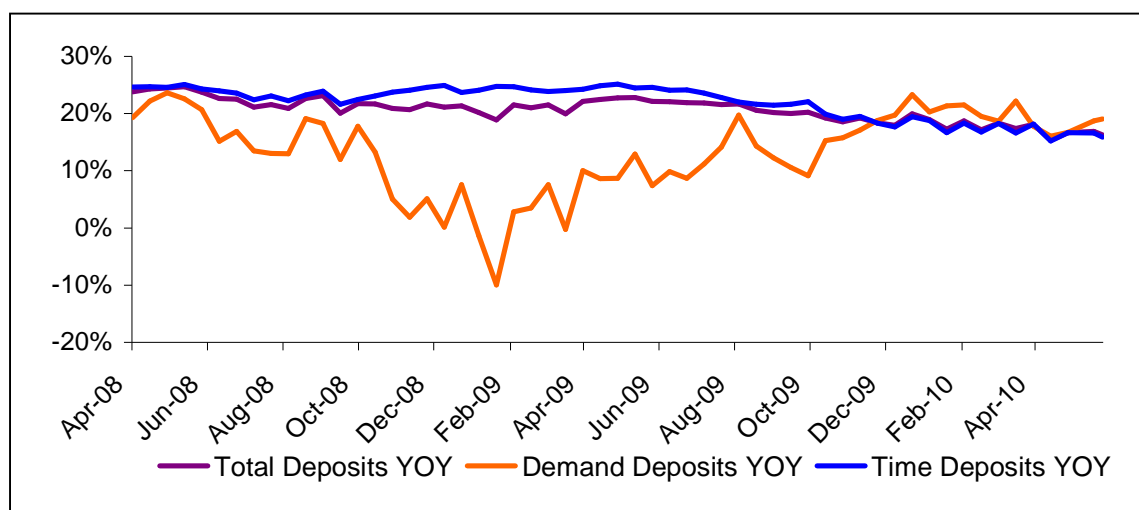


Deposit growth remains muted at 14.3%

The deposit growth has remained muted at 14.3% yoy with competition from the external sources luring depositors with attractive rates. However as the liquidity situation further tightens we expect the banks to increase deposit rates by at least 25-50 bps and consequently the deposit growth is expected to pick up. Further the RBI has hinted at de-controlling the interest rates on savings deposits and some announcement is expected on the same in the near future and this should contribute to increase in the bank deposit growth.

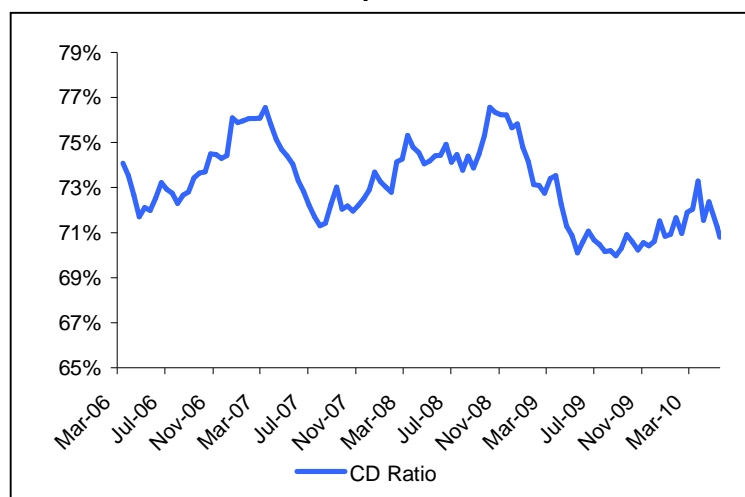
Deposit Growth YoY (%)



Source: RBI

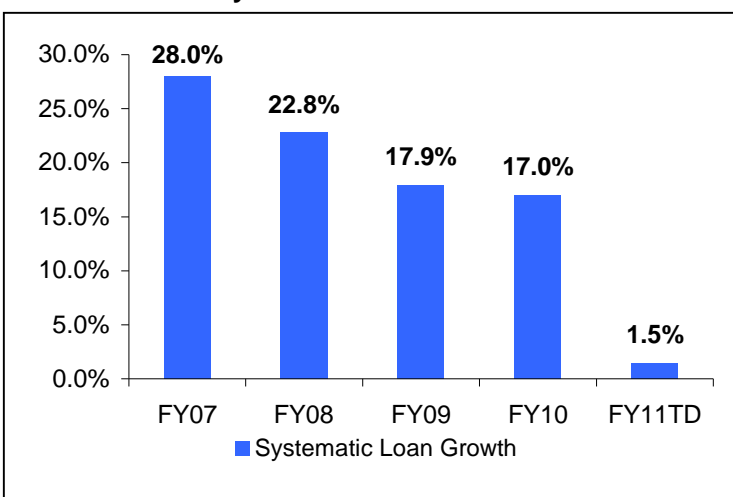
With deposit growth falling short of the sudden spurt in credit demand from the telecom sector, banks resorted to liquidate their short term MF investments to meet the shortfall. Banks reduced their MF investments by Rs 59594 crore during the fortnight and also reduced their holding of government bonds by over Rs 9024 crore.

Credit-Deposit Ratio



Source: RBI

Systematic Loan Growth



Source: RBI

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