 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 5.86% as of April 25, 2025, down from 6.92% on April 26, 2024. This decline follows two successive repo rate cuts by the Reserve Bank of India (RBI), bringing the WACR below the current repo rate of 6.00%.

## Bank Credit Offtake Declines for the Fortnight

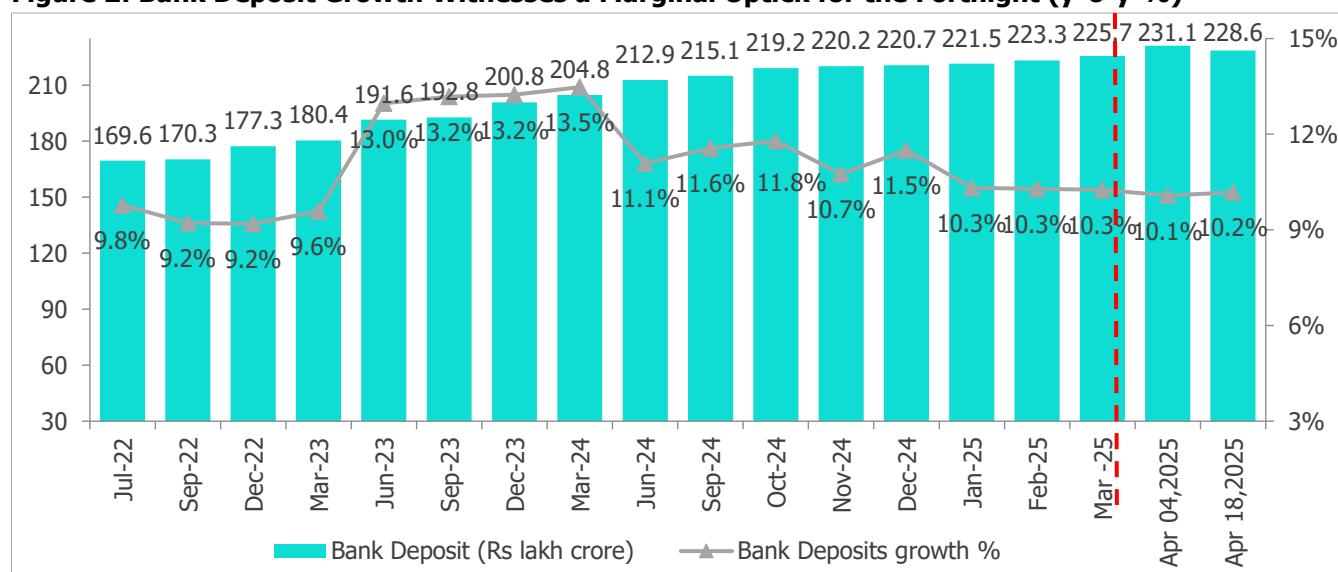
**Figure 1: Bank Credit Growth Trend (y-o-y %, Rs Lakh crore)**



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

- Credit offtake rose by 10.3% y-o-y and declined by 1.2% sequentially for the fortnight ending April 18, 2025, yet it came in slower than the previous year's growth of 15.3% (excluding the merger impact). This slowdown can be attributed to a higher base effect, RBI's commentary on a high credit-to-deposit ratio, muted growth across segments and typical behaviour at the beginning of the fiscal year.

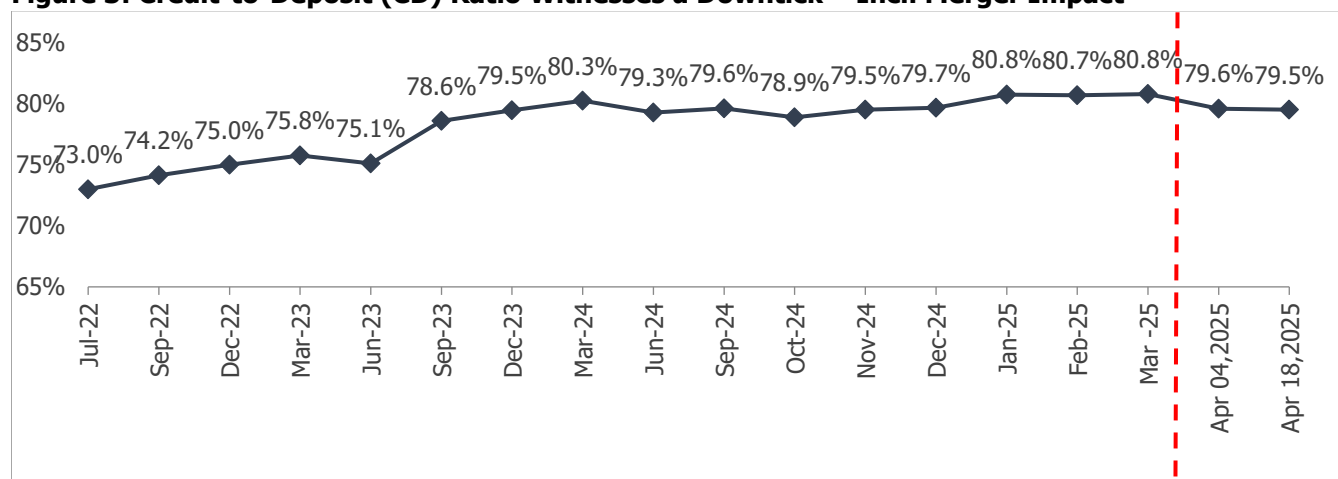
**Figure 2: Bank Deposit Growth Witnesses a Marginal Uptick for the Fortnight (y-o-y %)**



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

- Deposits increased by 10.2% y-o-y, reaching Rs 228.6 lakh crore as of April 18, 2025, lower than the 13.3% growth (excluding merger impact) recorded last year. According to the RBI, the issuance of certificates of deposit grew by 39.1% y-o-y to reach Rs 5.18 lakh crore as of April 18, 2025, as banks continued to rely on raising funds through certificates of deposit amidst subdued deposit growth. Further, during March 16 to April 16, 2025, the weighted average effective interest rate (WAEIR) of certificates of deposits stood at 6.69% and remained lower by 6 bps than the levels recorded a year ago.

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

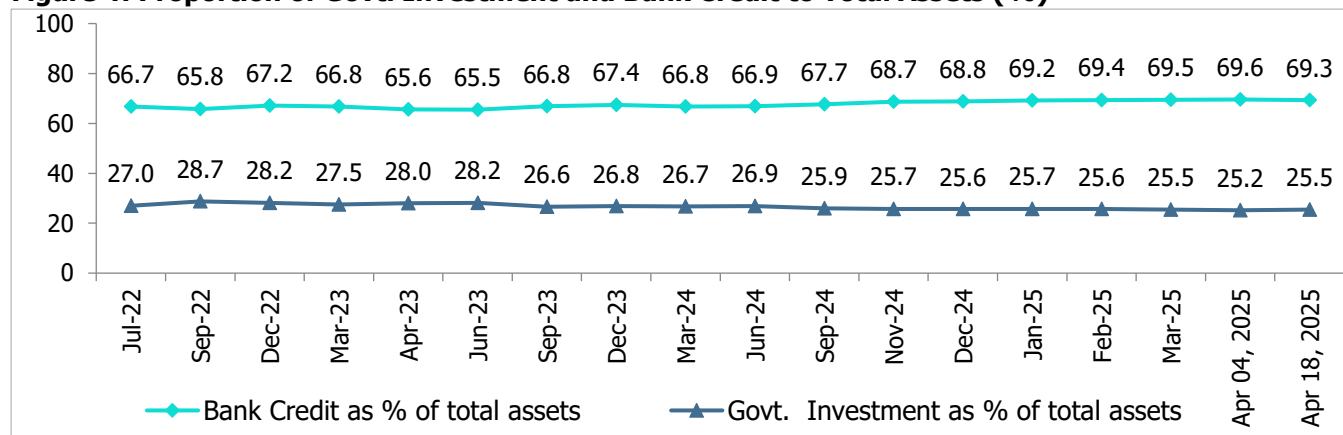


Note: The quarter-end data reflects the last fortnight's data of the quarter and compares post-merger figures; Source: RBI, CareEdge Ratings

The Credit-Deposit (CD) ratio has experienced a marginal decline, slipping below the 80% mark for the second time in the past three months. The CD ratio decreased by 10 basis points over the previous fortnight, reaching 79.5% as of April 18, 2025.

## The Proportion of Bank Credit Declines while the government invests. to Total Assets Witness an Uptick

**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 Ratings

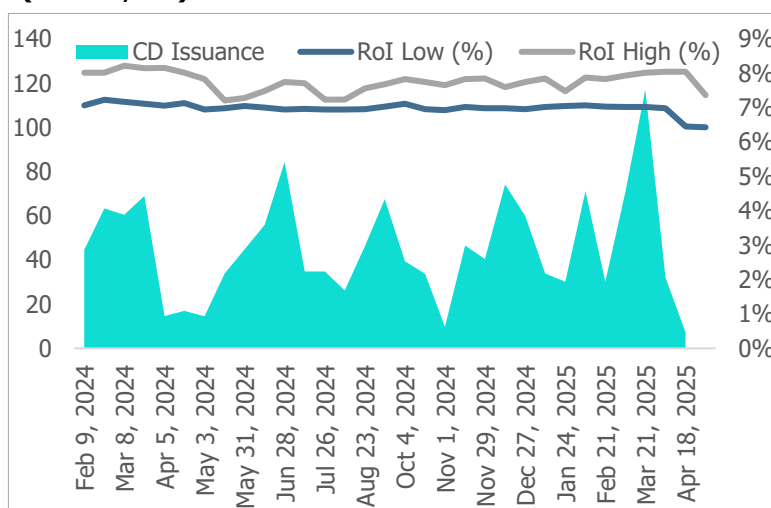
- The credit-to-total-assets ratio decreased marginally to 69.3%, while the Government Investment-to-total-assets ratio witnessed a minor uptick at 25.5% for the fortnight ending 04 April 2025. Meanwhile, overall government investments totalled Rs 66.9 lakh crore as of April 18, 2025, reflecting a y-o-y growth of 8.8% and a sequential increase of 0.4%.

## O/s Certificate of Deposits decline while CPs remain elevated

**Figure 5: Certificate of Deposit O/s**

Fortnight ended	Amount Outstanding (Rs'000 cr.)	Y-o-Y growth %
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	522.9	44.6
Apr 18, 2025	518.7	39.1

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

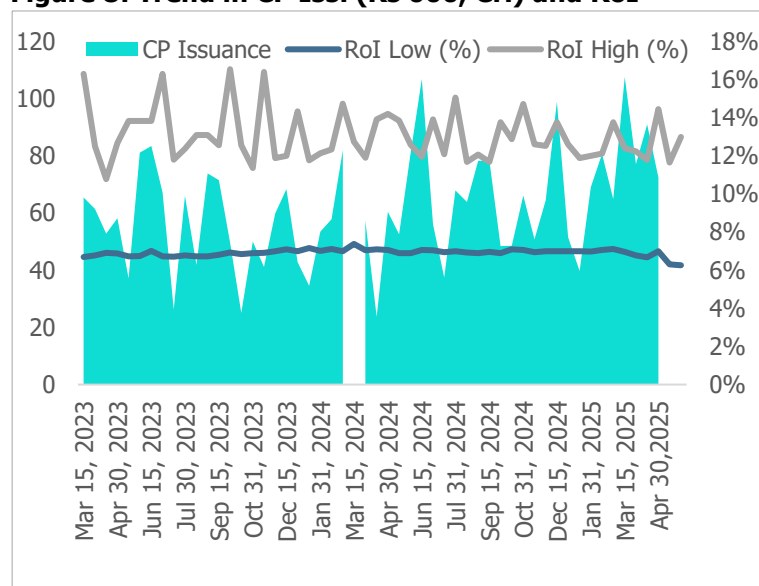


**Figure 7: Commercial Paper Outstanding**

Fortnight ended	Amount Outstanding (Rs'000 cr.)	Y-o-Y growth %
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
Apr 30, 2025	545.6	32.6

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**



## 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 to <a href="#">RBI Delivers Second Rate Cut, Changes Stance to Accommodative</a> for further Details)</li> </ul>

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