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Market Watch

# Bank credit to infra sector grows 18.5% in FY19: RBI data

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MUMBAI: [Bank credit to infrastructure](#) sector grew by 18.5 per cent to Rs 10.55 lakh crore as of 2018-19, the highest since 2012-13 fiscal, [RBI data](#) showed.

Outstanding bank credit to the sector was Rs 8.91 lakh crore as at March 2018.

In the fiscal year ended March 2013, loans to infrastructure sector had grown by 15.83 per cent to Rs 7.29 lakh crore.

In FY18 and FY17, growth in bank credit to the sector was negative at 1.7 per cent and 6.1 per cent, respectively.

"Just because banks are sitting on pile of bad loans from the infrastructure sector, we cannot completely stop lending to the sector. There are couple of companies in the sector that are doing well," said the head of a public sector bank.

Since the growth in the manufacturing sector is subdued, banks are also willing to lend to the infrastructure segment, he said.

Earlier banks had curtailed lending to the sector due to higher NPAs.

"Post the asset quality review conducted by the RBI, all the NPAs from the infrastructure sector have been recognised. Banks are now willing to lend to the sector and demand for credit from the sector has also increased," Care Ratings Chief Economist, [Madan Sabnavis](#), said.

Though the lending to infrastructure sector has increased, bankers are not allowing the infrastructure companies to over leverage.

As per the [RBI data](#), bank loans to the overall industrial sector grew by 6.9 per cent to Rs 28.58 lakh crore in FY19. In FY18, loans to industries had grown by 0.7 per cent.

Within infrastructure, bank loans to power sector had increased by 9.5 per cent to Rs 5.69 lakh crore compared to Rs 5.19 lakh crore in FY18.

Roads sector witnessed a credit growth of 12.2 per cent to Rs 1.86 lakh crore as of end-March 2019.

Credit to telecommunications and other infrastructure (excluding roads, power and telecom) rose by 36.7 per cent and 53.5 per cent, respectively over FY18, the RBI data showed.

In FY19, total bank credit rose 13.24 per cent and deposits grew by 10.03 per cent.

This is the second consecutive double-digits credit growth after the same had declined to 4.54 per cent, which was the lowest since 1963, it said.

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