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Banking Update: Feb 2026

Credit growth in the India's banking sector has expanded 13.6% in Feb'26 (15-Feb) against 11.0% growth in the same period last year. The deposit growth on a YoY basis has also improved by 11.2% for the same period compared with 10.3% growth in the previous year. On a FYTD basis, credit growth clocked double digit growth of 12% against 9.5% growth in FYTD'25. Even deposit growth inched up by 9.7% on FYTD'26 against 8.8% growth for the same period last year. The outstanding bank credit and deposit stood at Rs 204 lakh crore and 247 lakh crore respectively for the period 15-Feb 2026. The credit to deposit ratio during this period stands at 82.3%.

Sectoral Deployment of bank credit-Jan'26

The outstanding bank credit stood at Rs 204 lakh crore in Jan'26 compared with Rs 178 lakh crore in Jan'25. Non-food credit rose by 14.4% in Jan'26 compared with 11.3% growth in Jan'25. The sectoral growth pattern has varied but largely registered a steady growth in Jan'26.

- Credit growth to agriculture decelerated to 11.4% in Jan'26 against a 12.2% in the previous year.
- Credit growth to industry has improved to 12.1% in Jan'26 compared with 8.3% in Jan'25.
    - Performance of micro and small scale industry was impressive at 31.2% in Jan'26 (9.6% in Jan'25) and was largely responsible for higher credit growth to the industrial sector.
    - Medium industry witnessed a higher growth rate of 22.3% from 18.4% in the previous year.
    - Large scale industry registered growth of 5.5% against 6.8% last year.
- Credit to services sector recorded higher growth 15.5% against 12.3% in the previous year.
    - Credit to trade was maintained at 16.1% against 14.5% in Jan'25 and continues to perform well.
    - Healthy growth was reported by NBFCs at 17.8% against 8.2% in Jan'25.
    - Other services which include MFs, banking and other financial services which have not been included in any other categories, also maintained stable growth 14.3% in Jan'26.
- Credit to the personal loan segment advanced by 14.9% compared with 11.9% growth registered last year.
    - Within personal loan segment, robust growth has been noted in the vehicle loan segment (17.1% from 9.7%) in Jan'26. This was in line with the growth in sales witnessed in this segment.
    - Amidst ongoing marriage season, credit growth accelerated for loans against gold jewellery. Higher prices during this period also has to be factored in for high growth.
    - Significant moderation was witnessed in the credit card outstanding which also incorporate the regulatory measures which were introduced previously.
    - For housing and other personal loans segment, credit growth has been higher. However, education loan was a tad lower at 14% in Jan'26 against 15.9% growth in Jan'25.

Table 1: Sectoral growth across sectors

Sectoral	Jan'25	Jan'26
Bank Credit	**11.4**	**14.6**
Non-food Credit	**11.3**	**14.4**
Agriculture	**12.2**	**11.4**
Industry	**8.3**	**12.1**
-Micro and Small	9.6	31.2
-Medium	18.4	22.3
-Large	6.8	5.5
Services	**12.3**	**15.5**
-Trade	14.5	16.1
-Non-Banking Financial Companies (NBFCs)	8.2	17.8
-Other Services	15.4	14.3
Personal Loans	**11.9**	**14.9**
-Housing	11.0	11.1
-Vehicle Loans	9.7	17.1
-Loans against jewellery	91.4	128.8
-Credit Card Outstanding	13.0	1.5
-Other Personal Loans	8.2	11.6

Source: RBI, Bank of Baroda Research

Industry wise deployment

An overview of deployment of bank credit across various industries.

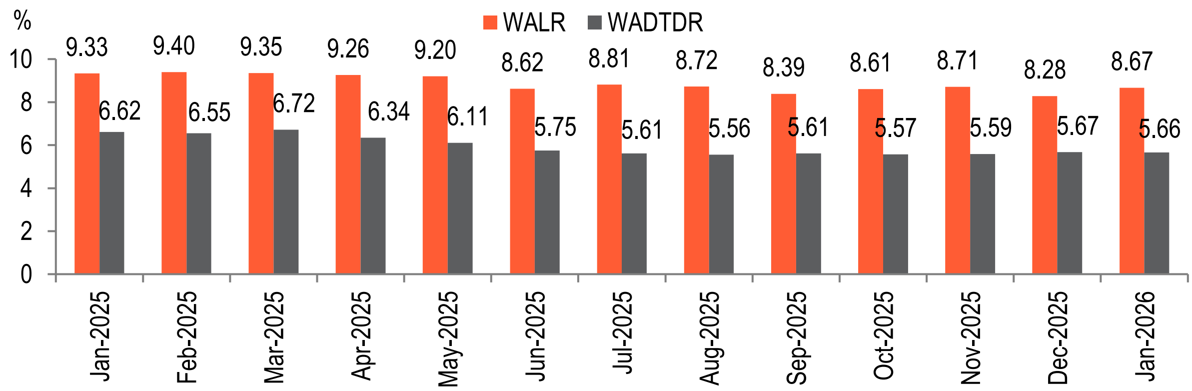
- Credit growth for mining sector has registered strong double digit growth 21.5% in Jan'26 from 0.8% growth in Jan'25.
- Under food processing industries, credit growth has been marginally slower in Jan'26 over last year.
  - Within food processing, credit growth has noticed some softening for sugar industry (6.1% from 16.2%).
  - Edible oils and Vanaspati sector has recorded an improvement for the same period.
- Double digit credit growth of 24.3% was witnessed for beverage and tobacco.
- Credit growth in textiles has registered an uptick 10% growth against 5.8% in Jan'25. Loans to leather and leather products sector (8.5% from 4.8% in Jan'25) and wood (13.7% from 13.2%) industry have increased for Jan'26. Industries such as paper products (12% from 13.1%) and petroleum, coal and nuclear fuel (14.5% from 19%) have reported lower loan growth in Jan'26 over the same month of previous year.
- Credit growth for chemical industry have registered robust double digit loan growth in Jan'26.
- Steady loan growth has been noted for rubber and plastic industry in Jan'26. Higher growth has been registered for glass (9.6% from 7.5%), cement (6.6% from 2.3%) and all engineering industry (35.9% from 18%) for Jan'26.
- A similar trend was also observed for the following industries, vehicles (14.8% from 7.9%), gems and jewellery (35.6% from 5.1%), construction (8.4% from 8%) wherein credit growth registered a significant improvement from last year.

- Loan growth to infrastructure industry advanced further to 6.4% growth in Jan’26 (2.3% in Jan’25).Within infrastructure, power industry has registered growth of 17.5% in Jan’26 against 4.6% in Jan’25.

Lending and deposit rates-Jan’26

Post the RBI rate cut, both lending and deposit rates (on fresh loans and deposits) of SCBs have witnessed a steady decline (Fig 1). In terms of transmission, it has been more pronounced for the lending rates than deposit rates. WADTDR in fact rose in January ostensibly due to higher recourse to bulk deposits and CDs where the rates are higher.

Fig 1. Lending and Deposit rates for SCBs



Source: RBI, Bank of Baroda Research

To sum up:

Indian banking sector continues to remain resilient with steady pickup noted in both credit and deposit growth. Overall, the credit offtake is expected to pick up in the near term on the back of the falling interest rates and GST rationalisation. Credit growth is also expected to get further support from liquidity enhancement measures by RBI, which will enable banks to focus on lending.

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