

Headline non-food credit growth climbed to double digits in September

November 13, 2025

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Data Highlights

Non-food credit by sector

- In September, non-food credit growth to farm, industry, services, and personal loans (incl. impact of merger of a non-bank with a bank) improved for the fourth straight month to 9.9%YY from 9.7% in August. The year-on-year credit growth to farm and industry was higher than in August but eased in case of services and personal loans.

Agriculture & Industry

- Credit growth to agriculture hit a five-month high at 9.0%YY from 7.6% in August.
- Credit to industry was also the fastest in six months at 7.3%YY, up from 6.5% growth in August. Credit growth improved across large, medium, and small firms. The year-on-year growth remained the highest to small firms, followed by medium and then large firms. The trend of higher portion of incremental credit (year-on-year nominal change) accruing to small firms, partly replacing the share of credit to large firms, continued for the fifth straight month. Accordingly, small firms contributed the most to year-on-year credit growth to industry, followed by large and medium firms.

Services

- Credit growth to services stayed in double digits for third straight month but eased mildly to 10.2%YY from 10.6% in August. Loan growth eased in most segments, except commercial real estate (CRE) and NBFCs where it improved. Around one-fourth share of incremental credit went to trade that also added the most to year-on-year growth in credit to services, followed by CRE and NBFCs. In terms of share in overall credit to services, NBFCs continued to top the list at 30%.

Personal loans

- Personal loan growth eased fractionally to 11.7%YY from 11.8% in August. Credit growth eased across most key categories, except advances against shares and bonds and housing, where it hit double digits. Credit for consumer non-durables remained in contraction, marking ninth month of decline in the past 12 months. Loan growth against gold stayed above 100% for seventh straight month, with incremental gold loans accounting for one-fourth share in personal loans. Over 40% of incremental credit continued to accrue to housing, though the share moderated year-on-year.

Non-food credit by industry

- The year-on-year growth in credit was positive across 19 industries, with almost half of incremental credit accruing to engineering, infrastructure, and basic metals.

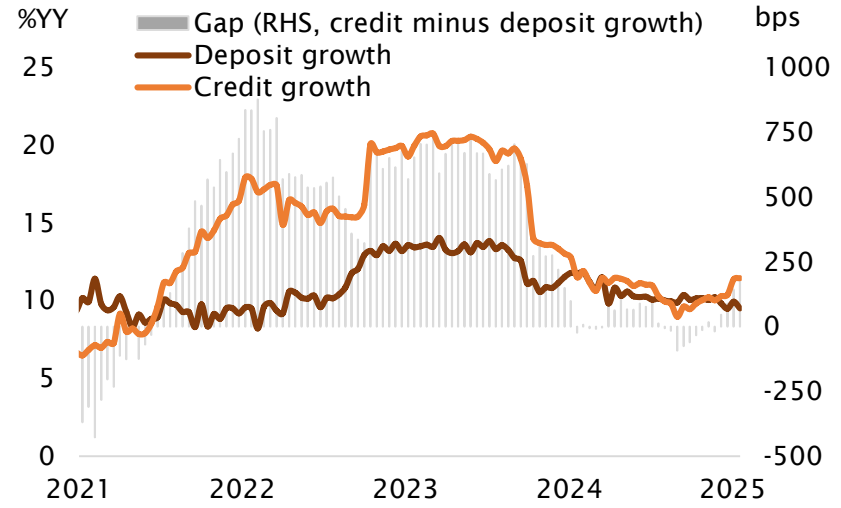
Outlook

- **Headline credit growth:** As noted earlier, non-food bank credit growth to key segments of farm, industry, services, and personal loans improved for the fourth successive month to 9.9%YY in September from 9.7% in the previous month. But headline non-food credit growth, as reported by the RBI, improved to double digits at 10.2%YY from 9.9% growth in both July and August. In addition to the four main categories, the headline print perhaps includes lending to other segments on which detailed data is not available.

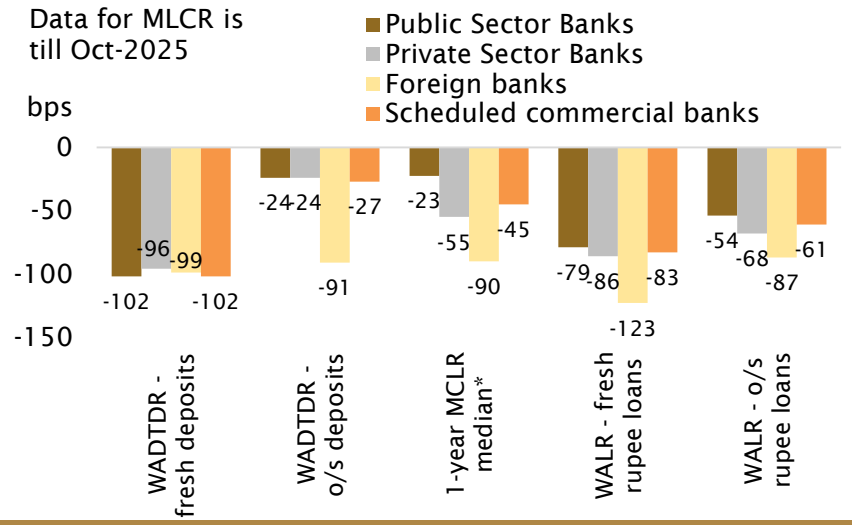
- **Outlook:** The transmission of 100bp repo rate cut starting February this year is progressing well, as reflected in lending and deposit rates across types of banks. The revival in scheduled commercial banks' credit growth is already outpacing deposit growth that is slowly easing, as banks trim interest rates on both fresh and outstanding deposits in a lower interest rate environment.

- As noted in our report last month, the outlook for credit growth remains positive, with the RBI's latest quarterly Bank Lending Survey showing that banks expect loan demand to improve in coming quarters up to Q1-FY27. The regulatory credit easing measures announced in October 2025 are also expected to strengthen the flow of credit in the economy and support economic activity. This could help to partly counter the external headwinds from high US tariffs on Indian exports.

Scheduled commercial banks' credit vs. deposit growth



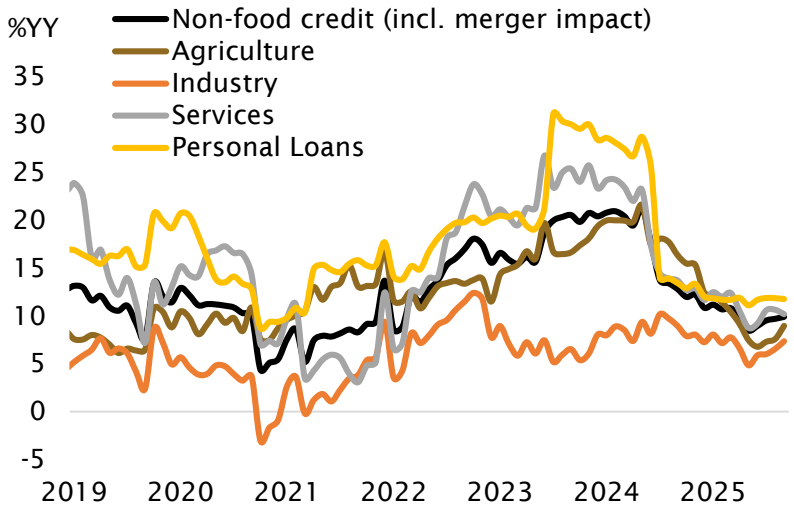
Transmission of 100bps cut since Feb-25 till Sep-25



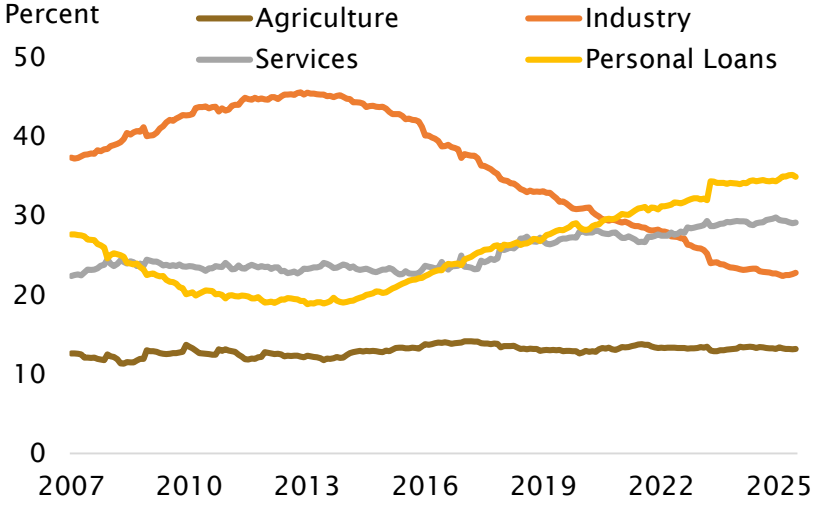
Non-food credit growth to key sectors moved closer to double-digit year-on-year growth in September at 9.9%

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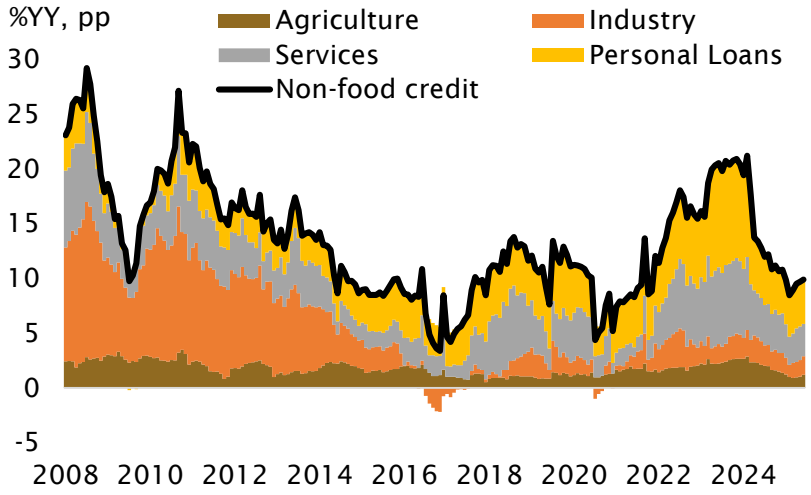
Non-food credit growth including impact of merger



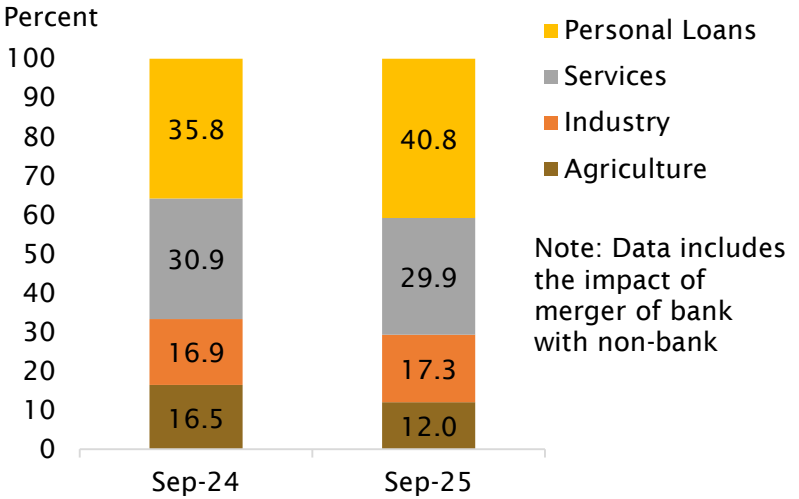
Share in non-food credit by sector



Contribution of sectors to non-food credit growth



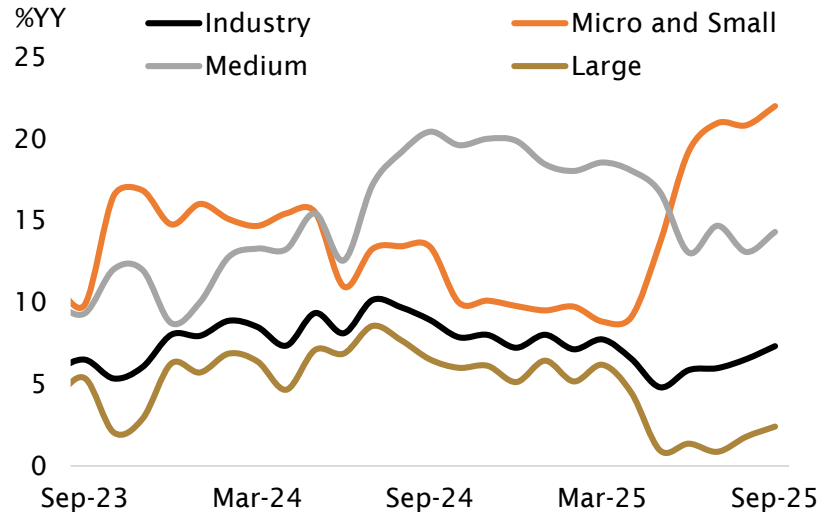
Share in incremental credit (nominal y-o-y change)



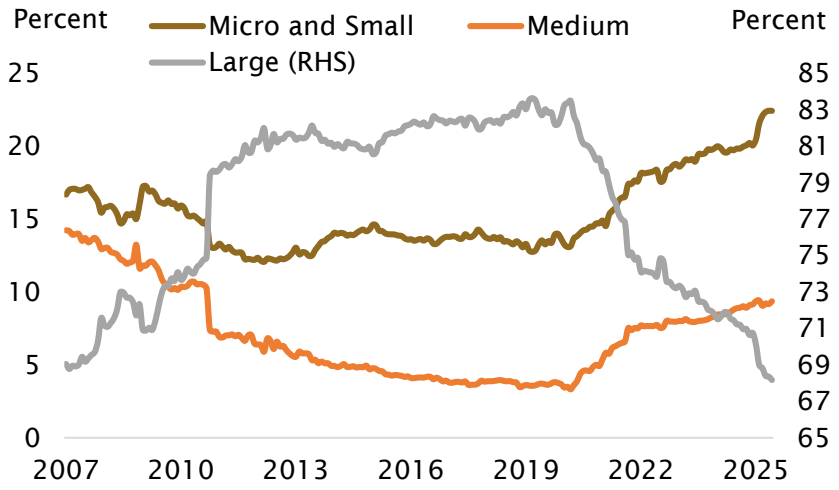
The trend of larger portion of incremental credit accruing to micro and small firms continued in September at ~60% share

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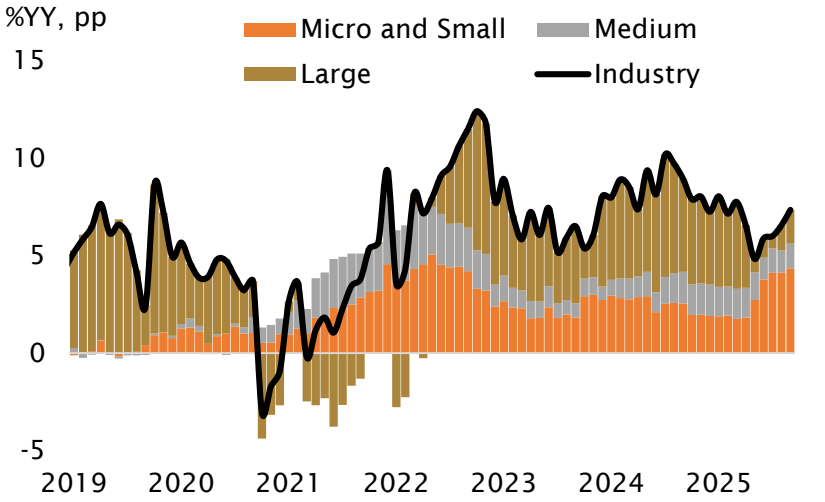
Non-food credit including merger impact: industry



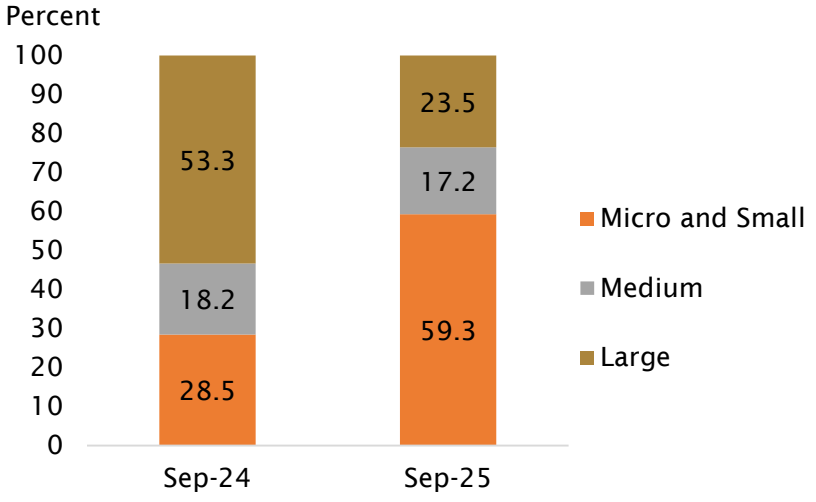
Share in non-food credit: industry



Contribution to non-food credit growth: industry



Share in incremental non-food credit growth: industry



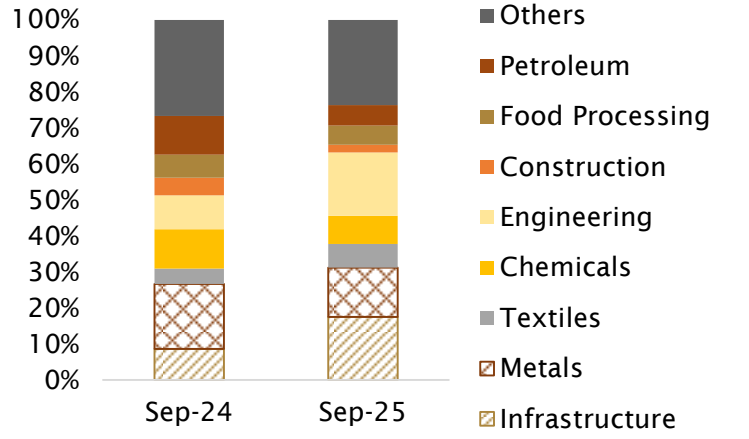
By industry, almost half of incremental credit accrued to engineering, infrastructure, and basic metals

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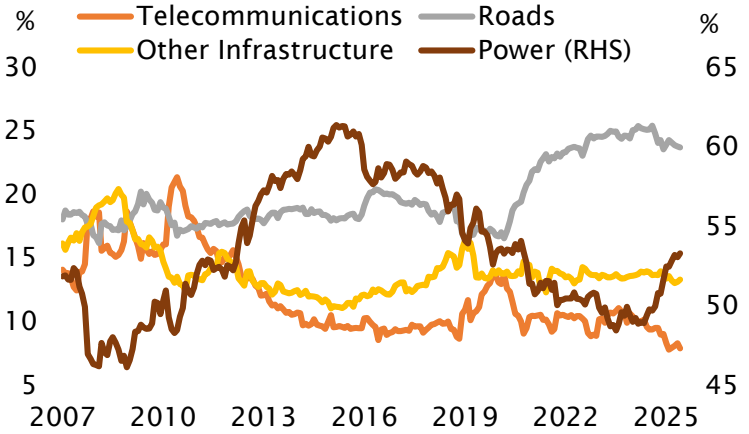
Industry-wise deployment of bank credit

	Share (%)		%YY		Share in incremental credit (%)	
	Sep-24	Sep-25	Sep-24	Sep-25	Sep-24	Sep-25
Infrastructure	34.2	33.0	2.1	3.7	8.6	17.5
Basic metals	11.1	11.3	15.4	9.1	18.1	13.7
Others	7.7	7.3	24.3	2.3	18.4	2.4
Textiles	6.8	6.7	5.4	7.1	4.2	6.6
Chemicals	6.9	7.0	14.9	8.3	10.9	7.8
Engineering	5.7	6.6	15.7	22.5	9.5	17.6
Food processing	5.1	5.1	11.6	7.7	6.4	5.3
Petroleum, coal, etc.	4.5	4.5	24.8	9.5	10.8	5.7
Construction	3.7	3.6	11.8	4.1	4.8	2.1
Vehicles and parts	3.0	3.2	3.2	13.0	1.1	5.3
Rubber, plastic	2.5	2.6	10.7	11.4	2.9	3.9
Gems and jewellery	2.4	2.5	-1.8	10.1	-0.5	3.3
Cement and products	1.6	1.5	-0.7	1.9	-0.1	0.4
Mining and quarrying	1.4	1.5	0.0	12.9	0.0	2.4
Paper and products	1.3	1.3	10.9	9.9	1.6	1.8
Beverage, tobacco	0.8	0.9	21.3	20.1	1.8	2.3
Wood and products	0.7	0.7	11.0	12.4	0.8	1.1
Leather and products	0.3	0.3	5.6	5.1	0.2	0.2
Glass and glassware	0.3	0.3	14.8	10.7	0.5	0.5

Share in incremental credit to industry



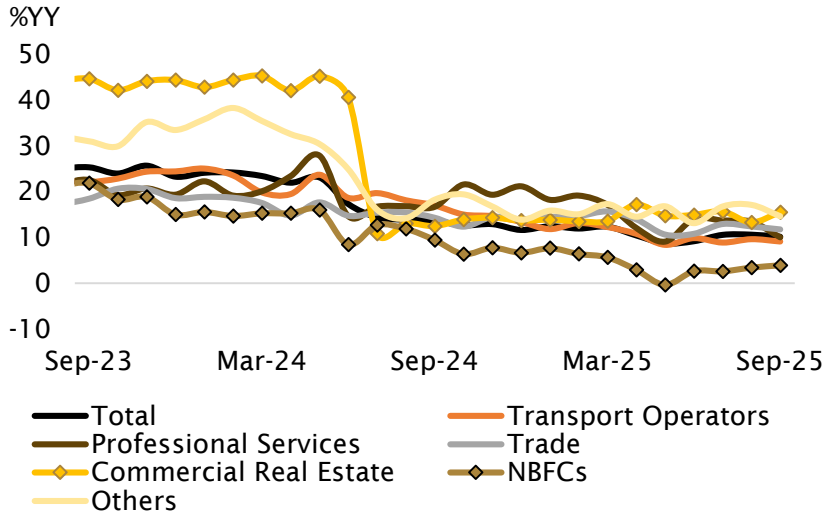
Share in deployment of bank credit: infrastructure



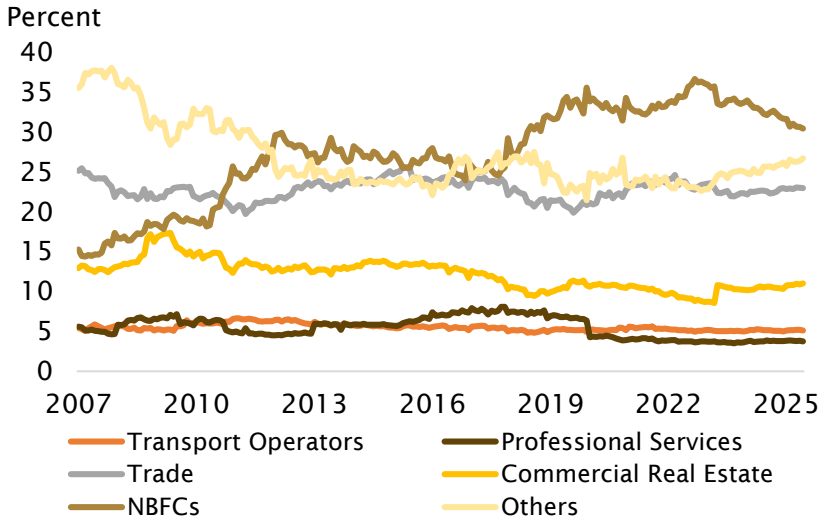
Despite moderation in recent years, largest portion of credit to services continues to accrue to NBFCs at around 30%

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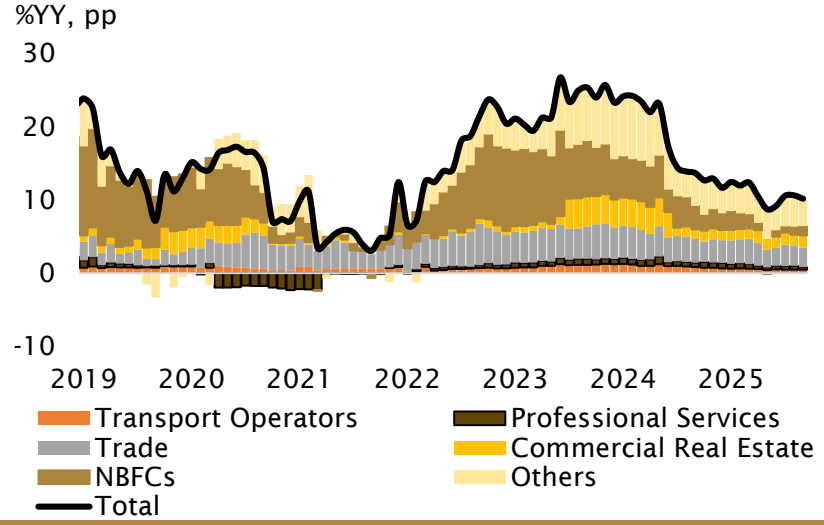
Non-food credit including merger impact: services



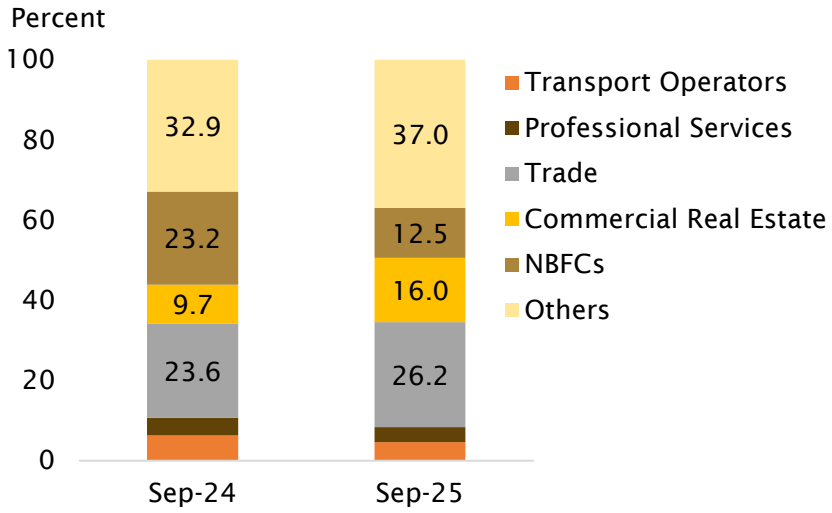
Share in non-food credit: services



Contribution to non-food credit growth: services



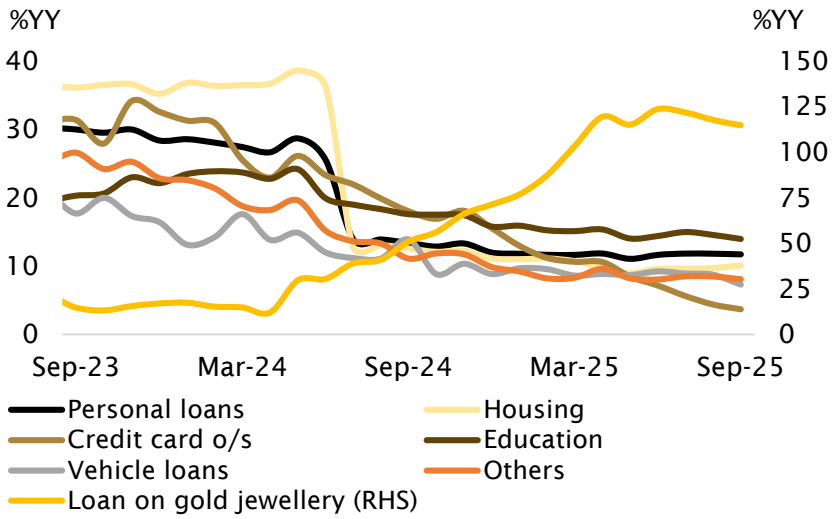
Share in incremental non-food credit growth: services



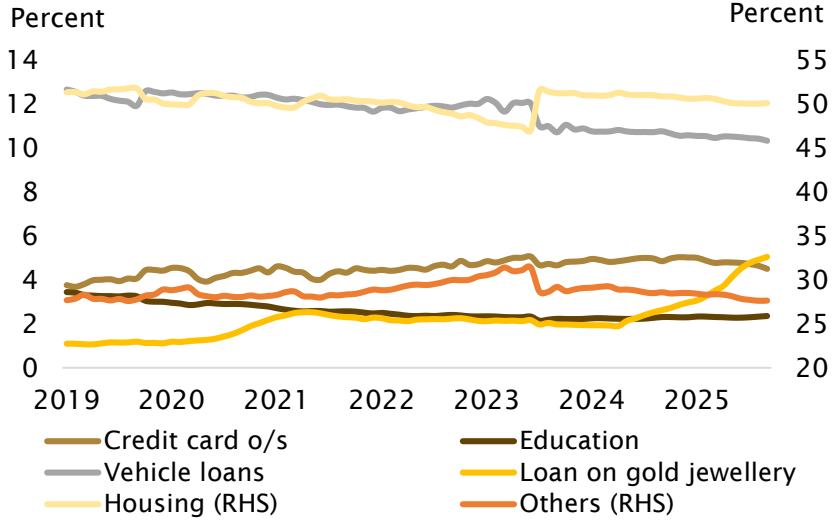
Within personal loans, over 40% of incremental credit went to housing, but share eased y-o-y; share of gold loans at one-fourth

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Non-food credit incl. merger impact: personal loans

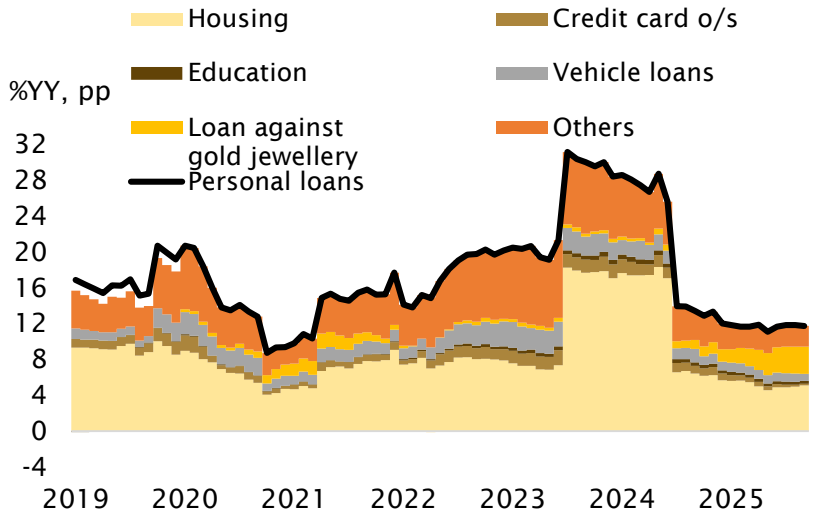


Share in non-food credit: personal loans

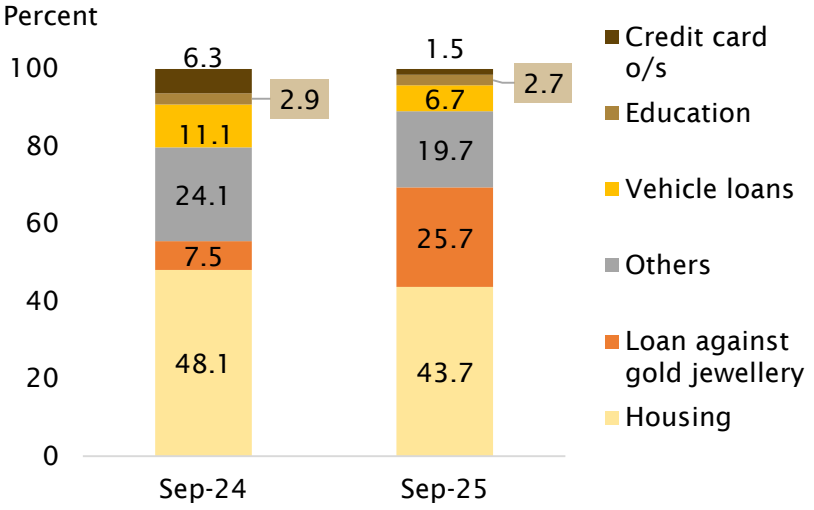


Note: Others includes loans for consumer durables, advances against FDs, shares and bonds, etc.

Contribution to non-food credit growth: personal loans

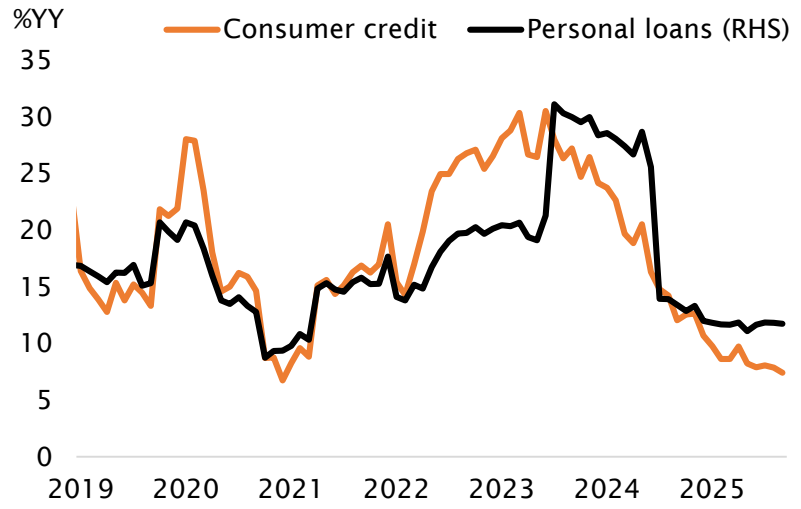


Share in incremental credit growth: personal loans

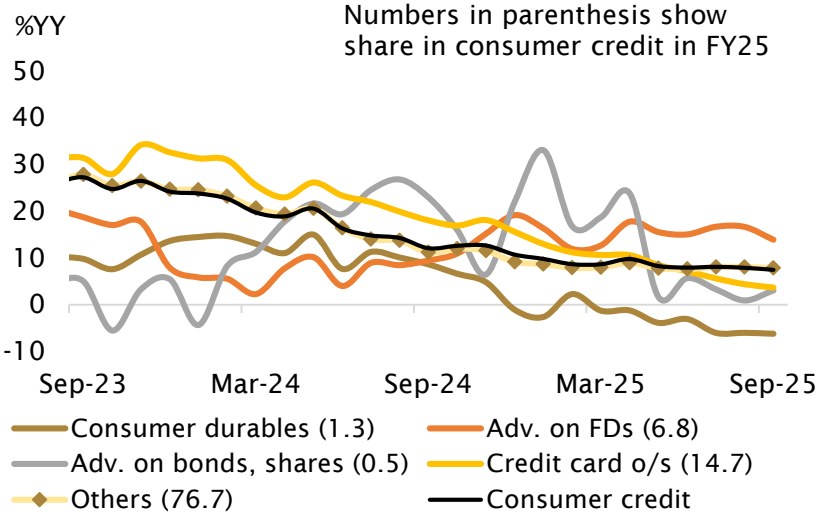


Consumer credit growth eased across segments in September, except advances against shares and bonds

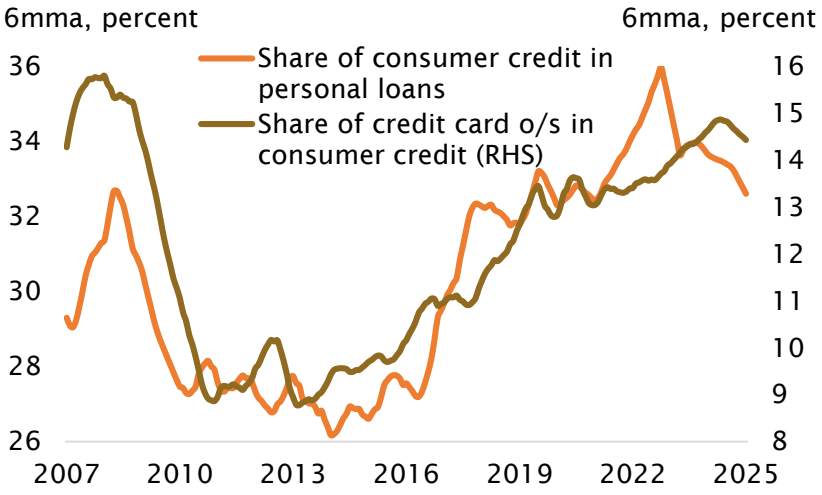
Non-food credit incl. merger impact: consumer credit



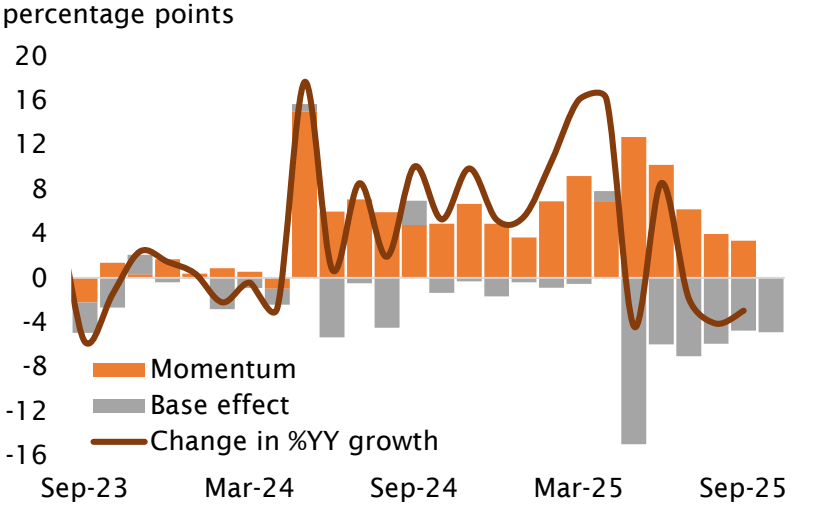
Share in non-food consumer credit



Trends in consumer credit and credit card outstanding



Loans against gold jewellery within personal loans



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