

Private lenders surge ahead of PSBs weakened by asset-quality woes

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Will result in PSBs losing market share, say experts

MUMBAI, JUNE 1

Private sector banks have stolen a march over public sector banks, which have been reeling under asset-quality woes over the last couple of years.

According to data released by the Reserve Bank of India , as of March-end 2018, private sector banks (PvSBs) recorded robust annual average deposit and credit growth of 17.4 per cent and 20.9 per cent, respectively.

As of March-end 2018, All Scheduled Commercial Banks (ASCBs) clocked annual average deposit and credit growth of 6.8 per cent and 9.5 per cent, respectively.

In sharp contrast, public sector banks (PSBs) recorded muted annual average deposit and credit growth of 3.1 per cent and 4.7 per cent, respectively.

“Aggregate deposits recorded broad-based growth (year-on-year) across all population groups (rural/ semi-urban/ urban/ metropolitan) after moderating for two quarters; private banks continued to maintain double-digit growth in deposits.

“...Although bank credit growth (y-o-y) moderated marginally from a quarter ago, there has been a recovery during 2017-18 from a slump in the preceding year; private sector banks recorded the highest credit growth, both on sequential as well as on annual basis, whereas it remained low for public sector banks,” the RBI said. According to market experts, the slowdown in PSBs’ deposit and credit growth will result in them

losing ground to PvSBs in terms of market share.

Regional Rural Banks, too, logged above industry (ASCBs) average business growth rates, with annual average deposit and credit growth of 7.2 per cent and 11.3 per cent, respectively.

Foreign banks, however, clocked below industry average business growth rates, with annual average deposit and credit growth of 5.8 per cent and 3.9 per cent, respectively.

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