

## Bank Credit Profile: November 2013

Bank credit during the period April-November has grown at a higher rate of 7.2% 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 7 months of the year was lower at -0.3% as against +1.1% during the same period of last year.

**Table 1: Sectoral growth in credit (%)**

	Nov-13 (Rs bn)	Nov-Mar 2012	Nov-Mar 2013
<b>Gross Bank Credit</b>	<b>53,236</b>	<b>6.6</b>	<b>7.2</b>
<b>Food Credit</b>	<b>1,007</b>	<b>29.6</b>	<b>6.4</b>
<b>Non-food Credit</b>	<b>52,230</b>	<b>6.2</b>	<b>7.3</b>
<b>Agriculture &amp; Allied Activities</b>	<b>6,206</b>	<b>2.3</b>	<b>5.2</b>
<b>Industry</b>	<b>23,723</b>	<b>7.7</b>	<b>6.4</b>
Micro & Small	3,145	8.5	10.6
Medium	1,236	4.4	-0.9
Large	19,342	7.9	6.2
<b>Services</b>	<b>12,456</b>	<b>3.1</b>	<b>8.1</b>
Transport Operators	840	2.9	5.5
Wholesale Trade	1,574	14.6	4.9
Retail Trade	1,432	8.7	13.7
Commercial Real Estate	1,431	6.6	13.5
NBFCs	2,869	6.1	10.3
Other Services	2,989	-9.8	2.0
<b>Personal Loans</b>	<b>9,844</b>	<b>9.2</b>	<b>9.7</b>
Consumer Durables	100	5.4	19.2
Housing	5,121	9.2	12.1
Credit Card Outstanding	241	20.6	-3.1
Education	589	8.9	7.1
Vehicle Loans	1,240	16.0	11.7

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 SME segment has witnessed higher levels of borrowing while that to the large firms has slowed down. The latter could be due to the fact that larger firms have access to ECBs and have looked more closely at this route given the interest rate differential. However, given that the rupee was volatile, the relative attractiveness of such loans could have come down. In absolute terms the total ECB approvals from RBI was lower during April-October 2013 at \$ 16.8 bn as against \$ 18.6 bn during the same period of last year.

- 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, while housing and personal loans showed an increase, quite significantly, auto loans witnessed lower growth in this year. This was one reason which has kept the auto segment down with the vehicle segment witnessing a decline in growth of 7.2% for the first 7 months of the year. Credit card loans, though not very significant in the overall credit, has also witnessed negative growth which is expected at a time when the economy is on the downswing and households are reluctant to take loans for their daily purchases.

### Credit growth to industry

**Table 2: Industry wise Growth in Credit (%)**

	Nov-13 (Rs bn)	Nov-Mar 2012	Nov-Mar 2013
Infrastructure	7,946.1	10.2	8.9
Power	4,611.4	14.1	10.9
Telecommunications	868.1	-1.1	-1.1
Roads	1,485.3	14.5	13.1
Other Infrastructure	981.4	2.7	3.5
Basic Metal & Metal Product	3,381.5	14.7	7.6
Textiles	1,892.7	5.0	3.1
Chemicals & Chemical Products	1,571.1	7.7	-1.3
All Engineering	1,381.2	5.2	7.5
Food Processing	1,291.5	7.9	10.0
Gems & Jewellery	679.6	8.3	11.1
Vehicles, Parts & Transport Equipment	649.7	9.5	10.4
Construction	588.1	1.8	12.7
Petroleum, Coal Products & Nuclear Fuels	556.5	-9.3	-13.5
Cement & Cement Products	510.9	18.4	11.4
Rubber, Plastic & their Products	348.6	2.4	11.7
Mining & Quarrying (incl. Coal)	335.8	4.3	-3.0
Paper & Paper Products	319.1	9.2	12.9
Beverage & Tobacco	161.6	5.1	-2.1
Leather & Leather Products	96.0	9.1	10.7
Wood & Wood Products	88.6	14.4	15.6
Glass & Glassware	83.6	10.2	12.3
<b>All industry</b>	<b>23,723.3</b>	<b>7.7</b>	<b>6.4</b>

Source: RBI

Table 2 above lists the outstanding credit as of November end 2013 along with growth during the 8 month period April-November for 2012 and 2013. The industries have been listed in descending order of outstanding credit as on November 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, gems and jewellery, vehicles, construction, rubber products, leather products, paper and glass.

- The top three industries listed, i.e. infrastructure, metals and textiles have been identified by the RBI in the Financial Stability Report (December 2013) as those with very high NPAs. The other two are aviation and mining.
  - Interestingly, all these sectors (except aviation which is not listed separately) have witnessed lower or negative growth rates indicating thereby that banks are controlling their exposures to these sectors.

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