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Trend reversal: Housing loan disbursement by state-owned banks slows down

According to the bank-wise housing loan disbursement data for public sector banks, the home loan disbursement in the first six months of FY16 is less than half of what was disbursed in the full year in FY15.

By: [Sandeep Singh](#) | Updated: January 2, 2016 1:42 PM



Over the last few years, the public sector banks



witnessed strong growth in their disbursement for housing loans. (Reuters photo)

If home loan disbursement by public sector banks is any indication of revival signs in the real estate sector, then 2015-16 is yet to witness it. While the [RBI](#) data shows that credit growth for housing sector rose 10.7 per cent in the first seven months for all scheduled commercial banks, the disbursement of housing loans by these banks is lagging. After having grown sharply over the last two years, this year may see a possible decline, if the disbursements don't pick up in the second half of FY16.

According to the bank-wise housing loan disbursement data for public sector banks, the home loan disbursement in the first six months of FY16 is less than half of what was disbursed in the full year in FY15. The growth has not come even though the Reserve Bank of India cut the repo rate (at which RBI lends to commercial banks) by 125 basis points in the calendar 2015 and banks brought down their housing loan interest rates by up to 70 basis points.

As against a disbursement of Rs 1,12,364 crore in FY15, in the six month period between April and September 2015 the amount of loan disbursed by the group of 26 public sector banks stood at Rs 53,641 crore. This accounts for 47.7 per cent of the sum disbursed in the full year 2014-15. So, unless the growth is substantial in the second half of the financial year, 2015-16 will see a decline in disbursements by public sector banks and it would be contrary to the developments in recent past as the disbursements for public sector banks have grown sharply over the last two years.

BANK-WISE DATA OF LOAN DISBURSEMENT BY PUBLIC SECTOR BANKS

	FY13	FY14	FY15	Sep 15* Progress **		FY13	FY14	FY15	Sep 15* Progress **		
SBI	23,863	28,517	29,238	15,977	55	Indian Bank	1,317	2,210	2,220	1,078	49
PNB	3,966	5,094	6,681	3,763	56	SBT	1,896	2,211	3,008	1,062	35
IDBI Bank	3,182	6,294	7,135	2,917	41	Andhra Bank	1,399	1,762	2,537	1,051	41
Canara Bank	2,188	5,737	6,685	2,761	41	Indian Overseas Bank	1,512	1,717	1,673	888	53
UBI	3,594	4,973	9,258	2,651	29	United Bank of India	994	1,324	1,227	770	63
Central Bank of India	2,307	3,916	4,508	2,462	55	SBBJ	782	1,020	1,436	767	53
Bank of Baroda	4,062	5,662	4,923	2,403	49	Bank of Maharashtra	2,159	2,894	2,013	747	37
Uco Bank	1,369	3,970	4,790	2,201	46	State Bank of Patiala	1,068	1,317	1,374	704	51
Bank of India	3,175	4,433	5,529	1,871	34	State Bank of Mysore	778	1,128	1,284	517	40
Syndicate Bank	1,292	1,649	2,865	1,654	58	Dena Bank	640	890	942	464	49
Corporation Bank	2,841	3,325	3,140	1,578	50	Punjab & Sind Bank	706	734	896	460	51
OBC	1,963	1,883	2,035	1,299	64	Total	71,857	98,787	112,364	53,641	48

SBH	2,457	2,658	2,936	1,233	42
Vijaya Bank	1,043	1,635	1,903	1,195	63
Allahabad Bank	1,304	1,835	2,126	1,168	55

*For the six month period between April and Sep 2015
 **Disbursement in 6-month of FY'16 as a per cent of that in FY15
 All figures in Rs crore unless specified
SBBJ: State Bank of Bikaner & Jaipur; **OBC:** Oriental Bank of Commerce;
SBH: State Bank of Hyderabad; **SBI:** State Bank of Travancore

The decline in growth in 2015-16, however, was not uniform across all the public sector banks. While some banks have seen a substantial jump in their loan disbursement, there are others whose performance has been dismal.

Those who top the list include are Oriental Bank of Commerce, Vijaya Bank and United Bank of India as in the first six months they disbursed more than 60 per cent of the total loans they gave in 2014-15. On the other hand, Union Bank of India and Bank of India have witnessed the slowest take-off in disbursement this year. The loans given by these two banks in the first six months only account for 28.6 per cent and 33.8 per cent respectively of the loans disbursed by them in 2014-15.

It is interesting to note that State Bank of India, which accounts for almost 30 per cent of the housing loans disbursed by the public sector banks, witnessed a growth in disbursement in the first six months. It has already disbursed almost 55 per cent of the amount that it disbursed last year. Had SBI not witnessed growth, the aggregate disbursement for PSBs would have declined further.

As a result of growth in disbursement, State Bank of India increased its dominance and the share of the bank in the aggregate of all public sector banks has risen from 26 per cent at the end of March 2015 to 29.8 per cent at the end of September 2015. On the other hand, Union Bank of India saw its share decline from 8.2 per cent in March 2015 to 4.9 per cent in September 2015.

Over the last few years, the public sector banks have witnessed strong growth in their disbursement for housing loans. While the aggregate disbursement for the 26 banks in the list stood at Rs 71,857 crore in 2012-13, the number rose to Rs 1,12,364 crore in 2014-15 witnessing an absolute growth of 56 per cent in the last two years.

In the period between March 2013 and March 2015 the biggest growth in housing loan disbursement was reported by Uco Bank (250 per cent). This was followed by Canara Bank and Union Bank of India which reported growth of 205 per cent and 157.6 per cent) respectively.

On the other hand Bank of Maharashtra has witnessed its loan disbursement decline from Rs 2,159 crore in 2012-13 to Rs 2,013 crore in March 2015.

Experts are of the opinion that since the public sector banks have their presence in the remotest parts of the country, they are well placed to play an important role in the government's ambitious mission of Housing for All.

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[Shekhar Shukla](#)

Not sure what the point is ...reading the data presented by you the banks seem to be on target or may even exceed their target by year end. In 6 months most banks have cumulatively done 50% of the target

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