

Banking Update: Credit and Deposits for March 2019

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The quarterly SCB performance review is an update on the credit and deposit situation of banks derived on the data extracted from RBI's *Quarterly Statistics on Deposits and Credit of Schedules Commercial Banks (SCBs)*.

Public Sector Banks (PSBs) continued to record the major share of the outstanding bank deposit and credit, while private banks recorded the major share in the incremental deposit and credit, for FY19 indicating that a major part of the 13% credit growth in FY19 was sourced through the private banks. Improvement in the incremental deposit and credit level has led to private banks to sustain a healthy NIM for FY19. Credit to Rural group has been majorly from the PSBs.

Overview

Bank deposits as on Mar-19 stood at Rs 125.6 lakh cr, while outstanding credit stood at Rs. 98.18 lakh cr, with PSBs recording the major share both in total deposits (63%) and total credit (59%), followed by the private banks.

Table 1: Outstanding Bank Deposit and Credit

Q4FY19	Deposit Rs Lakh Cr	Credit Rs Lakh Cr	Deposits % Share	Credit % Share
Foreign Banks	5.62	4.06	4.5	4.1
Private Banks	36.10	32.98	28.7	33.6
PSB	79.21	57.71	63.1	58.8
RRB	4.28	2.84	3.4	2.9
SFB	0.38	0.60	0.3	0.6
All SCB	125.59	98.18	100.0	100.0

RRB: Regional Rural Banks, SFB: Small Finance Banks
Source: RBI

Incremental deposits for FY19 stood at Rs 10.79 lakh cr and private banks accounted for a major share, holding 66% of the incremental deposits during the year. PSBs held 21% of the same. Incremental credit deployed by private banks formed a major share (65%) of the total incremental bank credit of Rs 11.36 lakh cr, during FY19.

Table 2: Incremental (Y-o-Y) Bank Deposit and Credit

Q4FY19	Deposit Rs Lakh Cr	Credit Rs Lakh Cr	Deposit % Share	Credit % Share
Foreign Banks	0.90	0.40	8.4	3.6
Private	7.07	7.39	65.5	65.1
PSB	2.24	3.01	20.8	26.5
RRB	0.37	0.29	3.4	2.5
SFB	0.21	0.27	1.9	2.4
All SCB	10.79	11.36	100.0	100.0

Source: RBI

Deposits

Deposits from rural segment have improved significantly as on Mar-19, growing at 10.9% (on Y-o-Y basis) as compared with 10.2% growth in the urban segment and 8.6% in the metropolitan segment. This indicates an improvement on the spread and reach of banks and in conversion of idle cash into bank deposits. This growth in rural deposits however is led by the PSBs, as the deposits with the RRBs have recorded only a marginal improvement in their deposits as of Mar-19.

Bank Group

PSBs registered a growth of 2.9% (Y-o-Y) and stood at Rs 79.21 lakh cr as of Mar-19. Private Banks held the second major share of deposits, growing by 24% to Rs 36.10 lakh cr as compared with Rs 29.03 lakh cr recorded in Mar-18. **Thus during FY19 the rise in interest expenses incurred by the private banks were partly due to rise in the deposits held by them.** Deposits with the foreign banks grew by 19% to Rs 5.62 lakh cr. RRBs recorded 9.4% growth in deposits to Rs 4.28 lakh cr. SFBs hold only a marginal portion of the total bank deposits at Rs 0.38 lakh cr.

In Q-o-Q, PSBs recorded a marginal contraction in their deposits, while private banks' deposits grew by 14%.

Table 3: Bank-wise Deposits (Rs Lakh Cr)

Deposit	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Growth %	
						Q-o-Q	Y-o-Y
Foreign Banks	4.71	4.82	5.13	5.37	5.62	4.6%	19.2%
Private Banks	29.03	29.23	30.42	31.70	36.10	13.9%	24.3%
PSB	76.96	76.96	78.75	79.42	79.21	-0.3%	2.9%
RRB	3.91	3.86	3.97	4.04	4.28	6.1%	9.4%
SFB	0.17	0.20	0.23	0.30	0.38	25.0%	124.0%

Source: RBI

Regions

Banks in the Western and Southern Regions account for the largest share in deposits and grew at 15.9% and 14.2% (Y-o-Y), respectively. These regions house a major part of the organised sector. The eastern region grew at 13.6% while the central region grew at 12.8%. Both regions have recorded a consistent growth in deposits over FY19. Though the north-eastern region recorded the highest growth in deposits, in value terms they form only a marginal portion of the total deposits. The western region recorded 6.2% growth in deposits in Q-o-Q terms and held the major share of deposits at Rs 33.05 lakh cr as of Mar-19.

Table 4: Region-wise Deposits (Rs Lakh Cr)

Deposits	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Growth for Mar-19 (%)	
						Q-o-Q	Y-o-Y
Northern	24.00	19.99	25.83	26.29	26.40	0.4%	10.0%
North Eastern	2.01	0.90	2.19	2.22	2.43	9.5%	21.2%
Eastern	14.73	6.42	15.75	16.02	16.74	4.5%	13.6%
Central	14.97	7.68	16.03	16.29	16.89	3.7%	12.8%
Western	28.50	30.35	30.38	31.10	33.05	6.2%	15.9%
Southern	26.33	25.24	28.32	28.89	30.08	4.1%	14.2%

Source: RBI

Population Group

Banks in the metropolitan region record the largest share in deposits at Rs 64.44 lakh cr, growing at 8.6%. The rural, urban and semi urban bank deposits grew at ~10%. Bank deposits growth in the rural region recorded the highest growth (10.9%) amongst other population groups and stood at Rs 13.56 lakh cr. The growth in bank deposits in the rural segment is indicative of the improving financial penetration in the economy.

Table 5: Population Group-wise Deposits (Rs Lakh Cr)

Deposit	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Growth for Mar-19 (%)	
						Q-o-Q	Y-o-Y
Metropolitan	59.37	59.09	60.85	62.02	64.44	3.9%	8.6%
Rural	12.23	12.30	12.68	12.95	13.56	4.7%	10.9%
Semi-urban	18.74	18.92	19.47	19.87	20.62	3.8%	10.1%
Urban	24.46	24.76	25.51	25.98	26.96	3.8%	10.2%
All-India	114.79	115.07	118.50	120.82	125.59	3.9%	9.4%

Source: RBI

Credit

Credit disbursement across population groups and regions has recorded significant growth. This growth in credit disbursement during FY19 is majorly channelled through private banks.

Bank Group

Credit deployed by private banks recorded the highest growth at 30% in Y-o-Y terms, deploying Rs. 32.98 lakh cr as of Mar-19. PSBs recorded the lowest growth in credit disbursals among the bank groups at 5.5% (Y-o-Y) but held the major share of the total credit deployed at Rs 57.71 lakh cr. SFBs have recorded improvement in their credit disbursals, as their outstanding credit doubled during FY19 as compared with FY18. Credit through the RRB grew by 11.3% and stood at Rs 2.84 lakh cr.

In the last quarter of FY19, private banks registered 12% growth and the SFBs recorded 17% growth in outstanding credit. All other bank groups recorded only marginal rise in disbursals for Q4FY19.

Table 6: Bank-wise Outstanding Credit (Rs Lakh Cr)

Credit	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Growth for Mar-19 (%)	
						Q-o-Q	Y-o-Y
Foreign Banks	3.65	3.86	3.89	3.96	4.06	2.5%	11.1%
Private	25.59	26.51	28.10	29.45	32.98	12.0%	28.9%
PSB	54.70	53.69	55.53	57.10	57.71	1.1%	5.5%
RRB	2.55	2.55	2.66	2.73	2.84	4.0%	11.3%
SFB	0.34	0.36	0.40	0.52	0.60	16.6%	79.7%

Source: RBI

Region

The northern region recorded the 17% growth credit deployment and stood at Rs 22.26 lakh cr. Most regions recoded a double digit growth in the credit deployed except for the eastern region which grew by 9.4% (Y-o-Y). Southern region recorded the second largest share in total credit disbursed During Q4FY19, growth in credit disbursals was equivalent across all regions.

Table 7: Region-wise Outstanding Credit (Rs Lakh Cr)

Credit	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Growth for Mar-19 (%)	
						Q-o-Q	Y-o-Y
Northern	19.03	18.94	19.99	21.04	22.26	5.8%	17.0%
North Eastern	0.86	0.87	0.90	0.93	0.98	5.7%	14.3%
Eastern	6.25	6.24	6.42	6.51	6.84	5.1%	9.4%
Central	7.41	7.44	7.68	7.97	8.30	4.2%	12.0%
Western	29.08	29.14	30.35	31.27	32.69	4.5%	12.4%
Southern	24.19	24.35	25.24	26.03	27.11	4.1%	12.1%

Source: RBI

Population

Credit disbursed to all population groups recorded nearly equal growth in Y-o-Y terms. There has been a marked improvement in the credit disbursements to rural and semi-urban bank groups, both growing at 12.4% (Y-o-Y).

In Q-o-Q terms the credit disbursed to metropolitan regions grew at 5.4% followed by semi-urban region at 4.4%. The last quarter of FY19 saw the least amount of credit disbursals to the Rural Group.

Table 8: Population Group-wise Outstanding Credit (Rs Lakh Cr)

Credit	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Growth for Mar-19 (%)	
						Q-o-Q	Y-o-Y
Metropolitan	55.59	55.50	58.14	59.90	63.11	5.4%	13.5%
Rural	7.25	7.35	7.52	7.97	8.15	2.2%	12.4%
Semi-urban	10.80	10.82	11.15	11.63	12.14	4.4%	12.4%
Urban	13.19	13.30	13.76	14.26	14.79	3.8%	12.1%
All-India	86.83	86.98	90.58	93.75	98.18	4.7%	13.1%

Source: RBI

Credit-Deposit Ratio (CDR)

The overall CDR of SCBs has declined from 78.2% in Mar-18 to 75.6% in Mar-19, as the growth in credit has outpaced the growth in deposits. Private Banks recorded the highest CDR at 91.36% in Mar-19 as compared with 88.13% in the year ago period. The PSBs recorded only a marginal rise in their CDR which stood at 72.85% (Mar-19).

Table 9: Bank-wise Credit-Deposit Ratio (%)

Credit-Deposit Ratio	Mar-18	Mar-19
Foreign Banks	77.47	72.19
Private Banks	88.13	91.36
PSB	71.07	72.85
RRB	65.14	66.23
SFB	200.21	160.63
All SCB	78.20	75.60

Source: RBI

Current Account-Savings Account Ratio (CASA)

The CASA for SCBs has continued to be at the same level in Mar-19 as that recorded in Mar-18. While the CASA for PSBs has improved, that for private had declined marginally. The RRBs continue to record the highest CASA as of Mar-19. The SFBs have recorded a significant decline in their CASA from 30.65% in Mar-18 to 24.12% in Mar-19.

Table 10: Bank-wise CASA Ratio (%)

CASA Ratio	Mar-18	Mar-19
Foreign Banks	41.60	40.31
Private Banks	44.40	42.40
PSB	40.78	41.70
RRB	53.84	54.86
SFB	30.65	24.12
All SCB	42.20	42.20

Source: RBI