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Bank loans to industry remained almost static in April

By *Atmadip Ray*, ET Bureau | Updated: May 31, 2016, 07.28 PM IST

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KOLKATA: **Bank loans** to the industrial sector remained almost flat with a mere 0.1% growth in April, validating the concern that lack of industrial projects is taking the fizz out of the economy.

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Reserve Bank of India data showed that banks loans to industry grew 5.9% in the same period last year.

The sluggish loan delivery to industry has had its impact on the overall credit growth figure. Credit growth was slower at 8.4% in April as compared with 8.9% rise a year ago amid the fall in corporate demand.

"Credit growth will follow economic growth," State Bank of India chairman **Arundhati Bhattacharya** said last week.

The factory output, based on the index of industrial production (IIP), rose negligibly by 0.1% in March, compared with 2% rise in February after two straight months of decline.

Bhattacharya was however hopeful of a better credit growth this year. "The pipeline of projects is better this year than last year," she said.

Farm loans, personal loans and loans to the service sector did much better. **Bank credit** to agriculture and allied activities grew 15.3% in April 2016 as compared with 14.1% rise a year ago. Credit to the services sector rose by 10.9% (6.6% a year period) and personal loans grew by 19.7% (15.7%).

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