

# Green shoots: Banks see robust credit growth this festival season

## OUR BUREAU

Mumbai, November 17

Banks collectively lent about four times more in the reporting fortnight ended November 5, vis-a-vis the preceding fortnight amid the festival season, indicating further improvement in credit appetite in the economy.

Banks lent ₹1,27,742 crore in the reporting fortnight ended November 5, against ₹32,671 crore in the preceding fortnight

ended October 22, according to Reserve Bank of India (RBI) data on Scheduled Banks' Statement of Position in India.

Brickwork Ratings in a report, noted that credit growth has begun to pick up as business activity resumes in full swing, with gross bank credit growth improving to 6.80 per cent year-on-

year (y-o-y) in October 2021 against 5.80 per cent y-o-y growth in June 2021.

In a speech at State Bank of India's Banking & Economics Conclave on November 16, RBI Governor Shaktikanta Das observed that: "There are signs that consumption demand

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triggered by the festive season is making a strong comeback. This would encourage firms to expand capacity

and boost employment and investment amidst congenial financial conditions."

## New investments

Further, with stronger balance sheets, the organised corporate sector is well-placed to make new investments in emerging areas.

"As demand recovers, I am san-

guine about corporate sector playing a major role in turning the investment cycle that will facilitate absorption of surplus liquidity for productive investment," the Governor said.

In this background, Das emphasised that it is incumbent upon a competitive and efficient financial system to identify high productive sectors and reallocate resources to harness the growth opportunities. He opined that banks, in particular, should be investment-ready when the investment cycle picks up.

The Governor said: "Improved vaccination and reduced infections have materially reduced extreme health outcomes like hospitalisation and mortality.

"This has boosted consumer confidence. With additional boost coming from the festival fervour and pent-up demand, numerous high-frequency indicators suggest that economic recovery is taking hold."