

Credit offtake pace stays robust in June

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The pace of credit offtake continued to be robust in June, with sectors clocking year-on-year (YoY) growth between 9.5 per cent and 18.1 per cent.

Reserve Bank of India (RBI) data showed that credit to industry grew 9.5 per cent in June 2022 (against a contraction of 0.6 per cent in June 2021).

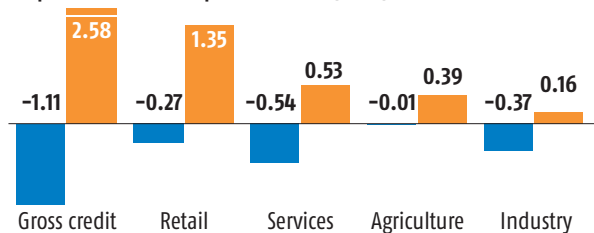
Size-wise, credit to medium industries grew 47.6 per cent YoY in June against 59 per cent in the same month last year. The credit growth to micro and small industries rose to 29.6 per cent from 11.6 per cent a year ago. The large industries segment saw a credit growth of 3.3 per cent against a contraction of 4.8 per cent in June 2021.

Bankers said the rise in credit offtake now is partly driven by expansion in economic activity.

Also, higher working capital limits due to rising input costs and some shift to bank loans from costly market borrowing have led to an uptick in credit demand from industry. The current growth should also be seen in the backdrop of weak demand in June last year due to economic disruption caused by the second wave, they added.

UPTICK IN CREDIT DEMAND

■ Apr-June 2021 ■ Apr-June 2022 (₹ trn)

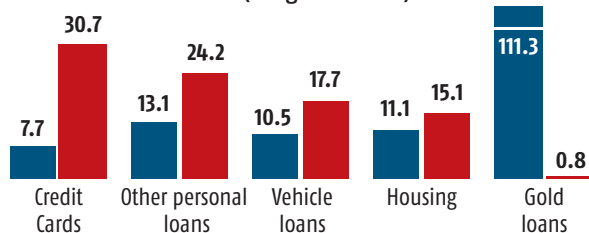


Note: "-" denotes shrink/contraction

Source: RBI sectoral deployment

RETAIL LOAN SEGMENTS

■ June 2021 ■ June 2022 (YoY growth in %)



Source: RBI

The retail loans segment retained its uptrend and grew 18.1 per cent in June 2022 vis-a-vis 12.2 per cent in the same month in 2021. It was primarily driven by housing and vehicle loans. Retail credit grew YoY at 12.4 per cent in March 2022.

Credit to the services sector grew by 12.8 per cent in June 2022 (4 per cent a year ago). This is mainly due to improved offtake by non-

banking financial companies (NBFCs), professional services and transport operators.

The growth in loans to the services sector was 8.9 per cent in March 2022. Credit growth to agriculture and allied activities amid the onset of monsoon and the kharif sowing season was 13 per cent in June 2022 (against 10.6 per cent in June 2021). It was 9.9 per cent in March 2022.