

## Bank Credit Profile: November 2020 – NBFCs registered lowest growth in last 3 years

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*Note: The following update includes 33 Scheduled Commercial Banks (SCBs), accounting for about 90% of the non-food credit deployed by all scheduled commercial banks for November 2020. All growth comparisons are made in y-o-y terms, unless stated otherwise.*

The report profiles the structure and growth of outstanding bank credit in November 2020.

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### Overview

The overall bank credit growth in November 2020 improved to 6.0% as compared with 5.6% growth in October 2020. The retail segment growth has witnessed a bounce back in November, after registering a slower credit growth in September and October 2020. Housing loans growth has also registered a marginal pickup in November 2020.

The Retail, services and agriculture & allied segments registered a growth of 10.0%, 8.8% and 8.5% respectively in November 2020. On the other hand, the Industries segment registered a fall of 0.7% during the same period as compared with a growth of 2.4% in November 2019. In services segment, NBFCs registered a lowest growth of 7.8% in last 3 years.

The incremental outstanding credit continued to decline for industry and services segment (fall of 5.2% and 1.0%) as of November 20, 2020. The industry and services segments witnessed a de growth of 5.2% and 1.0%, respectively, whereas the agri and retail segments registered an incremental credit growth of 6.3% and 3.6%, respectively as compared with 2.0% and 8.3% a year ago.

The share of industry in total outstanding credit continues to be the highest at 29.9% in November 2020 but has fallen as compared to 32.0% in November 2019, Retail has a share of 28.8% (27.7% in November 2019), Services 27.9% (27.2% in November 2019) in total outstanding bank credit.

### Retail/Personal loans

- The growth in retail/personal loans segment improved in November 2020 with a growth of 10.0% vs 16.4% growth in the year ago period (9.3% in October 2020). In absolute terms it has increased from Rs 24.0 lakh crore on November 22, 2019 to Rs 26.4 lakh crore on November 20, 2020.

- Vehicle loans registered a strong growth of 10.0% in November 2020 as compared with a growth of 4.7% a year ago. Housing loans continues to remain the single largest segment of lending in outstanding credit to retail/personal loan portfolio at 52.3% share of the total credit outstanding in the personal/ retail loan segment. However, the growth has slowed down to 8.5% in November 2020 as compared with 18.3% in November 2019. Credit card outstanding registered a growth of 8.0% as compared with a growth of 24.1% in November 2019. However, consumer durables (0.3% share) registered a 26.2% growth vs growth of 68.0% in November 2019.

**Figure 1: Sectoral Distribution of Credit: November 2020**

| Particulars   | Outstanding credit                 | % growth in credit |                      | % growth in incremental credit |                      |
|---|------------------------------------|--------------------|----------------------|--------------------------------|----------------------|
|   | As on Nov 20, 2020 (Rs Lakh Crore) | Nov'19 over Nov'18 | Nov' 20 over Nov' 19 | Nov' 19 over Mar' 19           | Nov' 20 over Mar' 20 |
| <b>Gross Bank Credit</b>                              | <b>92.9</b>                        | <b>7.3%</b>        | <b>6.0%</b>          | <b>1.0%</b>                    | <b>0.3%</b>          |
| <b>Food Credit</b>                                    | <b>0.9</b>                         | <b>26.3%</b>       | <b>-2.6%</b>         | <b>119.4%</b>                  | <b>71.9%</b>         |
| <b>Non-food Credit</b>                                | <b>92.0</b>                        | <b>7.2%</b>        | <b>6.0%</b>          | <b>0.5%</b>                    | <b>-0.1%</b>         |
| <b>Agriculture &amp; Allied Activities</b>            | <b>12.3</b>                        | <b>6.5%</b>        | <b>8.5%</b>          | <b>2.0%</b>                    | <b>6.3%</b>          |
| <b>Industry (Micro &amp; Small, Medium and Large)</b> | <b>27.5</b>                        | <b>2.4%</b>        | <b>-0.7%</b>         | <b>-3.9%</b>                   | <b>-5.2%</b>         |
| Micro, Small & Medium                                 | 4.9                                | -0.6%              | 5.0%                 | -3.4%                          | 0.2%                 |
| Large   | 22.6                               | 3.0%               | -1.8%                | -4.0%                          | -6.3%                |
| <b>Services</b>                                       | <b>25.7</b>                        | <b>4.8%</b>        | <b>8.8%</b>          | <b>-2.2%</b>                   | <b>-1.0%</b>         |
| Trade   | 5.8                                | 4.6%               | 14.7%                | -5.0%                          | 4.2%                 |
| Commercial Real Estate                                | 2.3                                | 17.6%              | 5.6%                 | 9.1%                           | 1.5%                 |
| Non-Banking Financial Companies (NBFCs)               | 7.9                                | 29.1%              | 7.8%                 | 14.0%                          | -2.4%                |
| Other Services  | 6.1                                | -19.5%             | 15.8%                | -20.7%                         | 0.4%                 |
| <b>Personal Loans</b>                                 | <b>26.4</b>                        | <b>16.4%</b>       | <b>10.0%</b>         | <b>8.3%</b>                    | <b>3.6%</b>          |
| Housing   | 13.8                               | 18.3%              | 8.5%                 | 9.9%                           | 3.3%                 |
| Vehicle Loans   | 2.3                                | 4.7%               | 10.0%                | 2.9%                           | 3.7%                 |
| Other Personal Loans                                  | 7.8                                | 21.1%              | 14.9%                | 11.4%                          | 7.0%                 |

Note: Nov'20 over Nov'19 growth and Nov'20 over Mar'20: Red – negative growth, Grey – growth < 5%, Green - growth > 5%

Source: Reserve Bank of India

## Services

- Of total 9 segments, 7 segments registered a growth. Tourism, Hotels & Restaurant segment registered a highest growth of 18.0% (13.1% in November 2019), followed by Trade segment with a growth of 14.7% in November 2020 (4.6% in November 2019). Professional services and Shipping segment registered a de growth of 24.7% and 20.5% respectively in November 2020.
- NBFCs which form the largest part in the total credit outstanding to the services sector (30.7% share in November 2020) has registered a lowest growth in last 3 years. Trade and commercial real estate segment has a share of 22.4% and 9.1% in the total credit outstanding to the services sector.

## Industry

- Large industries account for 82.3% share (83.2% share in November 2019) in the total outstanding credit to industries and this segment reported a reduction of 1.8% in November 2020 vs. a growth of 3.0% in November 2019. Micro, small & medium (MSME) industries grew by 5.0% in November 2020 as compared with a de growth of 0.6% in November 2019.

Within MSME, micro & small industries registered a marginal growth of 0.5%, while medium industries registered a growth of 20.9%, and large industries registered a de growth, resultantly the overall industry registered a negative growth.

- Petroleum, Coal Products & Nuclear Fuel segment registered a highest growth of 14.4% within industries. Growth in credit outstanding to paper and paper products increased to 12.4% as compared with a de growth of 0.3%. Vehicles, vehicle parts & transport equipment increased to 5.7% as compared with 3.8% in November 2019. Construction segment registered a slow growth of 1.3% in November 2020 as compared to a growth of 7.6% in November 2019. Of total 19 industries, 5 industries witnessed a drop in credit outstanding.
- Though infrastructure has the maximum share of 36.6% in the total bank credit outstanding to industries, the growth of credit outstanding to Infrastructure segment has registered a de growth of 1.8% as of November 2020 as compared with a growth of 7.0% a year ago.

### Lending to priority sector

Around 32.0% of the Non-food credit (Rs.92.0 lakh crore) as of November 2020 is towards the priority sector. Within priority sector, agriculture accounts for the highest share of ~41.0% in outstanding credit followed by Micro & Small Enterprises (38% share) and weaker sections. Within micro and small enterprises, services registered a growth of 9.1%, while manufacturing registered a growth of 0.5% with a share of ~68.0% and ~32.0%, respectively. In absolute terms the outstanding credit for MSME industries grew from Rs. 4.7 lakh crore in November 2019 to Rs. 4.9 lakh crore in November 2020. Under Rs. 3 lakh crore of ECLGS for MSMEs, banks have sanctioned Rs. 2.06 lakh crores out of which Rs. 1.59 lakh crore were disbursed till December 4, 2020.

### Concluding remarks

The SCBs continue to remain risk averse due to the pandemic-led uncertainty and due to asset quality concerns. In addition to this, though the interest rates of SCBs are falling (by 115bps from November 2019 to November 2020) we are not seeing a pickup in the incremental credit.

To push retail credit, banks had been offering various festive offers (Diwali) leading to retail demand along with various online shopping portals offering Diwali sale offers (banks like HDFC Bank, Axis Bank, ICICI Bank along with others had announced various offers). Also, banks had provided concession on home loan interest rate, which would help increase demand. For eg: SBI announced festive season interest rate concession up to 25 bps on home loans. All these measures taken by banks would further improve the retail bank credit growth.

Annexure

Figure A1: Distribution of credit within Industries: November 2020

| Particulars                                   | Outstanding credit                 | % growth in credit |                      | % growth in incremental credit |                      |
|---|------------------------------------|--------------------|----------------------|--------------------------------|----------------------|
|   | As on Nov 20, 2020 (Rs Lakh Crore) | Nov'19 over Nov'18 | Nov' 20 over Nov' 19 | Nov' 19 over Mar' 19           | Nov' 20 over Mar' 20 |
| Mining & Quarrying (incl. Coal)               | 0.4                                | -3.8%              | 5.9%                 | -0.9%                          | -0.2%                |
| Food Processing                               | 1.5                                | -2.7%              | 7.9%                 | -12.8%                         | -4.1%                |
| Beverage & Tobacco                            | 0.1                                | 0.5%               | 3.0%                 | -4.3%                          | -12.5%               |
| Textiles                                      | 1.9                                | -6.1%              | 0.2%                 | -8.5%                          | -2.9%                |
| Leather & Leather Products                    | 0.1                                | -2.4%              | 5.5%                 | -2.3%                          | 2.8%                 |
| Wood & Wood Products                          | 0.1                                | 5.1%               | 6.9%                 | 0.0%                           | 4.6%                 |
| Paper & Paper Products                        | 0.3                                | -0.3%              | 12.4%                | -0.3%                          | 9.8%                 |
| Petroleum, Coal Products & Nuclear Fuels      | 0.6                                | -2.1%              | 14.4%                | -16.9%                         | -20.8%               |
| Chemicals & Chemical Products                 | 1.8                                | 2.4%               | 2.6%                 | -9.5%                          | -12.4%               |
| Rubber, Plastic & their Products              | 0.5                                | 7.8%               | 5.3%                 | 2.7%                           | -1.8%                |
| Glass & Glassware                             | 0.1                                | -14.7%             | 1.1%                 | -12.1%                         | 0.1%                 |
| Cement & Cement Products                      | 0.6                                | 6.7%               | -2.2%                | 6.5%                           | -1.2%                |
| Basic Metal & Metal Product                   | 3.3                                | -8.2%              | -4.0%                | -6.4%                          | -4.6%                |
| All Engineering                               | 1.4                                | 3.0%               | -15.6%               | -3.5%                          | -12.7%               |
| Vehicles, Vehicle Parts & Transport Equipment | 0.9                                | 3.8%               | 5.7%                 | 2.0%                           | 4.3%                 |
| Gems & Jewellery                              | 0.6                                | -9.8%              | -0.7%                | -14.9%                         | 2.3%                 |
| Construction                                  | 1.0                                | 7.6%               | 1.3%                 | 0.6%                           | -2.8%                |
| Infrastructure                                | 10.1                               | 7.0%               | -1.8%                | -2.9%                          | -4.4%                |
| Other Industries                              | 2.2                                | 14.7%              | 0.0%                 | 9.6%                           | -7.5%                |

Note: Nov'20 over Nov'19 growth and Nov'20 over Mar'20: Red – negative growth, Grey – growth < 5%, Green - growth > 5%

Source: Reserve Bank of India

Figure A2: Credit outstanding to priority sectors

| Particulars                     | Outstanding credit                 | % growth in credit |                      | % growth in incremental credit |                      |
|---------------------------------|------------------------------------|--------------------|----------------------|--------------------------------|----------------------|
|                                 | As on Nov 20, 2020 (Rs Lakh Crore) | Nov'19 over Nov'18 | Nov' 20 over Nov' 19 | Nov' 19 over Mar' 19           | Nov' 20 over Mar' 20 |
| <b>Priority Sector</b>          | <b>29.3</b>                        | <b>3.5%</b>        | <b>8.9%</b>          | <b>-1.6%</b>                   | 1.3%                 |
| Agriculture & Allied Activities | 12.1                               | 6.3%               | 7.9%                 | 1.9%                           | 6.0%                 |
| Micro & Small Enterprises       | 11.2                               | 6.2%               | 6.1%                 | -0.9%                          | -2.4%                |
| Manufacturing                   | 3.6                                | -0.1%              | 0.5%                 | -3.4%                          | -4.5%                |
| Services                        | 7.6                                | 9.8%               | 9.1%                 | 0.4%                           | -1.3%                |
| Housing                         | 4.6                                | 12.3%              | 1.9%                 | 4.9%                           | 2.8%                 |
| Weaker Sections                 | 7.7                                | 16.7%              | 9.8%                 | 5.4%                           | 4.8%                 |
| Others                          | 1.0                                | 1.9%               | -2.9%                | 6.9%                           | -8.4%                |

Note: Nov'20 over Nov'19 growth and Nov'20 over Mar'20: Red – negative growth, Grey – growth < 5%, Green - growth > 5%

Source: Reserve Bank of India

**Figure A3: Overall share of segments within the Industries segment**

| Industry                                      | Apr.24 2020   | May.22, 2020  | Jun.19, 2020  | Jul.31, 2020  | Aug 28, 2020  | Sept 25, 2020 | Oct 23, 2020  | Nov 20, 2020  |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Mining & Quarrying (incl. Coal)               | 1.5%          | 1.5%          | 1.5%          | 1.5%          | 1.5%          | 1.5%          | 1.6%          | 1.6%          |
| Food Processing                               | 5.3%          | 5.2%          | 5.5%          | 5.6%          | 5.6%          | 5.3%          | 5.3%          | 5.4%          |
| Beverage & Tobacco                            | 0.6%          | 0.6%          | 0.5%          | 0.5%          | 0.5%          | 0.5%          | 0.5%          | 0.5%          |
| Textiles                                      | 6.6%          | 6.6%          | 6.6%          | 6.7%          | 6.8%          | 6.8%          | 6.8%          | 6.8%          |
| Leather & Leather Products                    | 0.4%          | 0.4%          | 0.4%          | 0.4%          | 0.4%          | 0.4%          | 0.4%          | 0.4%          |
| Wood & Wood Products                          | 0.4%          | 0.4%          | 0.4%          | 0.5%          | 0.5%          | 0.5%          | 0.5%          | 0.5%          |
| Paper & Paper Products                        | 1.1%          | 1.1%          | 1.1%          | 1.1%          | 1.2%          | 1.2%          | 1.2%          | 1.2%          |
| Petroleum, Coal Products & Nuclear Fuels      | 2.8%          | 2.6%          | 2.6%          | 2.0%          | 2.0%          | 2.2%          | 2.2%          | 2.2%          |
| Chemicals & Chemical Products                 | 6.7%          | 6.4%          | 6.3%          | 6.2%          | 6.3%          | 6.3%          | 6.3%          | 6.5%          |
| Rubber, Plastic & their Products              | 1.7%          | 1.7%          | 1.7%          | 1.7%          | 1.8%          | 1.8%          | 1.7%          | 1.8%          |
| Glass & Glassware                             | 0.3%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          |
| Cement & Cement Products                      | 2.0%          | 2.0%          | 2.0%          | 2.1%          | 2.1%          | 2.1%          | 2.1%          | 2.1%          |
| Basic Metal & Metal Product                   | 12.3%         | 12.4%         | 12.2%         | 12.0%         | 12.4%         | 12.4%         | 12.3%         | 12.1%         |
| All Engineering                               | 5.3%          | 5.4%          | 5.1%          | 5.0%          | 5.0%          | 5.1%          | 5.0%          | 5.0%          |
| Vehicles, Vehicle Parts & Transport Equipment | 2.9%          | 3.0%          | 3.0%          | 3.1%          | 3.2%          | 3.2%          | 3.2%          | 3.1%          |
| Gems & Jewellery                              | 2.0%          | 2.0%          | 1.9%          | 1.9%          | 2.0%          | 2.0%          | 2.1%          | 2.2%          |
| Construction                                  | 3.4%          | 3.5%          | 3.6%          | 3.6%          | 3.7%          | 3.8%          | 3.8%          | 3.7%          |
| Infrastructure                                | 36.6%         | 36.9%         | 37.2%         | 37.4%         | 36.8%         | 36.6%         | 36.5%         | 36.6%         |
| Other Industries                              | 8.0%          | 8.1%          | 8.3%          | 8.1%          | 8.1%          | 8.0%          | 8.2%          | 8.0%          |
| <b>Industries</b>                             | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

**Figure A4: Overall share of segments within the Retail segment**

| Personal Loans   | Apr.24 2020   | May.22, 2020  | Jun.19, 2020  | Jul.31, 2020  | Aug 28, 2020  | Sept 25, 2020 | Oct 23, 2020  | Nov 20, 2020  |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Consumer Durables  | 0.4%          | 0.4%          | 0.4%          | 0.4%          | 0.4%          | 0.3%          | 0.3%          | 0.3%          |
| Housing (Including Priority Sector Housing)                              | 53.4%         | 53.6%         | 53.6%         | 53.2%         | 53.0%         | 52.9%         | 52.6%         | 52.3%         |
| Advances against Fixed Deposits (Including FCNR (B), NRNR Deposits etc.) | 2.7%          | 2.6%          | 2.5%          | 2.5%          | 2.5%          | 2.5%          | 2.4%          | 2.4%          |
| Advances to Individuals against share, bonds, etc.                       | 0.2%          | 0.2%          | 0.2%          | 0.3%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          |
| Credit Card Outstanding  | 3.9%          | 3.7%          | 3.9%          | 4.0%          | 4.1%          | 4.1%          | 4.2%          | 4.3%          |
| Education  | 2.6%          | 2.6%          | 2.6%          | 2.6%          | 2.5%          | 2.5%          | 2.5%          | 2.5%          |
| Vehicle Loans  | 8.7%          | 8.7%          | 8.6%          | 8.6%          | 8.6%          | 8.6%          | 8.6%          | 8.7%          |
| Other Personal Loans   | 28.1%         | 28.2%         | 28.2%         | 28.5%         | 28.7%         | 28.9%         | 29.3%         | 29.4%         |
| <b>Personal Loans</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

**Figure A5: Overall share of segments within the Services segment**

| Services   | Apr.24 2020   | May.22, 2020  | Jun.19, 2020  | Jul.31, 2020  | Aug 28, 2020  | Sept 25, 2020 | Oct 23, 2020  | Nov 20, 2020  |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Transport Operators                                  | 5.8%          | 5.9%          | 5.8%          | 5.8%          | 5.8%          | 5.7%          | 5.8%          | 6.0%          |
| Computer Software                                    | 0.8%          | 0.8%          | 0.8%          | 0.8%          | 0.8%          | 0.8%          | 0.8%          | 0.7%          |
| Tourism, Hotels & Restaurants                        | 1.8%          | 1.8%          | 1.8%          | 1.9%          | 1.9%          | 1.9%          | 1.9%          | 2.0%          |
| Shipping   | 0.3%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          |
| Professional Services                                | 6.7%          | 6.8%          | 6.9%          | 6.9%          | 6.9%          | 6.8%          | 6.9%          | 5.0%          |
| Trade  | 21.2%         | 21.2%         | 21.5%         | 22.0%         | 22.2%         | 22.0%         | 22.4%         | 22.4%         |
| <i>Wholesale Trade (other than food procurement)</i> | 45.7%         | 46.9%         | 47.0%         | 47.8%         | 46.7%         | 46.5%         | 46.5%         | 47.8%         |
| <i>Retail Trade</i>                                  | 54.3%         | 53.1%         | 53.0%         | 52.2%         | 53.3%         | 53.5%         | 53.5%         | 52.2%         |
| Commercial Real Estate                               | 8.9%          | 9.0%          | 9.1%          | 9.2%          | 9.0%          | 8.9%          | 8.8%          | 9.1%          |
| Non-Banking Financial Companies (NBFCs)              | 31.6%         | 31.6%         | 31.6%         | 31.1%         | 31.2%         | 31.2%         | 30.2%         | 30.7%         |
| Other Services                                       | 23.0%         | 22.8%         | 22.3%         | 22.0%         | 22.0%         | 22.6%         | 23.1%         | 23.9%         |
| <b>Services</b>                                      | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |