

Private banks lead deposit mobilisation and credit growth, says RBI

Private banks also saw higher credit growth than their public and foreign counterparts

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Reserve Bank of India

Private banks continued to lead both deposit growth and bank credit, while their public sector counterparts showed moderate growth, according to data by the Reserve Bank of India (RBI). The aggregate value of deposits for private banks in June 2018 grew 17.3 per cent year-on-year (yoy), while that of public sector banks (PSBs) grew 3.5 per cent and foreign banks 1.4 per cent.

This was lower against a growth of 19.7 per cent yoy for private banks, 11.1 per cent for PSBs, and deceleration of 1.4 per cent for foreign banks in the June quarter last year.

Private banks also saw higher credit growth than their public and foreign counterparts. “Private sector banks continued to record over 20 per cent credit growth yoy and foreign banks recorded double-digit credit growth on a low base; credit growth was higher for all bank groups, except Rural Regional Banks, than in the previous quarter,” said the RBI.

Credit by private banks saw a growth of 22.1 per cent in June 2018, against 20.3 per cent in June last year. PSBs saw modest growth of 5.9 per cent, against 4.4 per cent in June 2017. Credit by foreign

banks saw a growth of 4.8 per cent against a contraction of 1.4 per cent last year.

Credit to services rises sharply by 23% in July: RBI

Non-food credit demand rose 10.6 per cent in July 2018, compared to an increase of 5.3 per cent during the same period last year, according to data by the RBI, on Friday. Non-food credit for the month of July stood at Rs 76.3 trillion. Credit growth for services remained strong at 23 per cent in July 2018, compared to an increase of 4.9 per cent in July 2017.

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The services sector contributes 60 per cent to the country's total GDP. This was boosted mainly by the 40 per cent rise in credit to non-banking financial companies (NBFCs) in July 2018. This was against a contraction of 1.4 per cent in the previous year's quarter. Credit for professional services also showed strong growth of 17.1 per cent in July 2018.

Personal loans continued to grow at 16.7 per cent in July 2018, up from a growth of 15 per cent in July 2017, with consumer durables and credit cards showing strongest growth.

Credit to agriculture and allied activities increased by 6.6 per cent in July, as compared to 6.8 per cent in the same month last year.

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Credit growth for the industry remained muted and increased only 0.3 per cent in July 2018 as compared to a contraction of 0.3 per cent during the same period last year. Credit to medium enterprises grew the most by 2.9 per cent over the previous year.

Credit to major sub-sectors such as infrastructure, textiles, chemical and chemical products, food processing and 'all engineering' accelerated. However, credit to basic metal and metal products; petroleum, coal products and nuclear fuels; cement and cement products; and paper and paper products, declined," said RBI