

Pvt banks to take 40% hit in advances by FY'20, says Icra report

MUMBAI, PTI: The market share of private sector lenders in the banking sector advances is expected to increase to an estimated 38-40% by 2019-20, says a report.

According to credit rating agency Icra, the market share of private sector banks stood at 19.9% at end of March 31, 2014 and 27.5% in fiscal 2016-17.

The estimated hike in market share is based considering the capital constraints of public sector banks and assuming an incremental market share of 80% for private sector lenders as well as a credit growth of 7-9% for the banking sector between the current fiscal and 2019-20.

Icra group head (financial sector ratings) Karthik Srinivasan said private sector banks face challenges of increasing competitive intensity because



of weak credit demand while the buoyant debt capital markets pose challenge of balancing growth and profitability.

"Notwithstanding these challenges, private sector banks have performed well and capitalised on the opportunities by delivering a credit growth at three-year compound annual growth rate of 17.8% against 2.5% for public sector banks and with relatively better asset quality," Srinivasan added.