

# Services, retail demand keeps credit offtake robust in June

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Mumbai, 31 July

The pace of credit offtake continued to be robust in June, with sectors clocking a year-on-year (YoY) growth between 8.1 and 26.7 per cent.

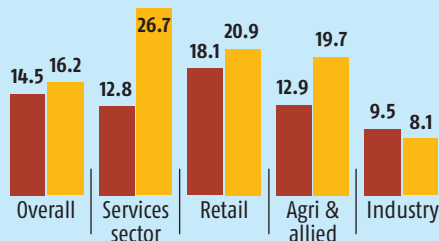
Reserve Bank of India (RBI) data showed the services sector registered 26.7 per cent growth in June as against 12.8 per cent a year ago. The growth in lending to services was primarily due to the improved credit offtake to non-banking financial companies (NBFCs) – 35.1 per cent in June 2023 (as compared to 18.1 per cent in June 2022) and trade – 17.3 per cent (as compared to 16.7 per cent in June 2022). The outstanding credit to services stood at ₹38.85 trillion at the end of June 2023.

The retail loans segment retained its trend and grew at 20.9 per cent in June 2023 vis-a-vis 18.1 per cent in the same month in 2022. It was primarily driven by housing (15.1 per cent YoY) and vehicle loans (22.9 per cent YoY). The credit card portfolio grew by 36 per cent YoY (The total retail credit stood at ₹42.6 trillion, RBI data showed).

Bankers said the first quarter is usually marked by slower growth due to subdued activity. However, the tempo of higher pace of growth, built in financial year 2022-23 (FY23), has continued in the current fiscal also, aided by resilient expansion in economic activity and rising capital expenditure. The higher working capital limits due to rising input costs have shaped the trend. The overall bank credit grew by 16.2 per cent YoY in June 2023, up from 14.5 per cent YoY in June 2022. Till the middle of July also, credit offtake continued to show robust growth, increasing by 20.2 per cent YoY to reach ₹147.6 trillion for the fortnight ended July 14. This surge was driven by the impact of HDFC's merger with HDFC Bank, according to CARE Ratings.

## THE TREND

■ Jun '22 ■ Jun '23 (YoY in %)



Source: RBI

