

Personal loans, industrial offtake drive credit growth to 13.46%

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The non-food credit growth of banks is on a high-growth trajectory for a couple of months now, sustaining above 12% since June. However, despite the robust loan growth, rise in deposits has remained choppy during the same period.

Banks' outstanding non-food credit improved 13.46% year-on-year (y-o-y) to Rs 122.45 trillion during the fortnight ended July 15, according to data released by the Reserve Bank of India (RBI). The non-food credit growth remained over 13% for July.

The credit growth was led by personal loans segment and credit offtake from the industrial sector improved, ratings agency CareEdge said in a report, adding that the medium-term prospects for the two segments are looking robust.

Due to the rising interest rate, fund-raising via corporate bonds declined to a four-year low in Q1, leading to a shift by the corporate to banks for their incremental funding requirements, ICRA had said earlier in a report.

However, in terms of credit growth, private sector banks have continued to outpace public sector peers by posting above-average growth in loans, CareEdge said. While most of the private banks have detailed their earnings for Q1FY23, top banks such as ICICI Bank and HDFC Bank have witnessed stellar growth of around 21% each, with Kotak Mahindra Bank posting the loan growth of 29%.

As per the latest RBI data, the deposit growth in the banking system has grown by 8.35% to Rs 168.1 trillion during the period under review.