

Bank deposits increase by ₹ 1,32,747 crore

Our Bureau



Mumbai, November 23:

Bank deposits jumped more than six times by ₹ 1,32,747 crore in the fortnight ended November 11.

This is compared to an increase of ₹ 20,843 crore in the preceding fortnight ended October 28, according to Reserve Bank of India data.

This probably shows the significant accretion effect that the demonetisation of ₹ 500/ ₹ 1,000 bank notes, effective from November 9, has had on deposits.

Banks were closed for a day on November 9 for them to make preparations to exchange old currency notes or have them deposited in customer accounts. ATMs too, were closed for two days (November 9 and 10) for them to be recalibrated to dispense new notes.

Overall, since the beginning of the current quarter, deposits have declined by ₹ 91,440 crore. However, with demonetisation now well under way, this trend will reverse.

In the first half of the current financial year, bank deposits climbed ₹ 4,96,653 crore, according to RBI data on the position of scheduled banks.

Meanwhile, thanks to demonetisation, currency notes in circulation declined by 3,60,740 crore in the week ended November 18 to stand at 14,26,990 crore.

During the reporting fortnight, bank credit declined by ₹ 59,838 crore, compared with a growth of ₹ 50,048 crore in the preceding fortnight.

Overall, since the beginning of the current quarter, bank credit declined by ₹ 2,21,837 crore, indicating a lack of demand for credit in the economy. In the first half of the current financial year, bank credit had increased by ₹ 43,373 crore.

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