

Sectoral Deployment of Gross Bank Credit April -2012

Credit growth decelerates

Amidst the sluggish economic growth and tight monetary policy scenario, the new financial year (FY13) began on a negative note with subdued credit growth YoY and decelerating non-food credit. Credit off-take has slowed down due to higher cost of borrowings and shelving of investment decisions by the companies. The overall credit growth at 17.3% was down from 21.6% on YoY basis as per the latest reported RBI data. The non-food credit growth at 16.5% is down from 17% YoY as reported a month before. While growth in food credit recorded robust growth of 82% YoY, on YTD basis it moderated.

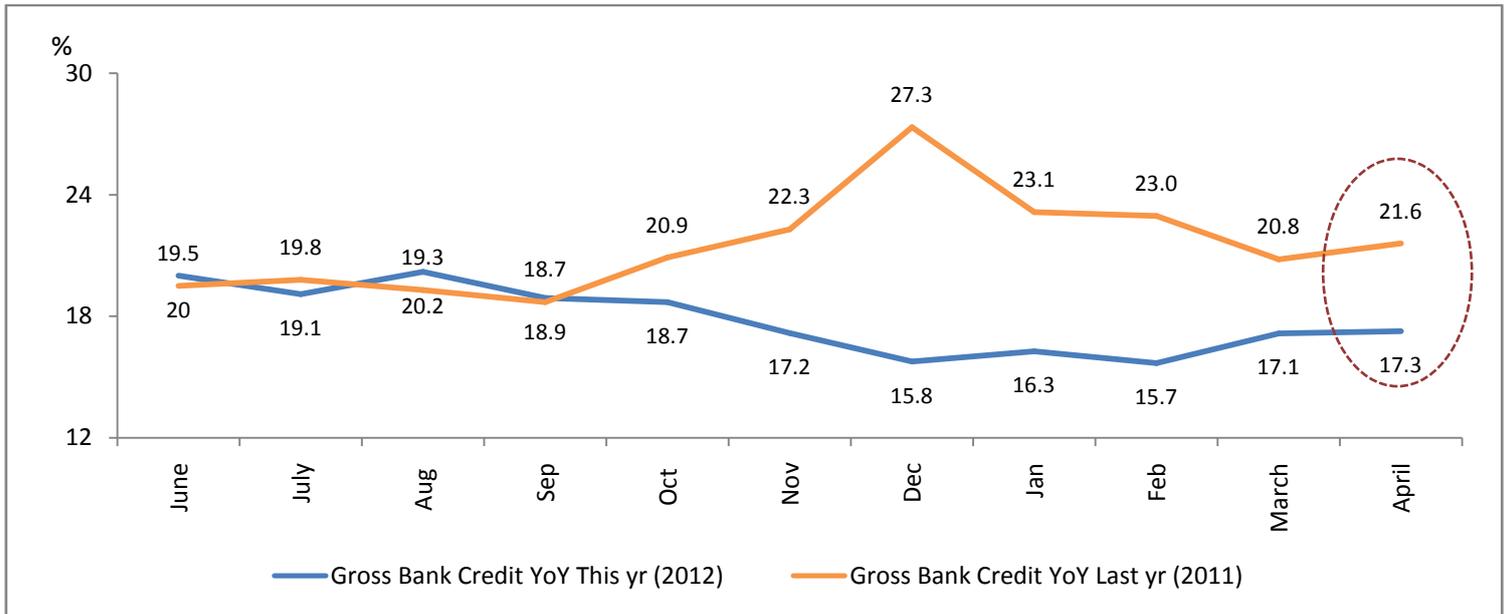
- Industry that accounts for major portion of non-food credit reported 19.5% growth YoY but down from 21.3% a month ago. Medium and large scale industries contributed largely to the overall industry credit growth, while micro and small industries recorded subdued performance YoY.
- On YoY basis, mining, cement, gems and jewellery, engineering and metal products were the major contributors to the industry credit-offtake. While the infrastructure growth was not encouraging, telecom sector witnessed negative credit growth YoY basis.
- On YoY basis, agri credit growth continues to be strong and observed upward movement to 14.6% growth as on April, 20 2012 from 13.5% as on March 23, 2012.

Table 1: Deployment of Gross Bank Credit (Summarized) as on April 20, 2012

Sector	Rs. crore	YoY %	YTD %	% of Total
Gross Bank Credit (II + III)	4,364,196	17.3	-0.2	100.0
I.Food Credit	81,066	82.2	-0.7	1.9
II.Non-food Credit (1 to 4)	4,283,129	16.5	-0.2	98.1
1.Agriculture & Allied Activities	518,622	14.6	-0.7	12.1
2.Industry (Micro & Small, Medium and Large)	1,956,077	19.5	-0.5	45.7
Micro & Small	261,887	12.1	1.0	13.4
Medium	204,951	9.6	-0.3	10.5
Large	1,489,238	22.4	-0.8	76.1
3.Services	1,038,074	15.8	0.5	24.2
4.Personal Loans	770,357	11.5	0.3	18.0

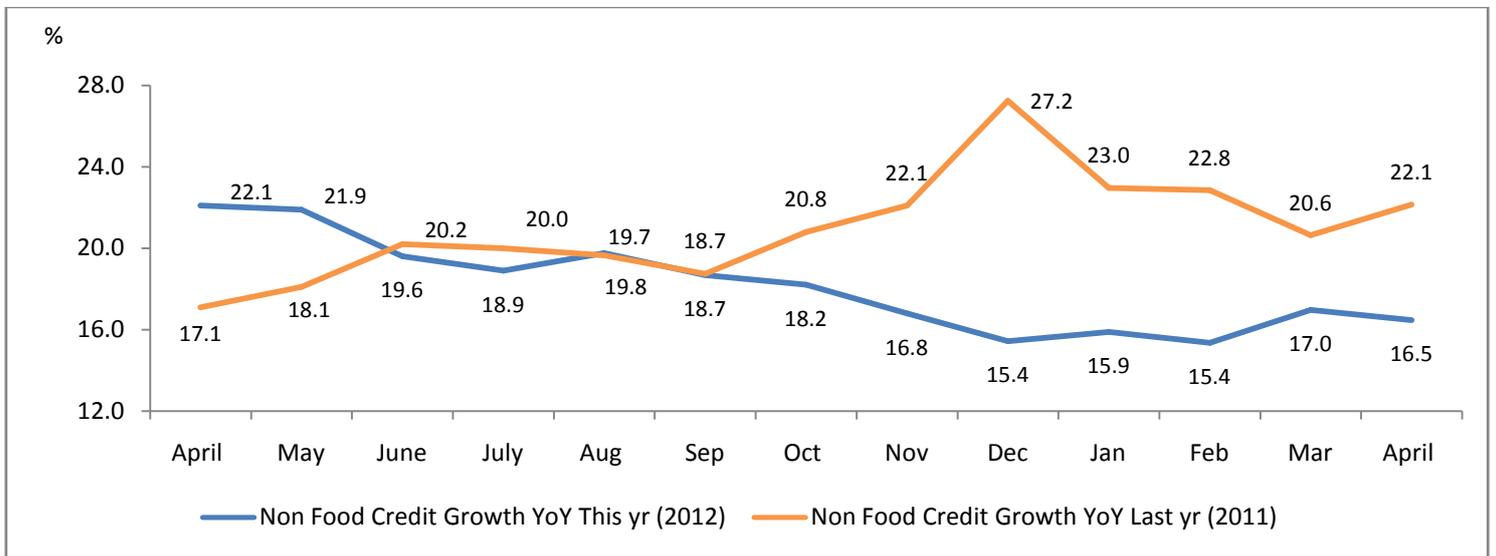
Source: - RBI, Arian Research

Chart 1: Systemic Gross bank credit growth (YoY)



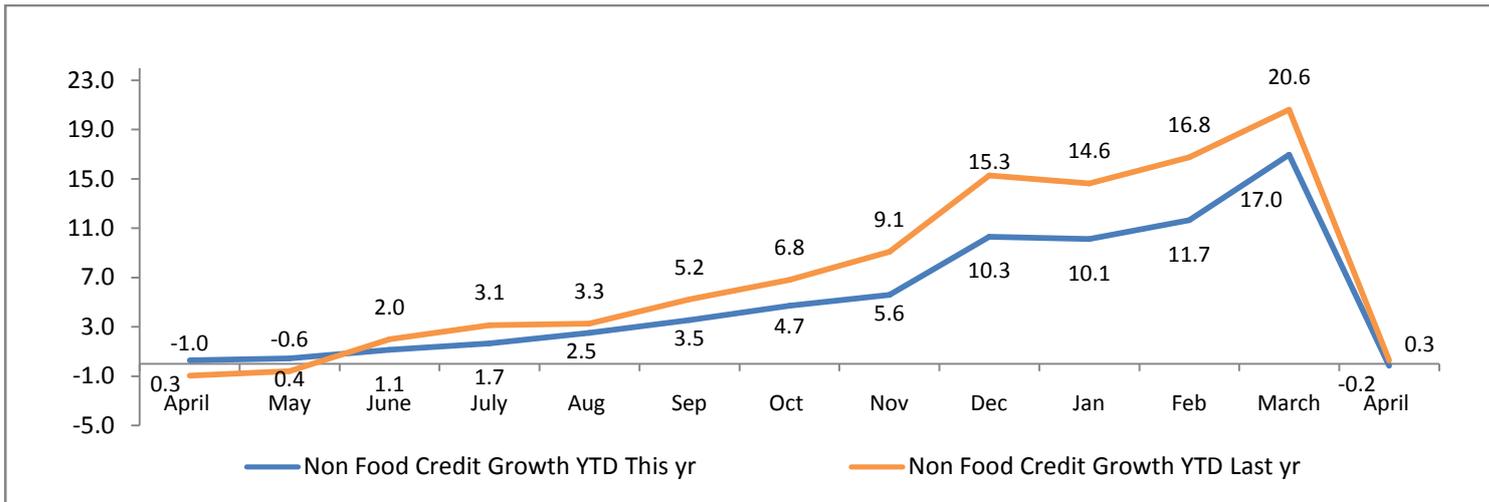
Source: - RBI, Arianth Research

Chart 2: Non food credit growth (YoY)



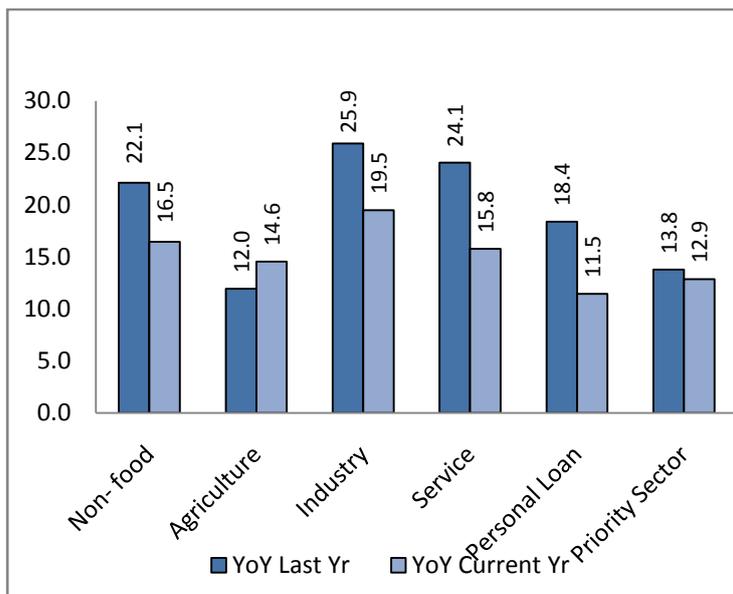
Source: - RBI, Arianth Research

Chart 3: Non food credit growth (YTD)



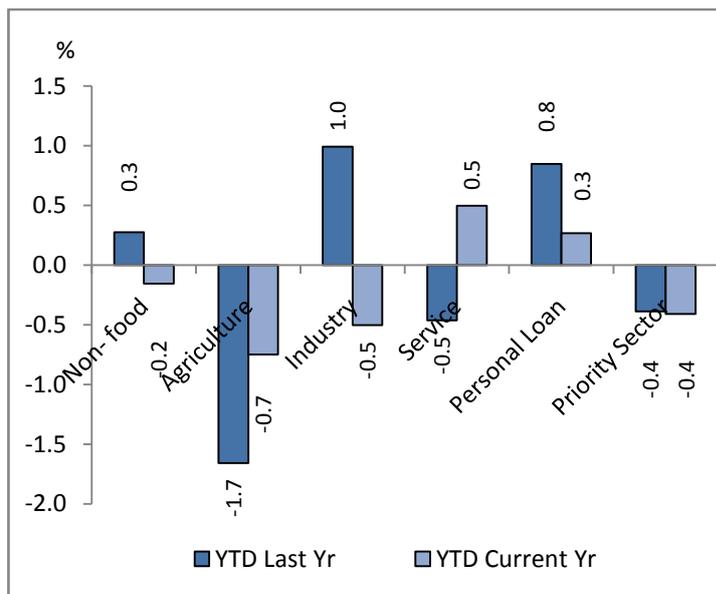
Source: - RBI, Arianth Research

Chart 4: Growth of Overall Non- Food credit and its components (YoY)



Source: - RBI, Arianth Research

Chart 5: Growth of Overall Non- Food credit and its components (YTD)

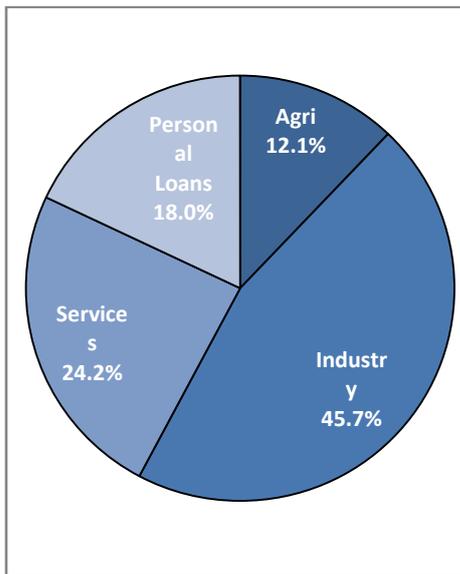


Source: - RBI, Arianth Research

Non Food Credit Growth

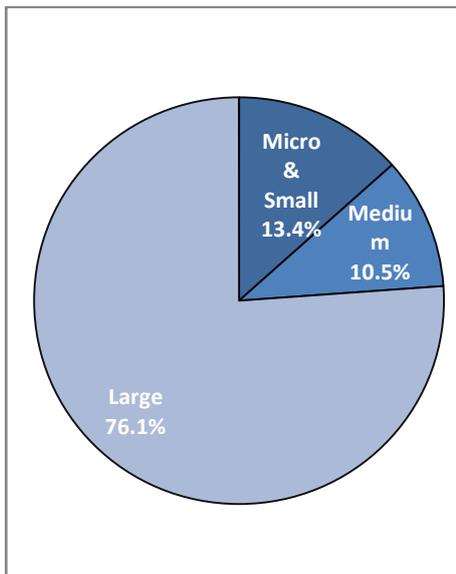
- The non-food credit growth continues to remain subdued. As observed last month, the Agri component is the only component to witness YoY growth; whereas rest of the sectors witnessed lower YoY credit growth.
- On YTD basis, the credit-offtake from service sector and personal loans witnessed positive credit growth.
- However, the credit growth outlook going ahead remains moderate and the monetary policy action remains to be seen. RBI revised the projections for credit growth at 17%, and deposit growth at 16% for FY13 as against 16% and 17% respectively for FY12.

Chart 6: Non-food credit



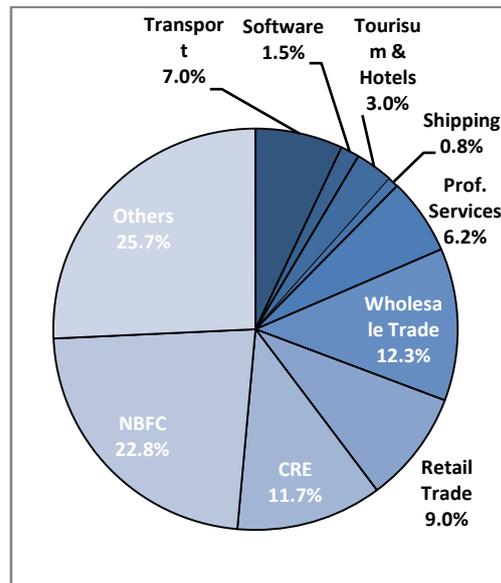
Source: - RBI, Arianth Research

Chart 7: Industry Break -up



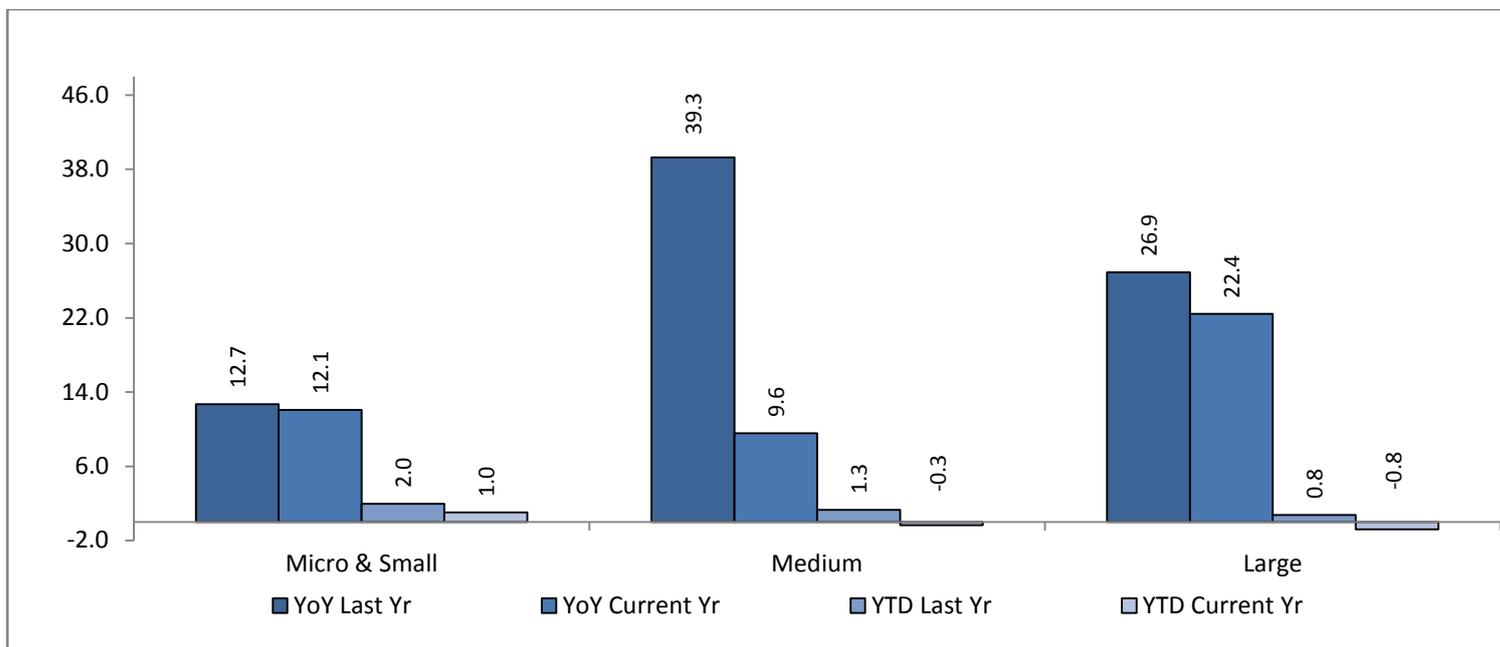
Source: - RBI, Arianth Research

Chart 8: Services Break -up



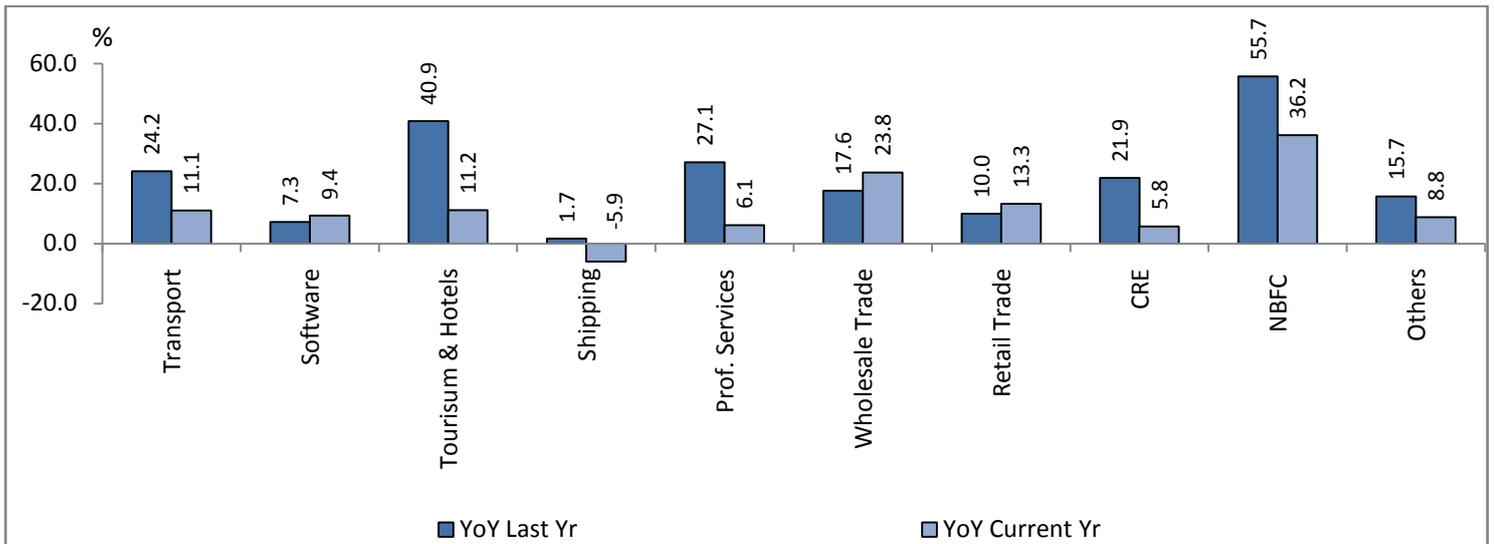
Source: - RBI, Arianth Research

Chart 9: Breakup of Industrial credit growth



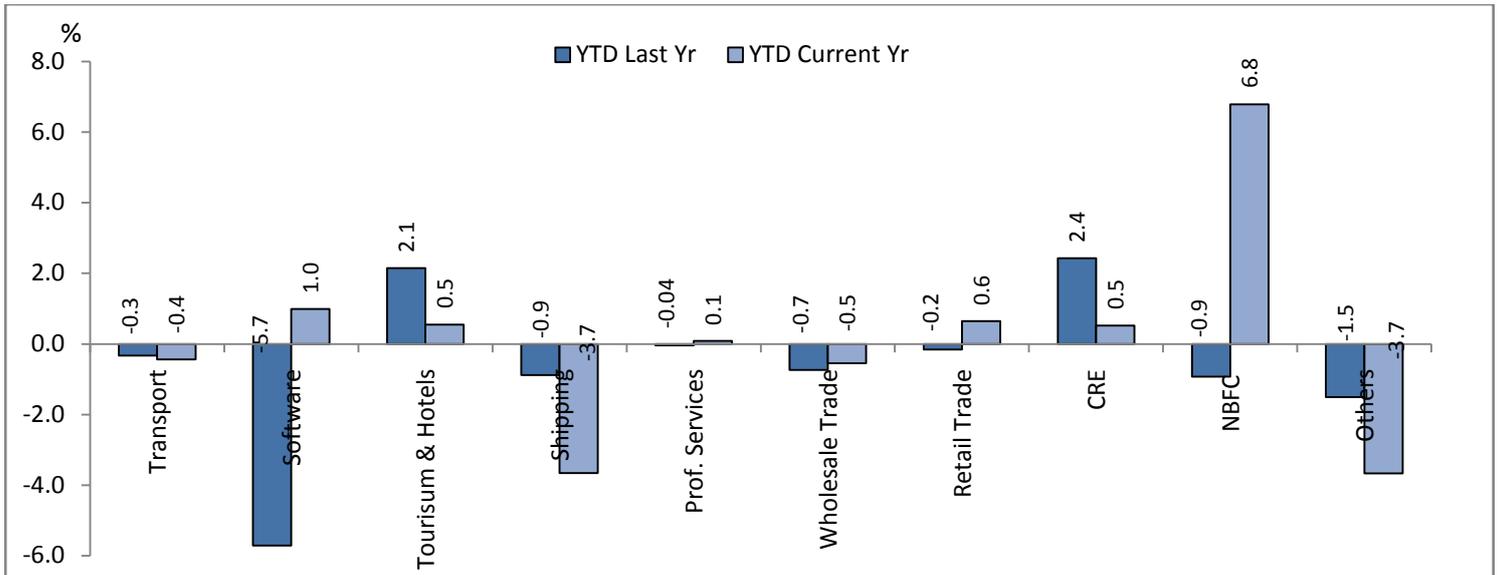
Source: - RBI, Arianth Research

Chart 10: Services Sector credit growth components



Source: - RBI, Arihant Research

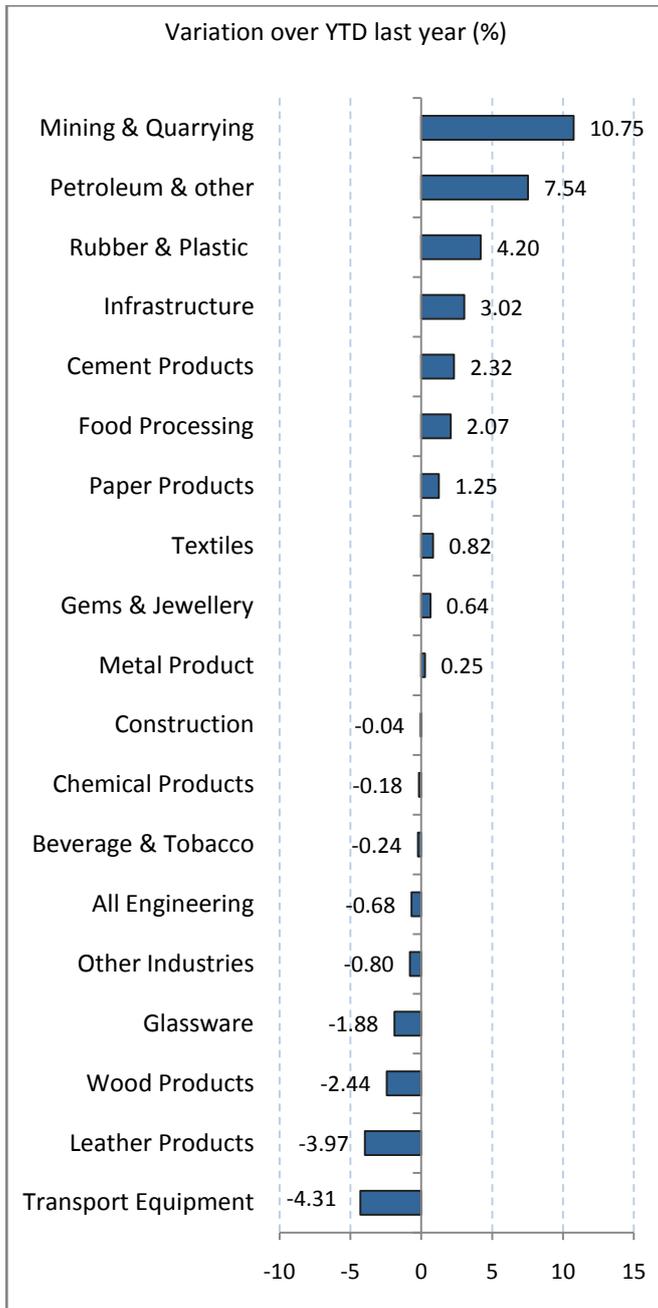
Chart 11: Breakup of Services sector credit growth (YTD)



Source: - RBI, Arihant Research

- The services sector that recorded 16% growth YoY basis and improved on YTD basis as well witnessed improvement in credit-offtake performance across all segments. However, shipping segment continues to remain weak.
- On YTD basis, barring the NBFC component, all other segments that form part of service sector recorded dismal performance.

Chart 12: Industry-wise variation of Gross bank credit (YoY)



Top five industries -

Infra captures 31.5% of total industry credit of which power accounts for 16.7%. Next in line is Basic metal product at 13.1% of which iron and steel accounts for 9.8%. Textiles contribute 8.2% to total industry credit, Engineering 5.8%, and Chemicals & chemical products 5.6%.

Industries with substantial weight and higher variation in YoY growth current year vs. previous year



Source: - RBI, Arihant Research

Note: Sectoral deployment of credit is collected by RBI on a monthly basis from select 47 SCB's accounting for about 95% of the total non-food credit deployed by all SCB's for the month.

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RSF-SUP-01