

Business Standard

Credit to deposit ratio dropped in 17 states during 2014 to 2017

Reserve Bank of India data shows, however, that the ratio of credit to deposits has improved since 2014 in only 12 states

Advait Rao Palepu | Mumbai May 14, 2018 Last Updated at 07:00 IST



As of March 2017, there were 1.57 billion bank accounts in the country. And, around 80 per cent of the adult population had deposits worth a combined Rs 107.3 trillion. And, received Rs 79.1 trillion in credit from commercial banks.

Reserve Bank of India (RBI) data shows, however, that the ratio of credit to deposits has improved since 2014 in only 12 states. Also, that Maharashtra gets the lion's share of credit. While the south continues to show the least inter-state disparity in terms of credit and deposits.

In 2011, the share of account holders in the population was 35 per cent. It increased to 53 per cent in 2014, just before Narendra Modi took over as prime minister. Deposits pan-India in 2014 totalled Rs 80 trillion, rising 34 per cent to Rs 107.3 trillion at end-March 2017.

Credit in 2014 totalled Rs 62.8 trillion, rising 26 per cent to Rs 79.2 trillion as of end-March 2017.

The credit to deposit (C:D) ratio declined in four of the six regions, barring states in the west and in the northeast.

Additionally, the two charts here show the value of credit (distribution) and deposits across six regions between 1999 and 2017 at commercial banks.

North

In terms of deposits, Delhi stands out in the region with Rs 11 trillion, followed by Punjab at Rs 3.3 trillion and Rajasthan at Rs 3.1 trillion. The capital got Rs 9.6 trillion in credit from banks in 2017; Punjab got Rs 2.2 trillion and Rajasthan Rs 2.1 trillion.

Northeast

Assam dominates the northeast with deposits of Rs 1.2 trillion. The northeast has had the smallest deposit base as a region for decades. On a comparative basis, states here have more deposits than the Union Territories of Andaman and Nicobar, Puduchery and Daman & Diu.

Credit flows are low. The four states of Arunachal Pradesh, Manipur, Mizoram and Nagaland got a total of Rs 28.5 billion in credit from commercial banks in 2017. Assam got Rs 488 billion. The C:D ratio rose between 2014 and 2017 in Arunachal, Assam, Manipur and Nagaland. It declined in Meghalaya, Tripura and Mizoram.

East

West Bengal contributed around Rs 6.8 trillion in deposits to the commercial banking system in 2017, followed by Bihar at Rs 2.9 trillion and Odisha at Rs 2.45 trillion. In terms of credit, West Bengal received Rs 3.4 trillion; Bihar and Odisha got a little over Rs 900 billion each.

Sikkim stands out in the region with Rs 19 billion in credit received and Rs 70 billion in deposits made.

Central

Over the years, the gap between eastern and central states has narrowed. This year, the central states contributed Rs 14.3 trillion in deposits, compared to Rs 14.1 trillion in deposits contributed by states in the east. Deposits within banks in Uttar Pradesh had grown to Rs 8.9 trillion, followed by Madhya Pradesh with Rs 3.1 trillion. Credit disbursed to UP was Rs 3.5 trillion, with Rs 1.9 trillion to MP.

West

Maharashtra, home to the country's financial capital, made Rs 21.9 trillion in deposits and received Rs 23.3 trillion in credit. Gujarat received Rs 4.2 trillion in credit and made Rs 6 trillion in deposits during 2017.

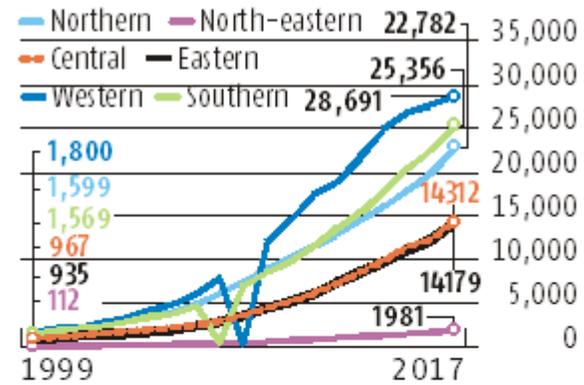
South

Tamil Nadu got Rs 7 trillion in credit followed by Karnataka with Rs 5.2 trillion in credit. Andhra Pradesh and Telangana received Rs 2.5 trillion and Rs 3.9 trillion in credit, respectively.

There are large differences between the amount of credit received by states within a region and in the total value of bank deposits. Karnataka contributed Rs 7.8 trillion in deposits, followed by Rs 6.6 trillion in deposits made by Tamil Nadu and Rs 4 trillion by both Telangana and Kerala. Compared

DEPOSITS

(₹ billion)



to the other five regions of the country, southern states exhibit the least disparity in terms of credit received and deposits made.

CREDIT

(₹ billion)

