

Bank credit to NBFCs grows 56% in October

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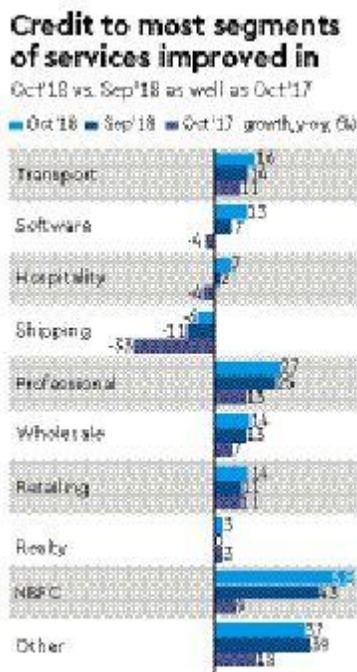


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Outstanding loans to NBFCs stood at Rs 5.63 lakh crore as on October 26, compared with `3.61 lakh crore on October 27, 2017.

Loans to NBFCs accounted for 7% of the total bank credit of `80.57 lakh crore at the end of October 26. “Bank credit to NBFCs has been accelerating over the last 18 months, the spurt in October reflects the bid to provide liquidity to NBFCs”, said experts at AnandRathi.



With 29% (y-o-y) growth in outstanding bank credit during October – a 10-year high – services remain the main driver of credit growth this year, led by the NBFC sector, according to AnandRathi and RBI data. “Lending to NBFCs continued to grow at a steep pace but likely to slow down on account

of several events that began unfolding in October,” said experts at Kotak Institutional Equities.

State Bank of India (SBI) had increased its asset purchase target from NBFCs to Rs 45,000 crore from its earlier target of Rs 15,000 crore on October 9.

In an interview to CNBC-TV18, Rajnish Kumar, chairman, SBI, said that he would not call it a bailout but a win-win situation for both the banks and the NBFCs.

The NBFC sector’s profitability has grown 29.2% in FY18, following a steady decline in profit growth since the past three years amid tight liquidity constraints. The sector’s profitability grew at a pace of 1.9% in FY17.

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