

BUSINESS

## India's Bank Credit Growth Expected To Remain Positive: Careedge Report

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### New Delhi

The outlook for India's bank credit growth, which has witnessed modest growth in recent years, is expected to remain positive due to slew of factors such as economic expansion, rise in government and private capital expenditure, rising commodity prices, implementation of production-linked incentive schemes, and the push in retail credit, according to a report by rating agency CareEdge.

The prospects in the medium term look promising with diminished corporate stress and a substantial buffer for loan provisions. The report said that retail inflation too is trending up, which is likely to add to the credit growth.

On the other hand, rising rates could, however, offset the growth potential to some extent by curbing the demand for credit.

The retail loan segment is expected to do well as compared with the industry and service segments, the rating agency said.

In absolute terms, bank credit outstanding was reported to be at Rs 121.5 lakh crore as of June 17, 2022, growing by Rs.14.1 lakh crore over the last 12 months.

It was driven by a low base effect, small-ticket loans, and an increase in working capital loans due to higher inflation.

Credit outstanding in the retail segment, saw a continued double-digit growth at 16.4 per cent in May 2022, which could be attributed to the growth in other personal loans, credit card receivables and consumer durable loans driven by improvement in economic activities and the job market.