

# Business Standard

## FY22 ends with bank credit growth of 8.6%; retail, agri mainstay

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Abhijit Lele | Mumbai April 08, 2022 Last Updated at 06:08 IST



*Representative Image*

Backed by the retail and farming segments, bank credit clocked an 8.6 per cent growth rate in FY22, up from 5.6 per cent in FY21, according to the Reserve Bank of India (RBI) data.

FY22 saw the adverse effects of the

pandemic until September 2021, followed by a turnaround in credit, especially to industry and retail, from October.

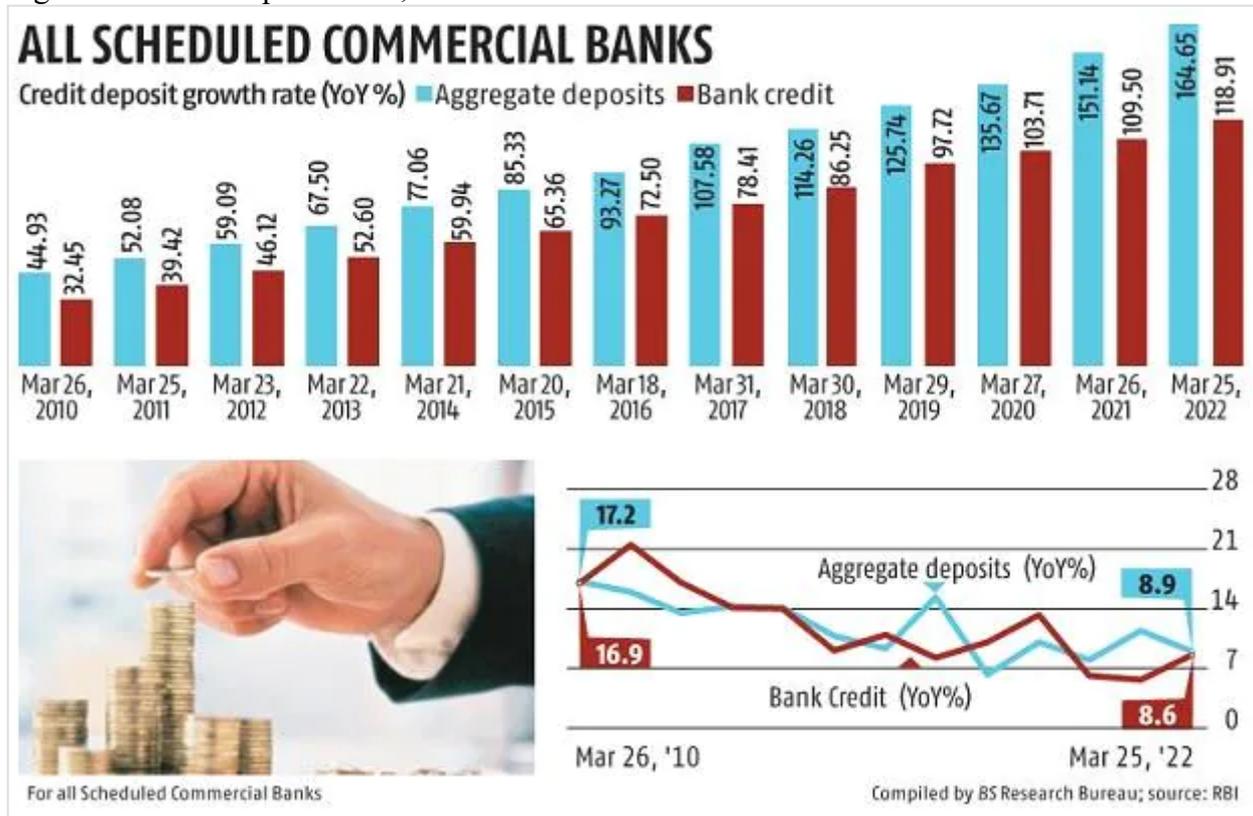
Credit growth on a year-on-year basis hovered between 5.5 and 6.7 per cent in the first half of the fiscal year and rose thereafter.

The RBI data shows banks gave loans of Rs 9.41 trillion in FY22. Of this, Rs 1.78 trillion came in the fortnight ended March 25, 2022.

The story for liabilities was different with the pace of deposit mobilisation moderating to 8.94 per cent in FY22 from 11.4 per cent in FY21.

Bankers said credit growth was predominantly driven by the retail and agriculture segments. Growth in the industrial segment remains supported by micro, small, and medium enterprises, and the contraction in large industries was reversed.

A S Rajeev, managing director and chief executive, Bank of Maharashtra, said growth gained momentum in the second half of the fiscal year, marked by busy and festive seasons. The demand from the industrial segment showed improvement, he said.



The

performance in the first half (April-September 2021) was hit by the second wave of the pandemic.

For 11 months (April 2021-February 2022), the retail segment — housing, credit cards, vehicles, and personal loans — showed 10.4 per cent growth (disbursements worth Rs 3.12 trillion). The pace of retail credit growth was 8.9 per cent in April 2020-February 2021. Housing showed some moderation at 5.1 per cent growth from 8 per cent in April 2020-February 2021, credit cards showed a steady pick-up of 9.8 per cent (9.3 per cent in February 2021), and vehicle loans 9.2 per cent (6.7 per cent in February 2021).

Agriculture, reflecting the performance of the rural sector, showed 7.9 per cent growth in February 2022, lower than the 8.3 per cent in February 2021, the RBI said.

The 11 months of FY22 saw a turnaround in credit to the industrial segment with 3.4 per cent growth against a contraction of 2.6 per cent in February 2021.

Growth was mainly on account of an uptick in micro and small and medium enterprises. The large industry category remained a drag with a contraction of 2.5 per cent.

CARE Ratings in analysis said: “On an incremental basis, the services grew by 5.2 per cent in February 2022 as compared to a smaller rise of 2.4 per cent a year ago. The Service sector grew due to growth in the NBFCs, Trade, Tourism, Hotel & Restaurant, and Professional services segments.”