

Sectoral Deployment of Bank Credit: December 2013

Bank credit during the period April – December has grown at a higher rate of 9.1% in 2013 relative to that in 2012. As can be seen in Table 1, growth has been higher in case of agriculture, services and personal loans while that to industry has been lower. This can be linked to the overall state of industry where growth in manufacturing in particular for the first 8 months of the year was lower at -0.2% as against +0.9% during the same period of last year.

Table 1: Sectoral growth in credit (%)

	Dec-13 (Rs bn)	Apr-Dec 2012	Apr-Dec 2013
Gross Bank Credit	54,157	8.2	9.1
Food Credit	1,071	29.5	13.2
Non-food Credit	53,086	7.8	9.0
Agriculture & Allied Activities	6,351	4.2	7.7
Industry	24,117	9.1	8.1
Micro & Small	3,252	9.6	14.4
Medium	1,259	6.5	0.9
Large	19,607	9.3	7.7
Services	12,628	5.2	9.6
Transport Operators	860	2.4	8.0
Wholesale Trade	1,576	15.4	5.0
Retail Trade	1,466	10.2	16.5
Commercial Real Estate	1,428	10.6	13.3
NBFCs	2,904	8.2	11.6
Other Services	3,060	-7.0	4.4
Personal Loans	9,990	10.2	11.3
Consumer Durables	103	7.9	22.5
Housing	5,185	11.0	13.5
Credit Card Outstanding	244	21.2	-2.1
Education	592	8.4	7.8
Vehicle Loans	1,261	17.9	13.6

Source: RBI

- Higher growth in credit to agriculture may be attributed to the expected better kharif crop which has been announced by the Ministry of Agriculture.
- Lower growth to industry, while linked to overall state of industry, shows a differential picture across sectors. The micro and small segment has witnessed higher levels of borrowing while that to the medium and large firms has slowed down.
- Within the services sector, which witnessed a high increase in credit, the larger segments such as NBFCs, commercial real estate and retail trade had witnessed an increase compared with last year, while there was a slowdown in growth in case of wholesale trade.
- In the personal loans segment, consumer durables and housing showed an increase, while vehicle loans witnessed lower growth in this year. Credit card loans, though not very significant in the

overall credit, has also witnessed negative growth. Given that large part of the auto industry sales is driven by bank credit, this lower growth number could be indicative of slow growth in this segment.

Credit growth to industry

Table 2: Industry wise Growth in Credit (%)

Industry	Dec-13 (Rs bn)	Apr-Dec 2012	Apr-Dec 2013
Infrastructure	8,047	10.8	10.3
Power	4,685	16.8	12.7
Telecommunications	859	-0.9	-2.1
Roads	1,511	14.0	15.1
Other Infrastructure	991	-2.3	4.5
Basic Metal & Metal Products	3,449	14.4	9.8
Textiles	1,946	7.1	6.0
Chemicals & Chemical Products	1,656	9.0	4.0
All Engineering	1,388	5.6	8.0
Food Processing	1,370	11.1	16.7
Vehicles, Parts & Transport Equipment	659	10.1	11.9
Gems & Jewellery	637	12.6	4.1
Construction	588	0.9	12.6
Petroleum, Coal Products & Nuclear Fuels	575	-2.9	-10.6
Cement & Cement Products	527	20.4	15.0
Rubber, Plastic & their Products	354	2.6	13.5
Mining & Quarrying (incl. Coal)	354	7.9	2.3
Paper & Paper Products	320	7.4	13.2
Beverage & Tobacco	168	6.0	1.6
Leather & Leather Products	100	12.0	15.1
Wood & Wood Products	90	17.4	17.5
Glass & Glassware	86	11.0	16.0
All industry	24,117	9.1	8.1

Source: RBI

Table 2 above lists the outstanding credit as of December end 2013 along with growth during the 9 month period April – December for 2012 and 2013. The industries have been listed in descending order of outstanding credit as on December end.

- The top 4 industries in terms of size of outstanding credit have shown lower growth in credit relative to last year.
- Those witnessing higher growth rates were engineering, food processing, vehicles, construction, rubber products, paper products, leather products and glass.
- The top three industries listed, i.e. infrastructure, metals (steel) and textiles have been identified by the RBI in the Financial Stability Report (December 2013) as those with very high NPAs.

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