

Credit to retail sector dips to 18.3% in August

Agriculture, services lending picks up

ABHIJIT LELE

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The pace of bank credit to retail segments including housing, vehicle and credit cards, among others, moderated marginally to 18.3 per cent on a year-on-year (Y-o-Y) basis in August 2023 from 19.4 per cent year in the corresponding period last year.

The housing segment, which is the largest component of bank retail credit, clocked a growth of 13.8 per cent Y-o-Y in August 2023, down from 16.3 per cent in August 2022, according to Reserve Bank of India (RBI) data.

The growth does not factor in the impact of HDFC's merger with HDFC Bank in July 2023.

The RBI, in a statement, said that the lending to industry – small, medium and large – also slowed to 6.1 per cent Y-o-Y in August 2023 from 11.4 per cent in August 2022.

Among major industries, credit growth (Y-o-Y) to 'basic metal and metal products' and 'textiles' accelerated in August 2023 compared to the same month last year.

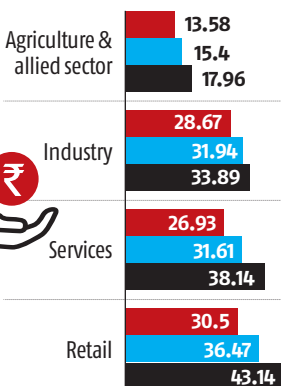
The lending to 'chemicals and chemical products', 'food processing' and 'infrastructure' decelerated.

Credit growth to the services sector accelerated to 20.7 per cent Y-o-Y from 17.4 per

DISTRIBUTION TREND

Y-o-Y sector-wise deployment of bank credit in August (in ₹ trn)

■ Aug '21 ■ Aug '22 ■ Aug '23



Source: Reserve Bank of India

cent a year ago, primarily due to 'non-banking financial companies (NBFCs)' and 'commercial real estate'.

The loans to NBFC improved to 25.8 per cent in August 2023 from 25.5 per cent a year ago.

The bank loans to commercial real estate showed a substantial rise to 13.9 per cent Y-o-Y, up from 4.8 per cent a year ago.

Credit growth to agriculture and allied activities improved to 16.6 per cent Y-o-Y in August 2023 from 13.4 per cent a year ago, RBI said.