

Bank Credit Profile: September 2020 - Supported by ECLGS scheme

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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 September 2020. All growth comparisons are made in y-o-y terms, unless stated otherwise.

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

Overview

The incremental outstanding credit continued to decline for industry and services segment as of September 25, 2020. The overall bank credit growth in September 2020 also continued to decline (lowest since last 3 years). The retail segment registered a growth of 9.2% in September 2020 on y-o-y basis and accounted for 28.2% share of the total credit during the period as compared to 27.3% during the period one year ago. As of September 2020, services segment outstanding credit grew by 9.1% followed by agriculture & allied segment (growth of 5.9%). Industrial segment registered a nil growth during the same period.

The share of industry in total outstanding credit continues to be the highest at 30.4% in September 2020 but has fallen as compared to 32.2% in September 2019, Services has a share of 28.3% (27.4% in September 2019) and agriculture at 13.1% (13.1% in September 2019) in total outstanding bank credit.

The bank credit growth has been mainly supported by disbursements in ECLGS scheme from June 2020 to September 2020.

Services

- Of total 9 segments, 8 segments registered a growth. Tourism, Hotels and restaurants segment registered a highest growth of 19.7% (8.2% in September 2019), followed by NBFC segment with a growth of 12.5% in September 2020 (30.5% in September 2019).
- NBFCs continue to form the largest part in the total credit outstanding to the services sector at 31.2% (30.2% share in September 2019) followed by trade (22.0%) and commercial real estate (8.9%).

Industry

- Large industries account for 82.7% share (83.2% share in September 2019) in the total outstanding credit to industries and this

segment reported a reduction of 0.6% in September 2020 as compared with a growth of 3.4% in September 2019. Micro, small & medium industries grew 3.2% in September 2020 as compared with a de growth of 0.6%. Within MSME, micro & small industries registered a de growth of 0.1%, while medium industries registered a growth of 14.5%, and large industries registered a de growth of 0.6% resulting to a nil growth of industry as a whole. Under priority sector lending, MSME segment's growth was led by services (10.2% growth), while manufacturing registered a de growth of 0.1% in September 2020. In absolute terms the outstanding credit for micro, small and medium industries grew from Rs. 4.6 lakh crore in September 2019 to Rs. 4.8 lakh crore in September 2020. Under Rs. 3 lakh crore of Emergency Credit Line Guarantee Scheme for MSMEs, banks have sanctioned Rs. 1.88 lakh crores out of which Rs. 1.36 lakh crore were disbursed to around 27 lakh business units till October 5, 2020.

- Petroleum, Coal Products & Nuclear Fuel segment registered a highest growth of 13.0% within industries. Growth in credit outstanding to vehicles, vehicle parts & transport equipment increased to 8.5% as compared with 6.9% in September 2019. Construction segment registered a growth of 4.5% in September 2020 as compared to a growth of 10.5% in September 2019. Of total 19 industries, 7 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 muted growth of 1.1% as of September 2020 as compared with 7.2% a year ago.

Figure 1: Sectoral Distribution of Credit: September 2020

Particulars	Outstanding credit	% growth in credit		% growth in incremental credit	
	As on Sept 25, 2020 (Rs Lakh Crore)	Sept'19 over Sept'18	Sept' 20 over Sept' 19	Sept' 19 over Mar' 19	Sept' 20 over Mar' 20
Gross Bank Credit	91.8	8.2%	5.8%	0.1%	-0.9%
Food Credit	0.7	26.0%	10.5%	44.4%	28.3%
Non-food Credit	91.2	8.1%	5.8%	-0.2%	-1.0%
Agriculture & Allied Activities	11.9	7.0%	5.9%	1.5%	3.2%
Industry (Micro & Small, Medium and Large)	27.7	2.7%	0.0%	-3.8%	-4.5%
Micro, Small & Medium	4.8	-0.6%	3.2%	-3.2%	-1.3%
Large	22.9	3.4%	-0.6%	-4.0%	-5.1%
Services	25.8	7.3%	9.1%	-2.2%	-0.7%
Trade	5.7	5.5%	11.5%	-3.8%	2.5%
Commercial Real Estate	2.3	18.1%	5.5%	7.8%	0.1%
Non-Banking Financial Companies (NBFCs)	8.0	30.5%	12.5%	11.3%	-0.6%
Other Services	5.8	-14.8%	7.0%	-18.8%	-5.0%
Personal Loans	25.7	16.6%	9.2%	6.1%	0.7%
Housing	13.6	19.3%	8.5%	8.0%	1.6%
Vehicle Loans	2.2	4.1%	8.8%	0.6%	0.4%
Other Personal Loans	7.4	20.9%	13.2%	8.2%	2.4%

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

Source: Reserve Bank of India

Retail/Personal loans

- The growth in retail/personal loans segment continue to decline in September 2020 with a growth of 9.2% as compared with 16.6% a year ago (10.6% in August 2020). In absolute terms it has increased from Rs 23.6 lakh crore on September 27, 2019 to Rs 25.7 lakh crore on September 25, 2020.
- Housing loans continues to remain the single largest segment of lending in outstanding credit to retail/personal loan portfolio. Housing loans segment growth has slowed to 8.5% in September 2020 as compared with 19.3% in September 2019 and formed ~53.0% share of the total credit outstanding in the persona/ retail loan segment. Education loans registered a de-growth of 4.5% as compared to a de growth of 1.3% a year ago. Credit card outstanding registered a growth of 6.3% as compared with a growth of 25.9% in September 2019. However, consumer durables (0.3% share) registered a 22.3% growth vs growth of 68.8% in September 2019.

Lending to priority sector

Around 31.0% of the Non-food credit (Rs.91.2 lakh crore) as of September 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 (39% share) and weaker sections. Within micro and small enterprises, services registered a growth of 10.2%, while manufacturing registered a de growth of 0.1% with a share of ~68.0% and ~32.0%, respectively.

Concluding remarks

The COVID-19 pandemic had a significant impact on the credit of SCBs. The credit growth remains slow despite availability of liquidity in the banking system. The bank credit growth has been mainly supported by disbursements in ECLGS scheme from June 2020 to September 2020.

Additionally, as the SCBs are cherry picking their credit portfolios with caution due to asset quality concerns, the overall bank credit is expected to remain slower in the near term. For the fortnight ended October 9, 2020 the overall credit growth in the banking sector increased marginally which indicates that consumers have started purchasing with the arrival of festive season. Also, banks are coming up with various festival offers to push retail credit.

Annexure

Figure A1: Distribution of credit within Industries: September 2020

Particulars	Outstanding credit	% growth in credit		% growth in incremental credit	
	As on Sept 25, 2020 (Rs Lakh Crore)	Sept'19 over Sept'18	Sept' 20 over Sept' 19	Sept' 19 over Mar' 19	Sept' 20 over Mar' 20
Mining & Quarrying (incl. Coal)	0.4	-3.0%	0.0%	-0.9%	-5.8%
Food Processing	1.5	0.6%	4.3%	-9.3%	-3.7%
Beverage & Tobacco	0.1	9.6%	-0.1%	2.1%	-9.4%
Textiles	1.9	-5.7%	1.1%	-8.2%	-1.8%
Leather & Leather Products	0.1	-2.7%	7.4%	-0.2%	6.8%
Wood & Wood Products	0.1	7.1%	7.9%	1.0%	6.6%
Paper & Paper Products	0.3	1.7%	10.5%	-1.1%	7.0%
Petroleum, Coal Products & Nuclear Fuels	0.6	-4.2%	13.0%	-15.1%	-20.2%
Chemicals & Chemical Products	1.8	2.6%	-3.0%	-5.7%	-13.7%
Rubber, Plastic & their Products	0.5	6.3%	4.6%	2.6%	-2.4%
Glass & Glassware	0.1	-8.0%	-4.2%	-5.1%	2.4%
Cement & Cement Products	0.6	17.5%	-4.1%	9.2%	-0.6%
Basic Metal & Metal Product	3.4	-7.9%	-3.1%	-4.7%	-2.1%
All Engineering	1.4	4.4%	-14.2%	-3.1%	-10.8%
Vehicles, Vehicle Parts & Transport Equipment	0.9	6.9%	8.5%	4.0%	9.1%
Gems & Jewellery	0.6	-5.9%	-15.3%	-8.9%	-6.5%
Construction	1.0	10.5%	4.5%	0.6%	0.3%
Infrastructure	10.2	7.2%	1.1%	-4.9%	-3.7%
Other Industries	2.2	7.4%	3.3%	6.5%	-7.2%

Note: Sept'20 over Sept'19 growth and Sept'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 Sept 25, 2020 (Rs Lakh Crore)	Sept'19 over Sept'18	Sept' 20 over Sept' 19	Sept' 19 over Mar' 19	Sept' 20 over Mar' 20
Priority Sector	28.8	6.7%	4.5%	0.8%	-0.5%
Agriculture & Allied Activities	11.8	6.8%	5.5%	1.3%	2.9%
Micro & Small Enterprises	11.3	6.2%	6.7%	-1.0%	-1.9%
Manufacturing	3.6	-0.7%	-0.1%	-3.8%	-5.5%
Services	7.7	10.2%	10.2%	0.5%	-0.2%
Housing	4.6	15.1%	2.2%	5.1%	3.3%
Weaker Sections	7.4	17.9%	6.8%	5.1%	1.7%
Others	1.0	-0.8%	-1.3%	7.3%	-6.6%

Note: Sept'20 over Sept'19 growth and Sept'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	Feb.28, 2020	Mar.27, 2020	Apr.24 2020	May.22, 2020	Jun.19, 2020	Jul.31, 2020	Aug 28, 2020	Sept 25, 2020
Mining & Quarrying (incl. Coal)	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Food Processing	5.4%	5.3%	5.3%	5.2%	5.5%	5.6%	5.6%	5.3%
Beverage & Tobacco	0.5%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%
Textiles	6.7%	6.6%	6.6%	6.6%	6.6%	6.7%	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%	0.4%	0.4%	0.5%	0.5%	0.5%
Paper & Paper Products	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%
Petroleum, Coal Products & Nuclear Fuels	2.1%	2.6%	2.8%	2.6%	2.6%	2.0%	2.0%	2.2%
Chemicals & Chemical Products	6.6%	7.0%	6.7%	6.4%	6.3%	6.2%	6.3%	6.3%
Rubber, Plastic & their Products	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.8%	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%	2.0%	2.0%	2.1%	2.1%	2.1%
Basic Metal & Metal Product	11.9%	12.1%	12.3%	12.4%	12.2%	12.0%	12.4%	12.4%
All Engineering	5.6%	5.4%	5.3%	5.4%	5.1%	5.0%	5.0%	5.1%
Vehicles, Vehicle Parts & Transport Equipment	2.8%	2.8%	2.9%	3.0%	3.0%	3.1%	3.2%	3.2%
Gems & Jewellery	2.1%	2.0%	2.0%	2.0%	1.9%	1.9%	2.0%	2.0%
Construction	3.7%	3.6%	3.4%	3.5%	3.6%	3.6%	3.7%	3.8%
Infrastructure	36.5%	36.3%	36.6%	36.9%	37.2%	37.4%	36.8%	36.6%
Other Industries	8.5%	8.2%	8.0%	8.1%	8.3%	8.1%	8.1%	8.0%
Industries	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Figure A4: Overall share of segments within the Retail segment

Personal Loans	Feb.28, 2020	Mar.27, 2020	Apr.24 2020	May.22, 2020	Jun.19, 2020	Jul.31, 2020	Aug 28, 2020	Sept 25, 2020
Consumer Durables	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%
Housing (Including Priority Sector Housing)	52.5%	52.4%	53.4%	53.6%	53.6%	53.2%	53.0%	52.9%
Advances against Fixed Deposits (Including FCNR (B), NRNR Deposits etc.)	3.0%	3.1%	2.7%	2.6%	2.5%	2.5%	2.5%	2.5%
Advances to Individuals against share, bonds, etc.	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%
Credit Card Outstanding	4.4%	4.2%	3.9%	3.7%	3.9%	4.0%	4.1%	4.1%
Education	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.5%	2.5%
Vehicle Loans	8.7%	8.6%	8.7%	8.7%	8.6%	8.6%	8.6%	8.6%
Other Personal Loans	28.3%	28.4%	28.1%	28.2%	28.2%	28.5%	28.7%	28.9%
Personal Loans	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Figure A5: Overall share of segments within the Services segment

Services	Feb.28, 2020	Mar.27, 2020	Apr.24 2020	May.22, 2020	Jun.19, 2020	Jul.31, 2020	Aug 28, 2020	Sept 25, 2020
Transport Operators	5.8%	5.6%	5.8%	5.9%	5.8%	5.8%	5.8%	5.7%
Computer Software	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Tourism, Hotels & Restaurants	1.9%	1.8%	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%
Shipping	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Professional Services	7.1%	6.8%	6.7%	6.8%	6.9%	6.9%	6.9%	6.8%
Trade	22.1%	21.3%	21.2%	21.2%	21.5%	22.0%	22.2%	22.0%
<i>Wholesale Trade (other than food procurement)</i>	47.3%	47.7%	45.7%	46.9%	47.0%	47.8%	46.7%	46.5%
<i>Retail Trade</i>	52.7%	52.3%	54.3%	53.1%	53.0%	52.2%	53.3%	53.5%
Commercial Real Estate	9.4%	8.9%	8.9%	9.0%	9.1%	9.2%	9.0%	8.9%
Non-Banking Financial Companies (NBFCs)	28.9%	31.1%	31.6%	31.6%	31.6%	31.1%	31.2%	31.2%
Other Services	23.7%	23.6%	23.0%	22.8%	22.3%	22.0%	22.0%	22.6%
Services	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%