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## SBI likely to miss credit growth target, sees 16% next year

GDP growth expected to be 8% and credit growth would be twice that of GDP growth

BS Reporter | Chennai  
December 17, 2015 Last Updated at 16:40 IST

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Arundhati Bhattacharya

The [State Bank of India \(SBI\)](#) is expected to register a [credit growth](#) of 16% next year owing to the growth in Gross Domestic Product (GDP), though it is expecting a lower growth than what it has expected during the current fiscal year.

Speaking to reporters on the sidelines of a function in Chennai, where the bank has handed over help to school students and healthcare related non government organisations as part of its Corporate Social Responsibility initiative, Rajnish Kumar, managing director, National Banking Group of [SBI](#) said, "This year our target for [credit growth](#) was 14%, but we are expecting it to be around 12-13%, as the corporate [credit growth](#) is subdued. Going forward, in the next year, our projection for [credit growth](#) will be around 16%."

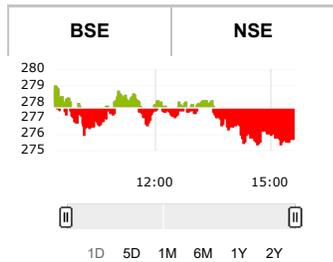
The target for [credit growth](#) during 2016-17 has been kept as 16% considering the GDP growth is expected to be higher, he said.

The GDP growth is expected to be 8% and according to calculations, the [credit growth](#) would be twice that of the GDP growth. "If the GDP growth is low, the [credit growth](#) also would also be low," he added.

There were issues around asset quality and most of the time were spent on managing that stress, but because economy and the GDP growth is picking up and government spend on infrastructure picking up. There are plans to increase infrastructure spent on Railways

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and there are lot of activities on road construction. Reforms of discoms, fuel supply for power plants etc.

"There are many positives. But the kind of **credit growth** which we used to see earlier, that is yet to pick up. There is a good **credit growth** on consumer front, on homeloans, car laons etc. The corporate **credit growth** is still subdued and now we are into busy season and let us see that in next three months how the **credit growth** picks up. As the government is spending, infrastructure driven growth is what we hope to see." he said.

The inflation rates as per the consumer price index announced this wee were not very encouraging. The retail inflation has increased to 5.41% in November compared to 5% in October, according to reports.

Commenting on the US Federal Reserve raising interest rates, he said that the hike was on the expected lines, of 25 basis point and because it was in anticipation, in everything it has been factored into. It did not come as a surprise and the market and the RBI was ready for that, he added.

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