

Credit Offtake Trails Deposit Growth, Keeping CD Ratio Under 80%

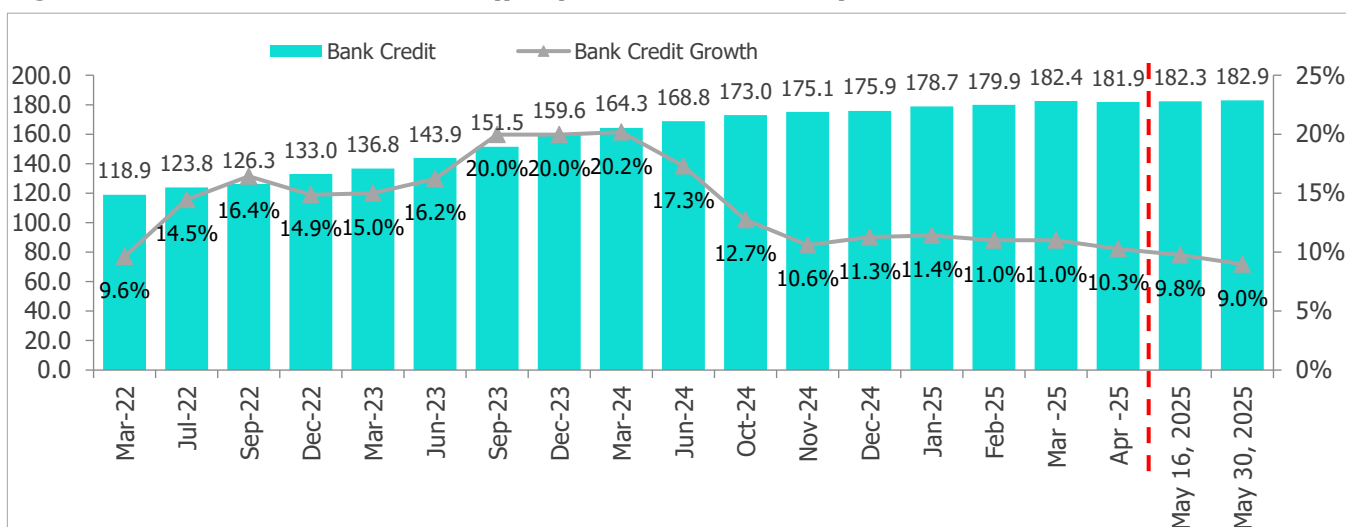
June 17, 2025 | BFSI Research

Synopsis

- Credit offtake and deposit growth have cooled. Additionally, deposit growth has now outpaced credit growth in the current fortnight.
 - As of May 30, 2025, credit offtake reached Rs 182.9 lakh crore, marking an increase of 9.0% year-on-year (y-o-y), significantly slower than last year's rate of 16.1% (excluding merger impact). The slowdown can be attributed to a high base effect and muted growth across segments.
 - Deposits rose 9.9% y-o-y, totalling Rs 231.7 lakh crore as of May 30, 2025, a decrease from 12.2% the previous year (excluding merger impact). This slower growth is primarily attributed to a rise in alternative investment opportunities, deposit repricing and a higher base effect.
- The Short-Term Weighted Average Call Rate (WACR) has decreased to 5.80% as of May 30, 2025, down from 6.56% on May 31, 2024. This decline follows three successive repo rate cuts and liquidity infusion by the Reserve Bank of India (RBI).

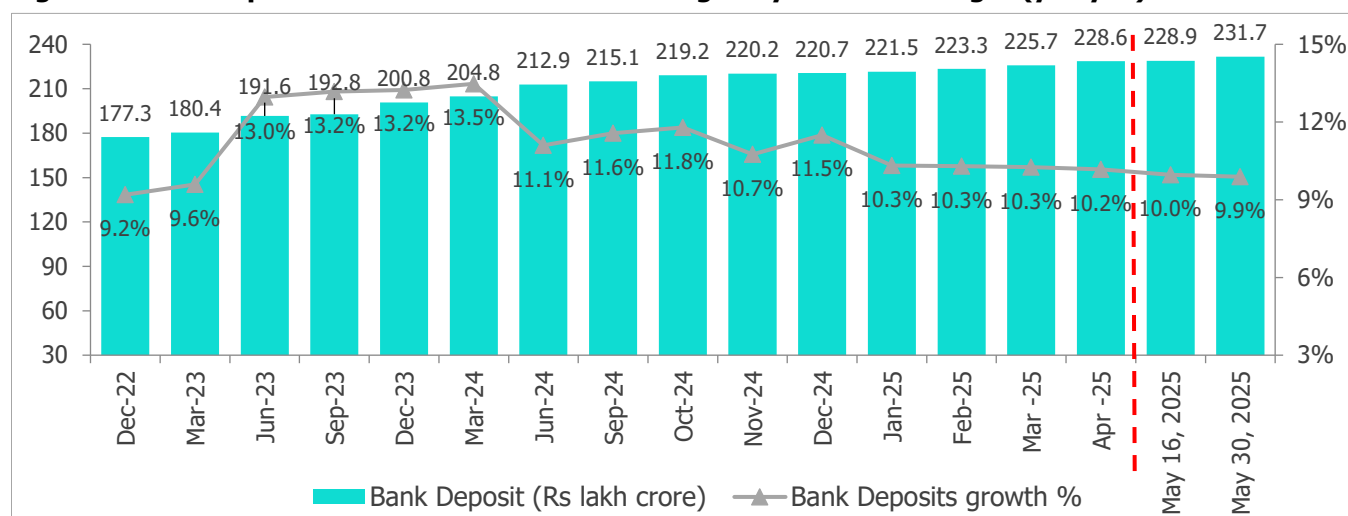
Bank Credit Growth Rate Declines for the Fortnight

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



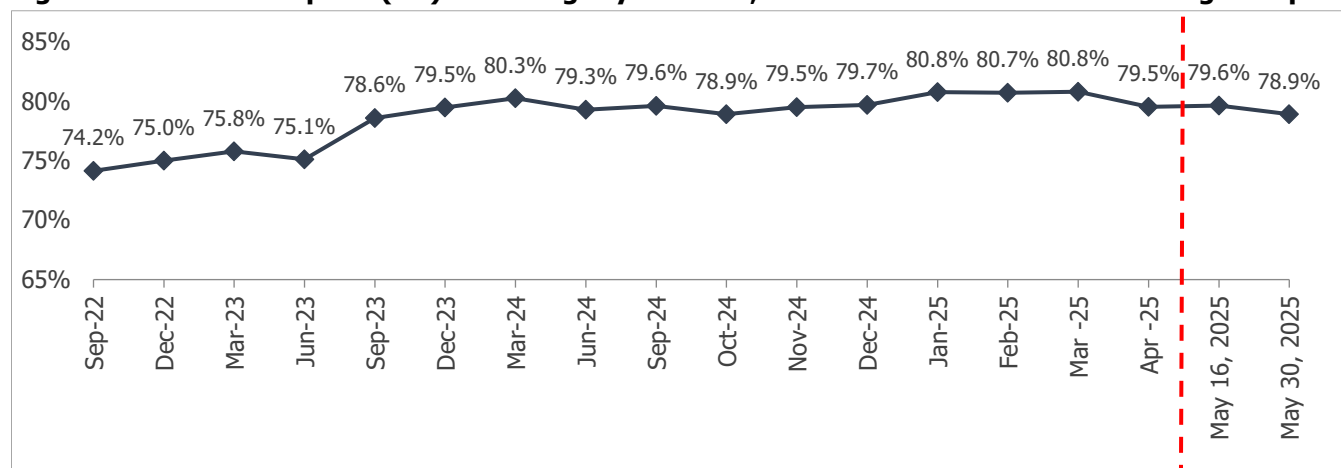
Note: The quarter-end data reflects the quarter's last fortnight's data. Source: RBI, CareEdge Ratings

- Credit offtake rose by 9.0% y-o-y and increased by 0.3% sequentially for the fortnight ending May 30, 2025, and 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 and muted growth at the start of the fiscal year.

Figure 2: Bank Deposit Growth Rate Decreased Marginally for the Fortnight (y-o-y%)


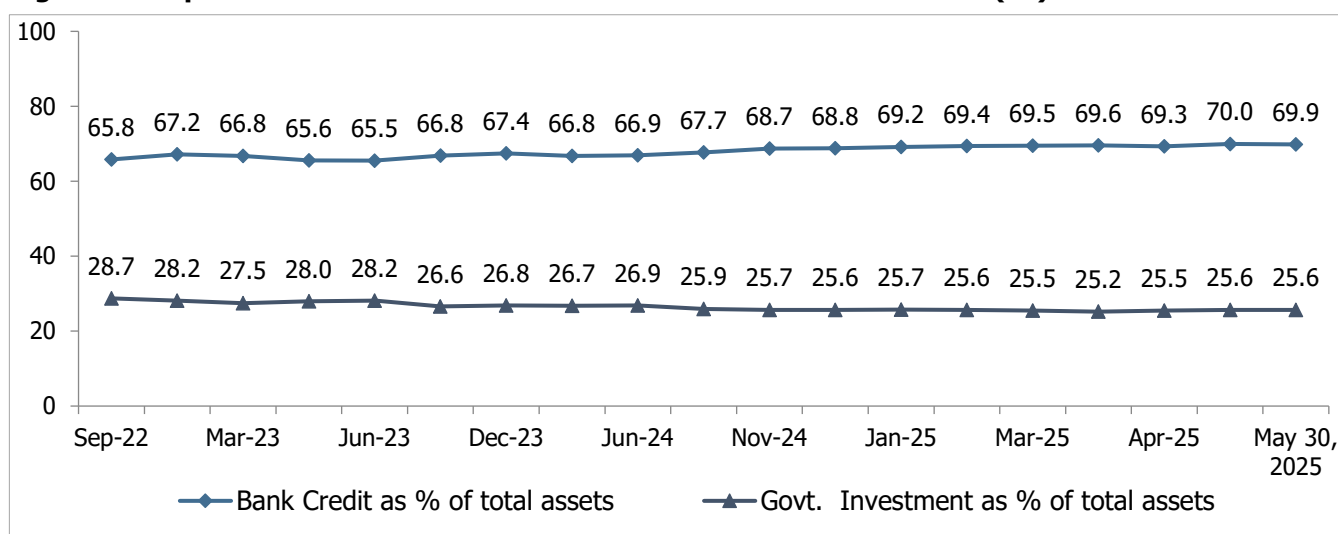
Note: The quarter-end data reflects the last fortnight's data of that quarter; Source: RBI, CareEdge Ratings

- Deposits increased by 9.9% y-o-y and increased by 1.25% sequentially, reaching Rs 231.7 lakh crore as of May 30, 2025, lower than the 12.2% growth (excluding merger impact) recorded last year. The total outstanding certificate of deposits issuances reached Rs 5.13 lakh crore for the fortnight ending May 30, 2025, a growth of 39.2% y-o-y, as banks continued to rely on raising funds through short-term certificate of deposits amidst subdued deposit growth.

Figure 3: Credit-to-Deposit (CD) Ratio Slightly Declines, 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 witnessed a marginal decrease, remaining below the 80% mark for the fifth consecutive fortnight. As of May 30, 2025, the CD ratio was 78.9%, down by 72 basis points from the previous fortnight. This decrease was primarily driven by a higher deposit inflow of Rs 2.85 lakh crore compared to a lower credit offtake of Rs 0.59 lakh crore during the current fortnight. A combination of liquidity surplus in the system and anticipated monetary easing drove this rise in deposit inflows, as per the CareEdge Report.

Bank Credit Share Witness Marginal Decline, Govt. Investments Remained Unchanged in Total Assets
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 credit-to-total-assets ratio witnessed a marginal downtick and decreased to 69.9%, meanwhile, the Government Investment-to-total-assets ratio remained flat at 25.6%, for the fortnight ending May 30, 2025. Additionally, overall government investments totalled Rs 67.1 lakh crore as of May 30, 2025, reflecting a y-o-y growth of 8.5% and a sequential increase of 0.4%.

O/s Certificate of Deposits and CPs Increases
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 18, 2025	518.7	39.1
May 16, 2025	511.8	39.3
May 30, 2025	513.7	39.2

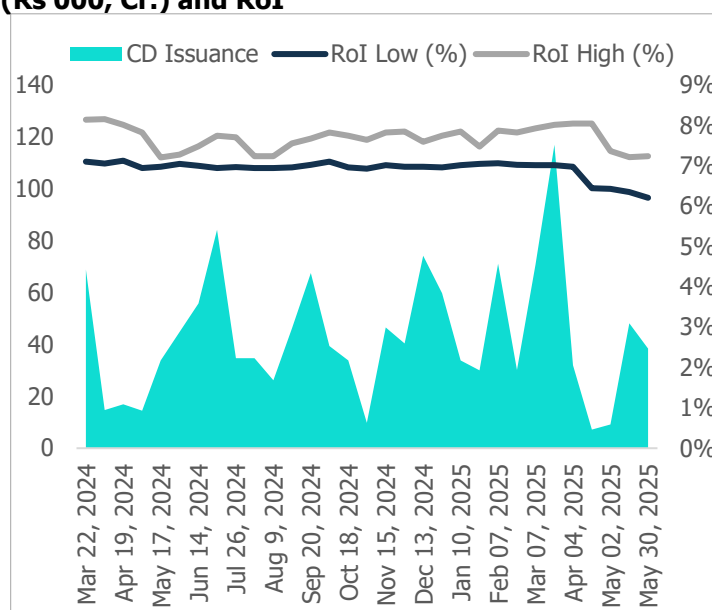
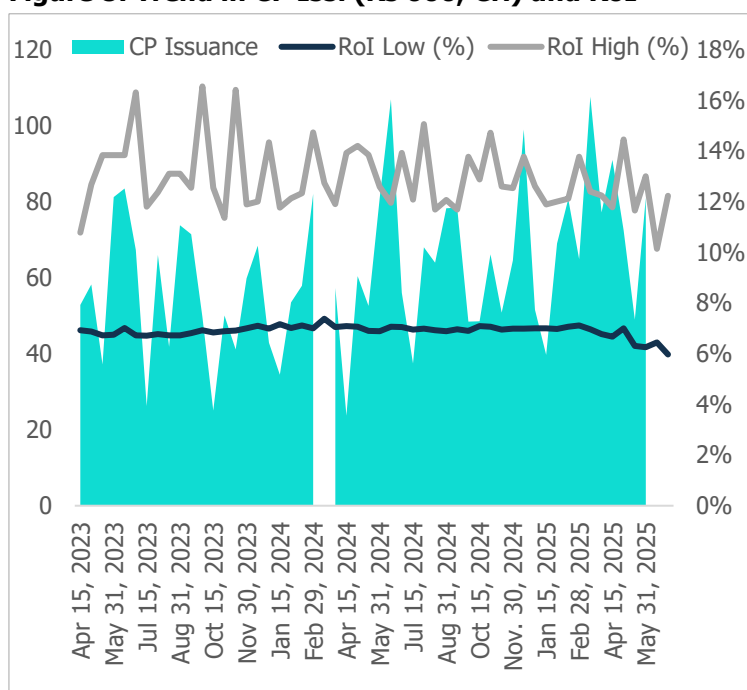
Figure 6: Trend in Certificate of Deposits Issued. (Rs'000, Cr.) and RoI


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 30, 2025	545.6	32.6
May 15, 2025	541.5	28.6
May 31, 2025	553.8	37.1

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"> In its June 2025 policy meeting, RBI's Monetary Policy Committee (MPC) prioritised supporting growth by delivering a larger-than-expected 50 basis points cut in the repo rate, bringing it down to 5.50%. The move effectively frontloaded rate cuts anticipated for the remainder of the year. 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, indicating that the room for further easing may now be limited. The RBI also announced a phased 100 bps cut in the Cash Reserve Ratio (CRR). (Refer to RBI Delivers Pro-Growth Policy with 50 bps Rate Cut & 100 bps CRR Cut for further details)

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