Credit growth up at 11.4% till Oct 3

Deposit growth stood at 9.9%

SUBRATA PANDA
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Credit growth in the system picked up during the festival season, reaching 11.4 per cent year-on-year (Y-o-Y) during the fortnight ended October 3 while deposit growth stood at 9.9 per cent, according to the latest data from the Reserve Bank of India (RBI).

During the fortnight between September 20 and October 3, banks disbursed over ₹3.63 trillion in credit, compared to ₹1.02 trillion in the previous fortnight. During the same period, deposits in the system grew ₹5.51 trillion.

This period coincided with the implementation of the goods and services tax (GST) reforms announced by the government.

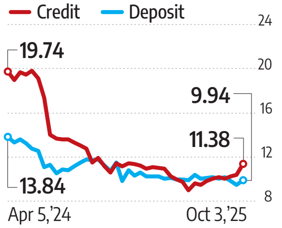
Data from the RBI shows outstanding credit in the system stood at ₹192.66 trillion while deposits stood at ₹240.98 trillion.

During the previous fortnight (ending September 19), credit growth in the system stood at 10.4 per cent Y-o-Y and deposit growth was 9.5 per cent.

"We are seeing some positive signs. Some of the cuts have happened only 20-25 days back and it will be foolish on our part to jump to conclusions straight away. But at least on the retail disbursement side, we are seeing some positive uptake. On the wholesale side, we have demonstrated pretty good growth anyway," said Amitabh Chaudhry, managing director (MD) and chief executive officer (CEO), Axis Bank, post the bank's Q2FY26 earnings.

Meanwhile, the RBI has also taken several measures to boost credit growth in the system.

Closer look



Source: Bloomberg/RBI

It announced 22 measures aimed at boosting credit flows to the real economy and promoting ease of doing business while lowering bank costs.

These include a nod for banks to fund acquisitions of Indian non-financial sector companies, upgraded ceilings for loans against securities and initial public offerings (IPO) financing, and tweaks to risk weights on home loans, and other loans.

The central bank has also sought to slash the cost of infrastructure financing by non-banking financial companies (NBFCs).

It is proposing to reduce the risk weights applicable for NBFC lending to operational, high quality infrastructure projects.

"The first half of the financial year (H1FY26) unfolded amid a dynamic macroeconomic backdrop. While tariff-related developments presented headwinds, the policy rate cuts, the favourable monsoon, GST rate reductions, and improving liquidity conditions are poised to serve as strong tailwinds as we enter the second half (H2FY26)," said Chaudhry.

He added that these factors, combined with a series of progressive RBI policies, have set the stage for acceleration in credit growth.