

Credit growth climbs to 14.6% in Jan 31 fortnight

SUBRATA PANDA

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After a relatively subdued first fortnight of calendar year 2026, credit growth accelerated sharply in the fortnight ended January 31, expanding to 14.6 per cent year-on-year (Y-o-Y). Deposit growth also remained strong, rising 12.5 per cent Y-o-Y during the same period.

Bank credit in the economy stood at ₹204.75 trillion, while deposits stood at ₹248.81 trillion. Credit expanded by ₹3.41 trillion, or 1.7 per cent, and deposits expanded by ₹3.82 trillion, or 1.6 per cent during the period, data released by Reserve Bank of India

(RBI) showed.

Bank credit growth in the first fortnight of 2026 (January 15) had slowed down to 13.1 per cent Y-o-Y, while deposit growth also slowed down to 10.6 per cent Y-o-Y. Credit contracted by ₹1.88 trillion, while deposits contracted by ₹3.57 trillion by the end of the fortnight.

In the last fortnight of calendar year 2025 (December 31), banking credit grew 14.5 per cent Y-o-Y and deposits grew 12.7 per cent Y-o-Y.

The pick-up in credit growth has been aided by GST rationalisation on



products and services, rate cuts by RBI, and a rise in wholesale credit demand.

The latter was driven by elevated corporate bond yields and faster transmission in bank lending rates, which narrowed the rate differential between loans and bonds.

Credit growth is expected to gather further momentum towards the business end of FY26.

Recently, the country's largest lender, State Bank of India (SBI), revised its FY26 credit growth guidance upwards to 13-15 per cent from

12-14 per cent.

For SBI, corporate credit is expected to sustain double-digit growth, while the retail, agriculture and MSME (RAM) segment will remain the primary driver. MSME lending, in particular, is likely to benefit from improving trade sentiment and better availability of data and information.

According to Chairman CS Setty, the trade deals are extremely positive for the economy and there are several ways in which the overall economy gets impacted positively.

"I see many areas where SBI is well positioned to take advantage of the emerging scenario," he said.