

Bank credit grows 15.5% till May 5

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Mumbai, 19 May

Credit offtake remained robust early at the start of the current financial year, with 15.5 per cent growth year-on-year (YoY) clocked till May 5 as against 11.8 per cent a year ago. Deposit mobilisation also improved, growing 10.4 per cent YoY as against 9.7 per cent in the same period in FY23, showed Reserve Bank of India data.

Credit offtake expanded by 15 per cent and deposits grew by 9.6 per cent in the whole of FY23.

In the current financial year (FY24), bank credit in absolute terms grew by ₹2.29 trillion to ₹139.04 trillion. It had grown by ₹1.49 trillion in the same period in FY23.

Liability mobilisation was much better as banks garnered ₹3.91 trillion in deposits till May 5 as against ₹2.3 trillion in the same period last

year (FY23).

The deposits mobilised were ₹1.62 trillion higher than credit offtake till May 5. The deposit raise was ₹81,000 crore more than the credit given in the same period a year ago.

Early this week, Care Ratings in its review of banking business said the credit offtake has remained robust in recent months even amid the significant rise in interest rates. The growth has been broad-based across segments with personal loans and NBFCs being key growth drivers. Demand for capex across select segments too is expected to drive industry credit growth.

Meanwhile, credit growth is likely to moderate marginally in FY24 compared to FY23. Further, a slowdown in global growth due to elevated interest rates, and inflation could impact credit growth, the rating agency added.