

## SBI YEARLY COMPOSITE INDEX CONTINUE TO GROW UPWARD

Issue No. 01, FY22

Date: 01 April 2021

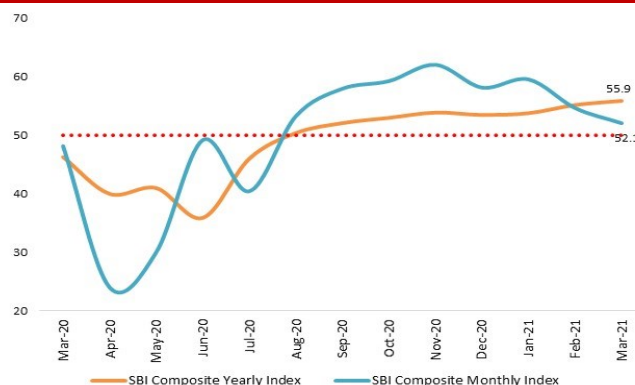
### SBI MONTHLY COMPOSITE INDEX DECLINED

- The yearly SBI Composite Index reached 70-month high of 55.9 (High Growth) in March 2021, compared to 55.2 (High Growth) in Feb'21, and 46.3 (Low Growth) in Feb'20. However, the monthly index continued to decline to 52.1 (Moderate Growth) in Mar'21, compared to 54.7 (Moderate Growth) in Feb'21 and 48.2 (Low Growth) in Mar'20.
- The eight core sector industries fell at the fastest pace in 6-months, contracting 4.6% in February, as all sectors reported decline in output during the month.
- Based on the SBI index, we believe IIP & IIP manufacturing may contract in Feb'21 but may see a huge spike in growth in the range of 6-8% in Mar'21, mainly due to base effects.

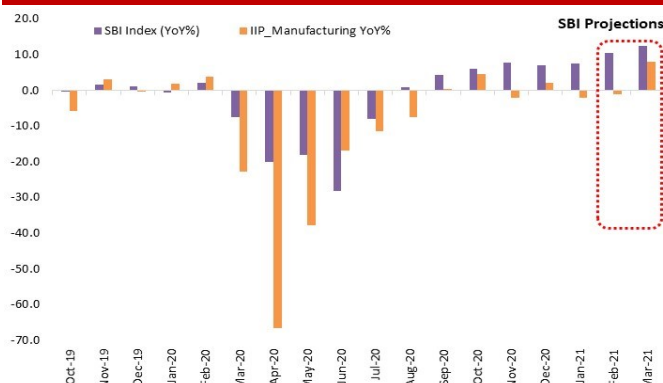
### CREDIT GROWTH IMPROVED

- Due to the initial restrictions on movement, the credit growth of the Indian banking industry had declined to 5.1 % by Sept'2020 from 6.1% in March'20, on the other hand, deposit growth has remained robust in the double digits, reflecting precautionary saving in the face of high uncertainty. However, credit offtake has picked up the pace thereafter and touched 6.6% in Feb'2021 (vis-à-vis 6.1% in corresponding period previous year). Even on YTD basis (till 12 March 2021) the ASCBs advances increased to 4.1% (Rs 4.27 lakh crore) in FY21, compared to last year YTD growth of 3.8% (Rs 3.68 lakh crore). The sectoral data for Feb'21, which accounts for about 90% of the total bank credit deployed by 30 SCBs, indicates that the credit has jumped in both YTD and YoY basis in Agri & services, while there is a deceleration in industry and personal loans.
- Further, RBI has recently released BSR1 of the SCBs for Dec'2020, which indicate that personal loans, accounted for one fourth of total bank credit, continued to record double-digit growth; industrial loans remained in contraction zone. Among the institutional sectors, growth in credit to the household sector was sustained and its share in total credit increased to 52.3% in Dec'2020 (50.3% in Dec'2019). While, Private corporate sector recorded negative growth in bank credit (y-o-y) for the fifth successive quarter, reflecting tepid demand conditions; the share of private corporate sector in total credit declined to 28.5% in December 2020 as compared with 31.4% a year ago and 34.5 % two years ago.

### SBI Yearly and Monthly Composite Index Trend



### SBI Index (YoY) vs IIP Manufacturing (YoY%)



Source: SBI Research

### ASCBs Sector-Wise Credit Flow (Rs bn): February 2021

Sectors	YTD (Apr-Feb, FY20)		YTD % (Apr-Feb, FY21)		% YoY	
	Rs bn	%	Rs bn	%	Feb'20	Feb'21
<b>Agri. &amp; Allied</b>	447	4.0	1163	10.0	5.8	10.2
<b>Industry</b>	-930	-3.2	-1189	-4.1	0.7	-0.2
Micro & Small Enterprises (Priority)	119	1.1	531	4.9	3.2	6.9
Infrastructure	-365	-3.5	-509	-4.8	3.3	-1.6
<b>Services</b>	183	0.8	651	2.5	6.9	9.3
NBFCs	1119	15.8	-83	-0.9	24.6	9.2
<b>Personal Loans</b>	3113	14.0	2203	8.6	17.0	9.6
Housing (Including Priority)	1678	14.5	1011	7.6	17.1	8.4
Other Personal Loans	796	13.1	538	7.4	20.2	13.6
<b>Gross Bank Credit</b>	3052	3.5	3060	3.3	7.3	6.6

Source: SBI Research

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