

**DEPLOYMENT OF BANK CREDIT BY MAJOR SECTORS:
AN ANALYSIS OF NON-FOOD CREDIT**

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Abstract

Credit that is not related to food is divided into four main categories: personal loans, industry, services, and agriculture and related businesses. The banks' non-food credit from 2019 to 23 has a growth rate of 40.34 percent, with an average of 11285820/-crores over the course of five years. The average amount of bank credit given to agricultural, allied activities, and industry over a five-year period is 1374181 crores, whereas the combined amount for the micro, small, medium, and big industries is 3060185.2 crores.

These two have respective growth rates of 55.25 percent and 19.12 percent. The average bank credit for services and related items in this industry was 29286993.4 cores, or 59.62 percent. On average, the bank permitted 3135083 crores in personal loans with growth rates of 81.53 percent to be credited towards non-food credit. The average amount of priority sector credit extended by banks to non-food credit is 4733982.6 crores, with growth rates of 61.84 percent over the previous five years.

Keywords: Bank Credit, Agriculture, Non- Food, Sectors

Introduction

There are two types of bank credit: food credit and non-food credit. The term "food credit" refers to bank loans given to the Food Corporation of India (FCI), mostly for the purpose of purchasing grains. That represents a tiny portion of the total bank credit. Banks provide money to a variety of organisations. Loans made to the Food Corporation (FCI), for the purpose of promoting food safety, etc., are referred to as "food credit," whereas loans made for other purposes unrelated to food are called "non-food bank credit." The majority of bank credit is non-food credit, which includes personal loans as well as credit to the agriculture, industrial, and services sectors of the economy. The RBI gathers information on bank credit once a month.

The term "food credit" refers to bank loans given to the Food Corporation of India (FCI), mostly for the purpose of purchasing grains. Credit that is not related to food is divided into four main categories: personal loans, industry, services, and agriculture and related businesses. According to RBI data on Sectoral Deployment of Bank Credit, non-food bank credit growth slowed to 15.3% year over year in October 2023 from 18.3% the previous year. This was caused by a steep fall in credit to the industries and a slowdown in credit to the services and personal loans sectors.

The credit for non-food items. The majority of bank credit is non-food credit, which includes personal loans as well as credit to the agriculture, industrial, and services sectors of the economy. As an illustration, consider loans for crops, fertiliser, buffalo, tractors, etc. The bank offers funding for two-wheeler loans in addition to food credit. loans for homes, cars, etc. to farmers, etc. Under agricultural loans, this form of loan—which has nothing to do with food production—is known as NON-FOOD CREDIT.

Objectives

An examination of the growth drift in bank credit deployment by India's key non-food credit sectors.

Methodology–

In order to achieve the goals of growth drift deployment of bank credit by the main non-food credit sectors in India, the study employed secondary data. The Reserve Bank of India, a division of the Government of India, provided the information on non-food credit such as agriculture and related industries, services, personal loans, and priority sectors. The data covered certain time periods that were relevant to the March of 2019 and 2023, respectively. In order to estimate, compare, and deploy bank credit by main non-food credit sectors in India, the average annual growth rate (AGR) was employed. The sum in rupees crores related to agriculture and related industries, services, personal loans, and priority sectors.

Results and Discussions

There are four primary types of credit that are unrelated to food: personal loans, industry, services, and agriculture and associated companies.

Table 1 Non-food Credit - Yearly

Items	Outstanding as on last reporting Friday in March				
	March 2019	March 2020	March 2021	March 2022	March 2023
Non-food Credit	9730112	10319097	10888255	11836304	13655330

Source: RBI – Government of India.

Table 1 displays the banks' non-food credit from 2019 to 23. The average of the five is 11285820/- crores, with a corresponding growth rate of 40.34 percent.

Table 2 Agriculture and Allied Activities & Industry

	Sectors	Outstanding as on last reporting Friday in March				
		March 2019	March 2020	March 2021	March 2022	March 2023
1	Agriculture and Allied Activities	1113067	1203176	1329618	1496981	1728063
2	Industry - (Micro and Small, Medium and Large)	2837528	2946851	2934689	3201852	3380006
2.1	Micro and Small	371373.8	403051	433192.2	559698.6	633587.3
2.2	Medium	100786.2	108572.8	145208.7	239717.8	268557.4
2.3	Large	2365368	2435227	2356288	2402436	2477861

Source: RBI – Government of India.

Table 2 displays the amount of bank credit allocated to agricultural, related activities, and industry. Over a five-year period, the average amount for agriculture and related activities is 1374181 crores, while the combined amount for the micro, small, medium, and large industries is 3060185.2 crores. These two have growth rates of 55.25 percent and 19.12 percent, respectively.

Table 3 Services Activities

	Sectors	Outstanding as on last reporting Friday in March				
		March 2019	March 2020	March 2021	March 2022	March 2023
3	Services	2340659	2672047	2770713	3123984	3736064
3.1	Transport Operators	114748.8	132565.8	142993.6	167991	192059.2
3.2	Computer Software	17860.23	19691.53	19816.32	24281.36	24920.87
3.3	Tourism, Hotels and Restaurants	37036.45	53890.73	59524.79	67691.79	69330.6
3.4	Shipping	7521.32	6246.06	8065.72	8817.02	7068.24
3.5	Aviation	31388.53	23579.09	27519.25	23481.49	27639.64
3.6	Professional Services	155919.1	170203.9	108430.5	119527.8	139198.4
3.7	Trade	479994.1	557115.3	628249.3	740468.9	872334.8
3.7.1	Wholesale Trade ¹	229808.8	275907.5	328461.5	389774.4	443168.1
3.7.2	Retail Trade	250185.3	281207.9	299787.8	350694.5	429166.8
3.8	Commercial Real Estate	227931.5	288230.6	289474.1	297230.6	322573.3
3.9	Non-Banking Financial Companies (NBFCs) ² of which,	751146.2	950900.7	948567.5	1033470	1342070
3.9.1	Housing Finance Companies (HFCs)	225504.5	249478.1	284469.3	286328.6	318729.1
3.9.2	Public Financial Institutions (PFIs)	49017.44	44410.09	82184.44	137684.2	175714.3
3.10	Other Services ³	517112.2	469623.5	538071.7	641024	738868.6

Source: RBI – Government of India.

The services activities and associated products are displayed in Table 3, where the average bank credit to this sector was 29286993.4 cores, or 59.62 percent.

Table 4 Personal Loans

	Sectors	Outstanding as on last reporting Friday in March				
		March 2019	March 2020	March 2021	March 2022	March 2023
4	Personal Loans	2303144	2726864	3009013	3455556	4180838
4.1	Consumer Durables	6878.47	16091.72	17264.58	17839.79	20983.19
4.2	Housing (Including Priority Sector Housing)	1176510	1361880	1492302	1726697	1988532
4.3	Advances against Fixed Deposits (Including FCNR (B), NRNR Deposits etc.)	86692.85	78091.45	77928.42	83629.44	122115.6
4.4	Advances to Individuals against share, bonds, etc.	6455.54	6188.24	5400.4	6906.668	7633.938
4.5	Credit Card Outstanding	87685.62	119914.2	131704.3	154536.7	204708.4
4.6	Education	76375.8	77871.8	78130.84	82729.47	96853.04
4.7	Vehicle Loans	285257.8	339518.9	368412.5	402564.3	502376.9
4.8	Loans against gold jewellery	24670.77	33256.93	75048.59	74665.38	89382.15
4.9	Other Personal Loans	552616.6	694050.5	762821.1	905987.3	1148253

Source: RBI – Government of India.

Table 4 demonstrates that, on average, the bank permitted personal loans with growth rates of 81.53 percent to be credited to non-food credit.

Table 5 Priority Sector (Memo)

	Sectors	Outstanding as on last reporting Friday in March				
		March 2019	March 2020	March 2021	March 2022	March 2023
5	Priority Sector (Memo)	37,06,061	41,70,191	45,19,455	52,76,379	59,97,827
5.1	Agriculture and Allied Activities□	1112144	1183149	1339464	1517236	1746051
5.2	Micro and Small Enterprises□	1067234	1198459	1206003	1429519	1645484
5.3	Medium Enterprises□	164836.4	179173.2	258462	374377.4	423888.5
5.4	Housing	481842.9	559114.9	578081.4	617927.4	622799
5.5	Educational Loans	57976.06	61232.99	59589.45	58124.35	59512.75
5.6	Renewable Energy	1688.45	1716.95	1687.725	3844.81	4670.102
5.7	Social Infrastructure	1384.32	1629.41	2951.139	2482.774	2463.61
5.8	Export Credit	16009.9	29968.91	26684.22	29284.56	20489
5.9	Others	11745.18	19009.01	15711.12	42144.49	60835.12
5.10	Weaker Sections including net PSLC-SF/MF	791200.2	936737.8	1030821	1201437	1411633

Source: RBI – Government of India.

Table 5 displays the average amount of priority sector credit given by banks to non-food credit, which is 4733982.6 crores, with growth rates of 61.84 percent during the previous five years.

Conclusion

Four basic categories are used to classify non-food credit: (i) agricultural and related activities; (ii) industry; (iii) services; and (iv) personal loans. Bank loans for non-food items between 2019 and 23 have an average amount of 11285820/-crores, with a growth rate of 40.34 percent per year. Bank credit to the agricultural sector and its related operations is 1374181 crores on average over a five-year period; the combined sum for the micro, small, medium, and large sectors of the industry is 3060185.2 crores. These two have growth rates of 55.25 percent and 19.12 percent, respectively.

The average bank credit to this sector was 29286993.4 cores, or 59.62 percent, for services and related things. Personal loans granted by the bank to credit to non-food credit averaged 3135083 crores, with an 81.53 percent growth rate. The priority sector credit by bank to non-food credit of this average is 4733982.6 crores, with growth rates of 61.84 percent over the last five years.

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