Opinion

SATURDAY, MARCH 16, 2019

NEW ZEALAND SHOOTING

Narendra Modi, prime minister of India

Hatred and violence have no place in diverse and democratic societies

RationalExpectations

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Modi pays price for politicising data

Official data has always been questioned but, by not releasing jobs survey, Modi made it appear he was manipulating the system

YOU CAN QUESTION the timing of the 108 economists and social scientists who have put out a note doubting the credibility of India's official data, and alleged that the data has been influenced by the government, but most will accept that the government has hurt its own case. By refusing to release the latest jobs survey especially, the government has given the impression that it will not release any data that goes against its narrative of a booming economy with jobs aplenty. Indeed, while many questions have been raised about the quality of official data in the past as well—even the economists/social scientists acknowledge this—the government has needlessly politicised the process.

So, when the GDP back-series data was presented to the public—this is when the NDA's growth numbers first rose above those of both UPA-1 and UPA-2—this was done by Niti Aayog instead of the official statisticians. To quote the press release of the 108 academics, Niti is "an advisory body which had hitherto no expertise in statistical data collection". It didn't help that, while the Sudipto Mundle-panel's GDP back-series bumped up the UPA-2 average growth to 8% per year, this got lowered to 6.7% in the revised back-series versus the Modi government's average of 7.35%.

If the official statisticians had been handling various briefings instead of Niti Aayog, the public perception could have possibly been different and the nub of the allegation, that of political manipulation, could probably have been nipped in the bud since the rebasing exercise which led to the change in growth rates—the base year was changed from 2004-05 to 2011-12—was set in motion by the UPA. The methodology for this was also approved by the UPA; that the numbers came out when Modi was in power is just a coincidence.

It is certainly difficult to understand how GDP growth of 9.3% in FY06, for instance, became 7.9% in the rebasing exercise; in overall terms, the rebasing lowered UPA-1's GDP growth from 8.1% to 6.7%. But it can surely be argued that this exercise also significantly raised GDP growth in FY13 and FY14—from an average of 4.9% to 6%—which were UPA years. And while the academics argue the revisions "did not square with related macro-aggregates", it is possible to argue that the fall in WPI in these years boosted growth numbers. And while the much lower credit growth in the NDA years as compared to the UPA's is seen as clinching the argument that the new GDP numbers are incorrect—if credit growth slows, how can GDP grow faster?—the argument is less convincing once you factor in the much lower inflation in the NDA years. As compared to 6.9% in UPA-2, WPI grew a mere 0.6% in the NDA period.

> Latest jobs survey is not comparable with earlier NSS ones as it mostly canvasses those who are more educated. Govt should have focussed on this and released the survey. By not doing so, it hurt its own case

A similar argument is made by the academics about FY17—the demonetisation year—where GDP growth estimates were raised from 7.1% to 8.2% between January 2018 and January 2019. This does seem like the statistical system being manipulated since a higher growth—the highest since FY11—would suggest demonetisation didn't hit economic growth. But keep in mind that this is also a year in which passenger vehicle sales grew at 30.5%, and two-wheelers at 6.9% versus 27.9% and 3% in the previous year; also, demonetisation took place only in November, so the major part of the year was over before its impact could be felt. Indeed, FY18 GDP growth fell to 7.2%, which is consistent with the lagged impact of demonetisation.

An example of how getting statisticians to present the data works better is former chief statistician TCA Anant's defence of the back-series. Anant argued that one reason for higher growth in more recent years was that corporate data from the MCA database—this boosted estimates of GDP—was not available for earlier years; in other words, when better-quality data was available, the government had to use it to improve the quality of GDP estimates, never mind if the same series was not available for the past.

But what really cemented the view that the government wouldn't release data that didn't suit it was the refusal to make public the latest jobs survey; this, in fact, led to the resignation of the head of the National Statistical Commission along with one other member. The increase in unemployment that the survey showed—according to a leaked version of it in *Business Standard*—looked plausible since, over time, India's employment elasticity has been falling, and, in any case, not much of recent GDP growth has come from employment-intensive sectors like ready-made garments, and agriculture growth has also slowed under Modi.

This is embarrassing for a government going to polls, and it also runs contrary to the narrative—created by Ghosh & Ghosh using EPFO data, primarily—of healthy jobs creation, but this doesn't justify not releasing the latest jobs survey. But, more important, as Avik Sarkar, Niti Aayog's data analytics' head wrote in this newspaper (*goo.gl/Bv3rTi*), the latest survey was not comparable with the earlier ones on jobs that the NSS carried out since it canvassed more educated people than in the past; while less than a fifth of Indians have studied beyond Class 12, over 75% of those canvassed in the jobs survey were those who had studied beyond Class 10. As a result, Sarkar argued, it gave lower estimates of jobs and labour force participation as compared to earlier NSS surveys. Instead of stressing this vital difference, by refusing to release the survey, Modi's advisors have let him down, and even though there is no evidence of it, opened him to the charges of manipulating data.

LittleKnowledge

The real travesty of the US admissions scandal is the fact that even Ivy League varsities have holes in their admission procedures

THE US MEDIA is awash with news of 50 parents, including Oscar nominee Felicity Huffman, television star Lori Loughlin, and CEOs of major companies getting charged by federal prosecutors for bribing and cheating their way to securing seats for their children at prominent American universities, including Ivy League ones. These parents and their collaborators exhausted every trick in the book, from cheating in entrance tests to pushing non-athletic children into colleges under athletic scholarships. The travesty isn't that the privileged bypassed the system nor is it the fact that hallowed American higher education institutions aren't paragons of inclusion they think themselves to be. It is not even the fact that tiger parents with the means to buy a gilded future set a poor example for their children. What should rankle the most is that top-billed universities in the US don't have the basic due diligence in place to detect such fraud.

The investigations found no evidence of the universities/colleges having been in the know, and two of the colleges at the centre of the admissions fraud investigation have decided to consider action—the parents may themselves face jail-time. But that doesn't mean that questions will not be asked of the varsities' selection procedures that are supposed to be watertight. If this fraud has been happening for quite some time, there is no telling how many deserving candidates would have lost. There is a lesson here for India, which is seeking to expand private sector participation in the top-quality higher education space—it must have systems in place to avoid such fraud, else the privilege of the few will be perpetuated instead of gains being more broad-based.

UNFRIENDED

YOU CAN'T CALCULATE TRUST BY CODING OR ALGORITHMS. BUT FACEBOOK IS CLEARLY LOSING IT. EVERYONE IS BEGINNING TO ASSUME THE WORST, EVEN IF IT IS NOT FAIR

Facebook's biblically bad week

KARA SWISHER

NYT

EXACTLY WHEN DID Facebook become the Job of internet companies? Just like the beleaguered biblical character who endured woe after woe at God's behest, this social media giant finds itself repeatedly hit by bad news. The difference is that Job was blameless while Facebook has brought many of these disasters upon itself. The biggest recent blow was a report on Wednesday that federal prosecutors in the Eastern District of New York were conducting a criminal investigation into deals Facebook had made with other companies that gave them access to data, allegedly without the consent of users.

Other calamities within the last week alone include a report from the British government accusing Facebook and other companies of hindering consumer choice and stifling innovation and calling for strong regulation; Facebook managing to look as if it was trying to block Senator Elizabeth Warren's attempt to advertise her plan to break up big tech companies like Facebook on Facebook; its services, including the popular Instagram app, going down around the globe, and on Thursday, the announced departures of Chris Cox, Facebook's powerful chief product officer, and Chris Daniels, the boss of WhatsApp—a giant neon sign that the company is in pain. I think we can safely say that only Aunt Becky from "Full House"—that would be Lori Loughlin, captain of the college admissions bad parenting squad—is having a worse time this week.

The Warren ad mess appears to reflect sloppiness by Facebook—she used its logo without permission in some ads, and the company typically pulls down those fast. They have since been restored. And the breakdown? The company has ruled out an outside attack, so it just looks like some Facebook technical issue.

But the other developments are more serious for the company. The 150-page report from the chancellor of the Exchequer in Britain calls for giving users the ability to move data to third parties, making that data available to rivals and creating a code of conduct that includes fines for violations. Senator Warren has gone further by calling for both a breakup of business units and also an unwinding of acquisitions.

> The departure of the two Facebook managers is also a distraction; the internal situation is looking as unstable as the external

Like Facebook's purchase of Instagram. Like Facebook's purchase of WhatsApp. Those. Basically, she is aiming directly at the social giant's future, which Mark Zuckerberg, Facebook's founder and chief executive, pretty much admitted last week when he wrote a memo about integrating those purchases and shifting the platform to a focus on privacy rather than public sharing.

That memo become more interesting to me after The New York Times reported on the new criminal investigation in the Eastern District. Facebook was already lousy with active investigations led by an alphabet of federal agencies including the Federal Trade Commission and the Securities and Exchange Commission, as well as state inquiries and tonnes of lawsuits. What is more, federal prosecutors in the Northern District of California are looking into whether Facebook was, in fact, misled by Cambridge Analytica or if it knew more than it has acknowledged. But that inquiry has been only flirting with the idea of criminal culpability. The new one revealed on Wednesday is a significant escalation for the company.

Let's be clear: This is a criminal investigation, not an oops-we-made-another-sloppy-error one. Which is why Facebook is trying so mightily to lump it in with the other inquiries. "It has already been reported that there are ongoing federal investigations, including by the Department of Justice", a Facebook representative said in a statement. "As we have said before, we are cooperating with investigators and take these probes seriously. We've provided public testimony, answered questions, and pledged that we will continue to do so".

But the Eastern District inquiry is not the same, and this is new and worrisome territory for Facebook. Criminal anything is scary enough, but this news will also have an impact on its management's ability to concentrate on creating innovative products or buying companies to help it get to the next phase of the always-changing tech game. That is no small thing. As the British report pointed out, there have been 400 acquisitions in tech, none of which has been rejected by regulators. That will surely no longer be the case for Facebook. The departure of the two Facebook managers is also a distraction; the internal situation is looking as unstable as the external.

All this is a reminder of what happened almost two decades ago when Microsoft was under investigation for anti-competitive behaviour and monopoly practices. Back then, the company was hit by the press and regulators daily, which drastically slowed its momentum. As the accusations piled up, Microsoft lost people's trust. Of all the consequences that Facebook faces, this would be the most damaging.

You can't calculate trust by coding or algorithms. But Facebook is clearly losing it. Everyone is beginning to assume the worst, even if it is not fair. What is ironic is that this is all escalating when it is evident that the management of the company does seem to get that it needs to change and quickly. "Mark knows he is over a barrel", said one person familiar with Zuckerberg's thinking. "That has sunk in very much now". Good, because such self-reflection has been painfully slow for Zuckerberg and others at Facebook.

This doesn't mean the situation is hopeless for the company. Despite being seen as the font of all that was bad with tech way back in 2001, Microsoft recovered nicely and is today considered one of tech's most upstanding citizens. Zuckerberg may be able to pull something similar off. After all, this is one guy we can be sure didn't need to bribe his way into Harvard.

India needs a land leasing framework

Ensuring food and nutrition security and tackling the looming threat of climate change makes land reforms necessary

AK PADHEE & PK JOSHI

Padhee is country director of the International Crops Research Institute for the Semi-arid Tropics (ICRISAT) & Joshi is South Asia director of International Food Policy Research Institute (IFPRI). *Views expressed are the authors' own*

PM-KISAN (PRADHAN Mantri Kisan Samman Nidhi) is one of the largest income support schemes for small-holder farmers in the world. A targetted support to the agriculture sector is always a welcome move. However, the initiative does not cover landless agricultural labourers and the sharecroppers/tenants, thanks to unavailability of credible records. As per the Agriculture Census 2010-11, there are 138.35 million farm-holdings in India, of which 92.8 million are marginal (<1 ha) and 24.8 million are small (1-2 ha). Even though small and marginal farmers account for more than 85% of total farm holdings, their share in operational area is only 41.2%. About 1.5-2 million new marginal and small farmers are added every year due to law of inheritance. Predominance of smallholders demonstrates their importance in the agriculture policy landscape. Besides, agricultural landless labourers; pastoralists; fishermen and sharecroppers/tenants/lessee cultivators equally contribute to agricultural growth and deserve special attention.

Land reforms in India have not been successful across several states, with the exception of Operation Barga in West Bengal. The land reform legislations in post-Independence India consisted of redistribution of surplus land from the rich to the poor, abolition of intermediaries, security of tenure to tenants (and tenancy regulations) and consolidation of landholdings. Agricultural productivity and farm-size are inversely related; therefore, policies must raise land productivity through appropriate technologies. It is equally important to legalise land leasing to enhance farm efficiency.

Many studies have established direct linkages between tenure security and income security. Ensuring land leasing through a legal framework incentivises tenant cultivators to invest and conserve agricultural land resources, which, in turn, leads to increased land productivity and profitability. Recently, the NITI Aayog recognised that land lease should be viewed as an "economic necessity", not mere "feudal agrarian structure".

Enacting appropriate land leasing laws should be the highest priority of state governments. Such pro-farmer moves (though often viewed with suspicion by political executives and influential groups within the farming communities) are expected to benefit Indian agriculture and, ultimately, raise farmers' incomes. The committee on Doubling Farmers' Income (DFI) of the Government of India has also recommended legislating the model Agricultural Land Leasing Act (brought out by NITI Aayog) to ensure private sector investments in agriculture. The bottleneck of credit flow to lessee farmers/sharecroppers/tenants could be addressed by legalising land leasing, as land is often used by lending financial institutions as collateral for farm loans. The existing legislations on land revenue matters are diverse and complex across the states. The model Land Leasing Act doesn't specify the rent on leased land and the period of lease and has rightly left it to the concerned parties in the land lease market (landowner lessor and lessee cultivators) without any interference from the government. Few states like Madhya Pradesh, Maharashtra and Uttarakhand have implemented the suggested land leasing legislation with some modifications suiting local contexts. States like Odisha and Uttar Pradesh are considering amendments to their existing revenue laws to legalise land leasing. There is no legal ban on leasing in a few states viz. Andhra Pradesh, Tamil Nadu, West Bengal and Rajasthan. There are few states like Odisha, Karnataka and Uttar Pradesh, where specific persons/institutions (armed forces personnel; privileged raiyats) are permitted to lease out their agricultural lands.

Restrictive land leasing legislations in many parts of the country have led to informal and concealed tenancies without security of tenure. This has ultimately resulted in impeding investments in the agriculture sector and, thus, impacted agri-productivity. The fear of agricultural lands falling into the hands of the sharecroppers after a specific period (due to restrictive clauses) has also led to large chunk of lands (as high as 25 million hectares, as per some estimates) remaining fallow in the country. With an enabling framework, legalising land leasing could correct such anomalies. With rising levels of income, the prices of agricultural lands are going up and, therefore, landless agri-labourers and small/marginal farmers can't afford to purchase new parcels of lands. Land tenure security and collective farming are also in the interest of smallholder agriculture. From the evidence in India and the rest of the world, ensuring poor people's access to the land lease market could prove to be a gamechanger for enhancing farmers' income. However, such a big-ticket reform needs strong political will and demands corruption-free implementation.

Another important aspect is ensuring effective modernisation and digitisation of land records. The computerisation of land records, land-property transactions and the registration processes has not matched the challenges of land revenue administration so far. The process of mutation and updating of land records has been slow in many states. The poor maintenance of land records and slow pace of digitisation of land revenue administration is negatively impacting agriculture. High resolution satellite imagery coupled with ground truthing has also been suggested for the survey operations. Aadhaar is uniquely positioned to assist the ongoing process of modernising land records to validate land assets. As land ownership in India is presumptive, moving the existing system to one of state-guaranteed conclusive titles is often advocated. However, the proposed titling would require a massive upgradation of land records and existing processes through computerisation, capacity building of stakeholders and amending the appropriate land laws. This can be carried out in the PPP mode, as already demonstrated in few states of India. Police records in many Indian states show that land disputes are the reason behind a sizeable chunk of cognisable offences (as high as 40% in Bihar) and, therefore, an updated record of ownership would help farmers avoid land-related litigations.

Ensuring food and nutrition security and tackling the looming threat of climate change makes land reforms necessary. A land reforms agenda, particularly the land leasing legislations and updated land records, should receive the highest priority to increase incomes of smallholders, tenant farmers and sharecroppers.

LETTERS TO THE EDITOR

Deal or no deal? May be

Uncertainty and public unrest continue to worsen as the geopolitical environment in the UK and EU region remains largely complicated. Tough opposition by political entities and rising speculations over availability/pricing of goods and basic necessities, once the delayed-Brexit happens, have dampened business sentiment. While prospects of yet another review of the deal drafted by the regime are very much alive, a final go-ahead to the only available option that has been challenged twice, re-negotiation with the EU and preservation of public confidence are the key next steps that ought to be accomplished. With nearly three years of administrative time and effort having been expended towards the initiative, absence of crystal-clear exit terms and prevailing ambiguity over the fulfilment of the first referendum, are impacting the sovereign's goodwill

— Girish Lalwani, Delhi

Tragedy in Christchurch

The number of people who lost their lives at the shooting in New Zealand has risen to 49. The death toll could still rise. The victims were those who were gathered for the Friday prayers. The attacks have necessitated the closure of mosques across New Zealand for safety and the cancellation of the cricket test match between New Zealand and Bangladesh. The purported killer, a white supremacist extremist from Australia, is reported to have live-streamed his mowing down the victims on social media. Facebook and Twitter removed his 'manifesto' filled with anti-immigrant, anti-Muslim sentiments. Islamophobia, marginalisation of Muslims and the atmosphere of hate seemed to have conspired to make the enormous tragedy come to pass

— G David Milton, Maruthancode

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TARIFF RATE QUOTAS

They protect domestic producers from competition from large imports. They also allow consumers and producers in the importing country to enjoy benefits of lower priced products

A boon for trade deals

SANJAY CHADHA
Additional Secretary, Department of Commerce
Views are personal


ILLUSTRATION: ROHNIT PHORE

INDIA HAS A WHOPPING $104 billion trade deficit with the 16-member Regional Comprehensive Economic Partnership (RCEP) grouping, which was 64% of India's total trade deficit of 2017-18. No wonder, there is a raging debate on opening up a very significant portion of the market, given the sensitivities around agriculture- and labour-intensive domestic industries. Several other trade agreements are also in various stages of negotiations.

Long-term back-ending of tariffs or spreading tariff eliminations over a longer period of time have been our palladium of trade negotiations in the past. However, it need not continue to be so for all lines in which concessions are eliminated. The introduction of tariff-rate quotas (TRQs) can be a more germane transitional tool, providing a degree of safeguard to the future demand growth in a rapidly expanding market. This is especially true when negotiating with countries which have saturated markets and do not reciprocate such a potential for growth in their markets.

A TRQ allows a set quantity of specific products to be imported at a low or zero rate of duty. TRQs are established under trade agreements between countries.

TRQs do not function as an absolute limit on the quantity of product that may be imported. The "TRQ commitment", therefore, does not apply any limits on the quantity per se of import of a product, but applies a higher rate of duty for that specific product once imports up to the "TRQ commitment" have been reached.

For example, the US cotton tariff quota protects US cotton growers while allowing textiles manufactures to import some cheaper cotton also.

Another aspect of TRQ is that the quota component works together with a specified tariff level to provide the desired degree of import protection. Essentially, a TRQ is a two-tiered tariff instrument. Imports entering within the quota portion of a TRQ are subject to a lower tariff rate called the tariff quota rate or TRQ rate. The later Imports that are unable to make it to quota's quantitative threshold face a much higher tariff rate, which is normally the MFN tariff (MFN tariffs are what countries promise to impose uniformly on imports from other members of the WTO). In other words, Tariff Rate Quota is a limit on the quantity eligible for lower or zero duty.

The use of this instrument is globally quite prevalent. It is estimated that as many as 1,200 TRQs are operated each year by WTO members, including the EU, Japan, Canada and the US. This ensures that limited volumes of these sensitive products can enter their market at a low tariff, whereas the tariff outside the TRQ quantity is kept high to offer a degree of protection to the domestic producers.

Essentially TRQs are a compromise. On one side, they protect domestic producers from having to face competition from large quantities of imports. While on the other, they allow consumers and producers in the importing country to enjoy benefits, albeit a limited one, of lower priced products.

Tariff quotas are used on a wide range of products. Most are in the agriculture sector: cereals, meat, fruit and vegetables, and dairy products. Sugar is not far behind. Sugar is protected in most producing countries with tariff quotas. However, not all TRQs are food: And not all are agricultural.

In fact, most of the current WTO TRQs are in the agricultural sector. The idea behind this arrangement was that even if members were sensitive to lowering tariffs in agriculture, they would be obliged to open up a modicum of access to some of their domestic market demand.

In the larger perspective, the compromise in international trade negotiations, comes from the need to strike a balance between the interests of the consumers and downstream producers and the competing domestic producers of each country. How that balance is struck depends on the country's lobbying forces of the various interest groups.

The TRQ have found a sweet spot in the evolving global trade arrangements. While they were born of a need to ensure that existing market access was maintained, in recent times, they have played vital roles in consuming trade arrangements.

TRQs have now become a way of reaching a consensus with trading partners to sign up trade deals. The EU-Japan bilateral deal was finally unblocked with a TRQ for cheeses including mozzarella, Brie, Camembert and feta. As for the proposed EU-Mercosur deal, EU TRQs for beef and ethanol are the main event as far as Brazil and Argentina are concerned, though they represent a fraction—only 1% for beef—of total EU consumption.

The success notwithstanding, TRQ have their share of criticism.

Trade liberalisation proponents argue that TRQs are a complex, inefficient and perhaps even counter-productive way to conduct trade liberalisation. They go as far as to say that this will do well to feature is the trade policy of the 19th century, but certainly not the 21st.

They certainly do well to argue that while TRQs allow imports, they do so in an inefficient manner. For, they create new distortions and impediments to further liberalisation. They argue that TRQs have as much to do with managing trade as freeing it. Yet, TRQs now appear to be a permanent fixture of global trade.

The reason is not far to see. On the one hand, TRQs are used as sweeteners to help reach a consensus in trade negotiations, on the other, TRQs help overcome traditional domestic opposition to trade deals—they are a trade-off between the broader interests of consumers and the degree of protection afforded to the competing domestic producers. As a result, it also puts pressure on them to improve their efficiency, while abating the higher production costs on account of market imperfections.

But more importantly, one can ratiocinate its utility as an instrument for stimulating growth in domestic production and investment in manufacturing that is driven by domestic demand.

The challenge, in this context, lies in addressing the concerns of domestic Industry? Their argument cannot be ignored: If duties are zero, who will make in India? Does a reasonable duty wall bring in investments? For example, global car majors invested in India on account of an import duty wall.

A possible clue in addressing this concern lies in surveying the happenings in global trade, especially in regard to China. China has built its global leadership in trade on the strength of its investments. As per the recent Nomura report on Sino-US trade war, 43 per cent of China's exports are by Foreign owned companies, bringing up the pertinacious need for inducing investments in manufacturing—more so today than ever before, as industries in China are relocating or diversifying their production base.

While it can indisputably be argued that the TRQ administration system should be as conducive to trade as possible and must not 'impair or nullify the market access commitments negotiated', it is also argued that a system of TRQ administration which is 'transparent, predictable and minimises transactional costs for traders, is not a unicorn, and it need not be seen as an insurmountable task.

Historically, the quotas are allocated through a slew of processes. These are: Auction, where importers bid for shares or licences; First-come, first-serve, where physical imports charged in-quota tariffs until the quota is filled; Licence on demand, where allocation is made in relation to quantities demanded, often before the period start of the quota—first-come, first-served or allocations trimmed proportionately; and finally, import by state trading entities.

While the idealist can propound many arguments on the undesirability of TRQs, the realist must take into account the imperfections in the global trade and the salvific effect of TRQs on fast growing markets where domestic manufacture fills in a sizeable portion of the domestic demand.

One cannot dispute the fact that a tariff arbitrage is an effective tool for inducing local manufacture or at least domestic value addition in the country. It has been a basic tool in the country's Phased Manufacturing Program policy. If we are to induce investments in manufacturing, then the future growth in domestic market, perhaps, need not be committed entirely to a zero tariff regime, however back ended. A quantity linked tariff elimination could also be considered in the long run, keeping aside our future demand growth as an inducement for investments and expansion of domestic manufacturing.

DATA DRIVE

Retail credit driving loan growth

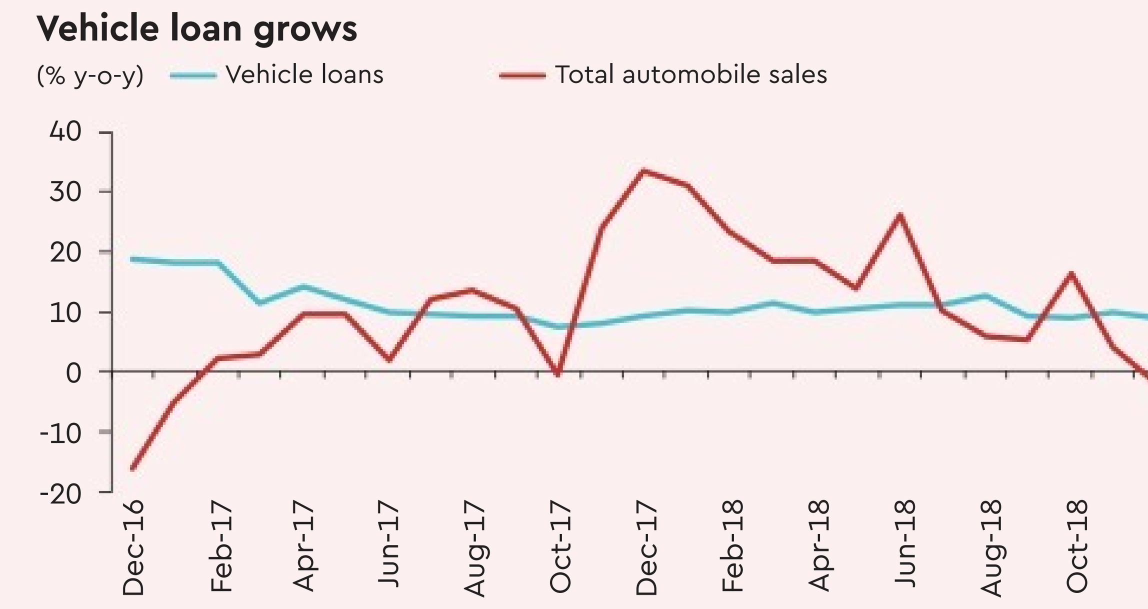
WHILE THE SHARE of bank credit to the commercial sector remains high, retail credit is picking up pace. Personal loans contributed 48.6% to the incremental credit in March 2018, a sharp rise from 20% in March 2013.

Data from RBI show that industry's share in credit has remained at a third over the years, followed by personal loans and services. Credit to industry that was growing above 20% until 2011-12 contracted in 2016-17 and recovered only in November 2017. The pick-up in credit since May 2017 was driven by private sector banks, while public sector banks continue to lag because of the large non-performing loans.

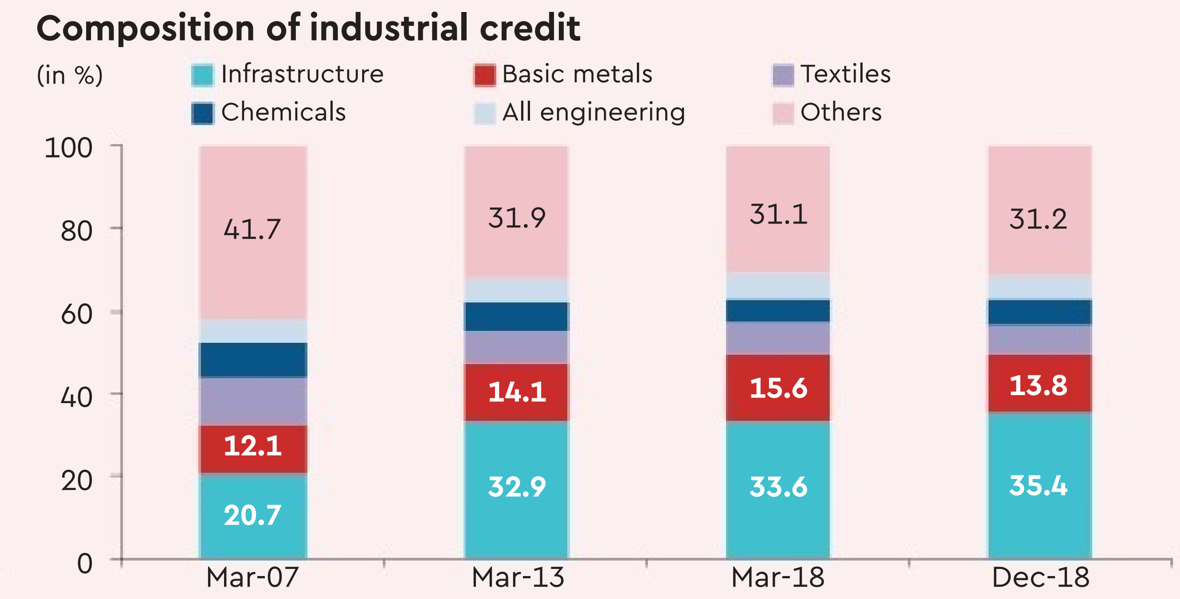
Personal loans have registered above-average growth, driven by housing and automobile loans. However, auto loan growth has moderated of late, clearly reflected in slowing auto sales growth. Housing and vehicle loans account for more than 60% of the personal loan portfolio, with the former remaining the main driver of credit growth.


ILLUSTRATION: SHYAM KUMAR PRASAD

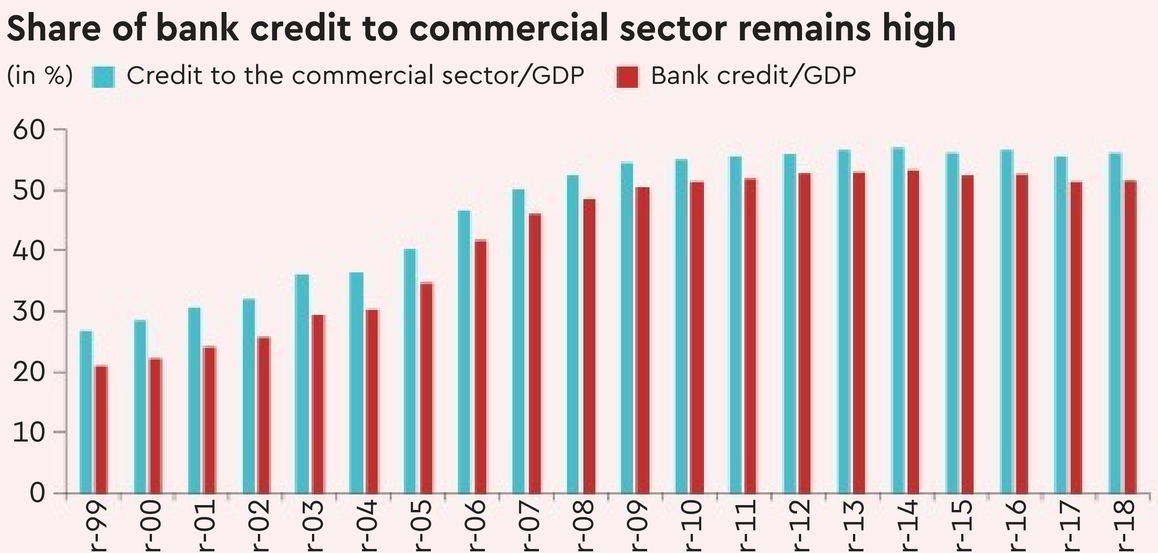
Vehicle loan grows



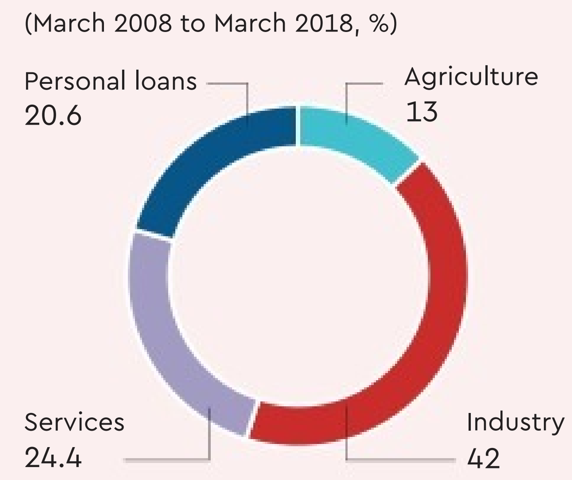
Composition of industrial credit



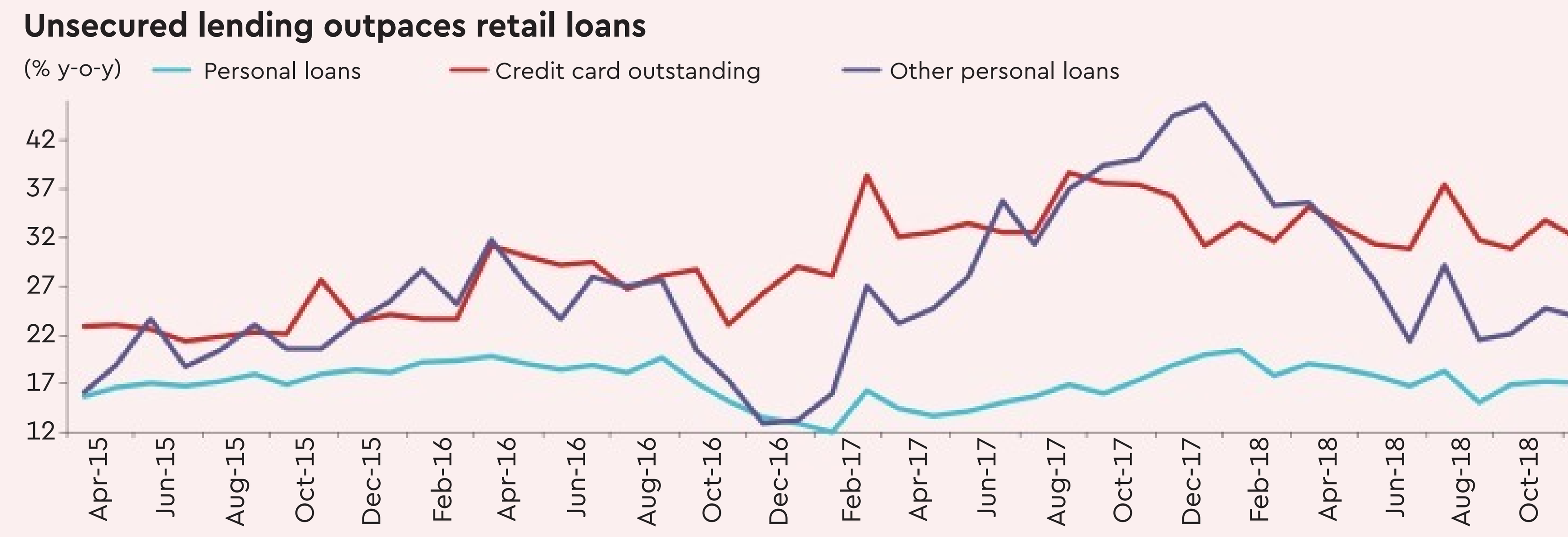
Share of bank credit to commercial sector remains high



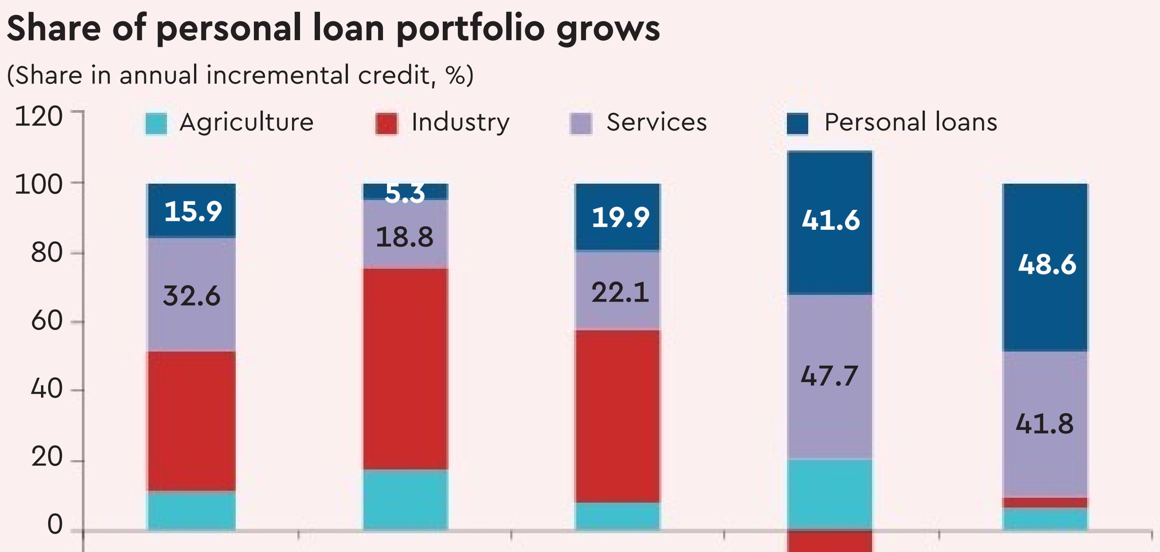
Industry gets the largest share of non-food credit



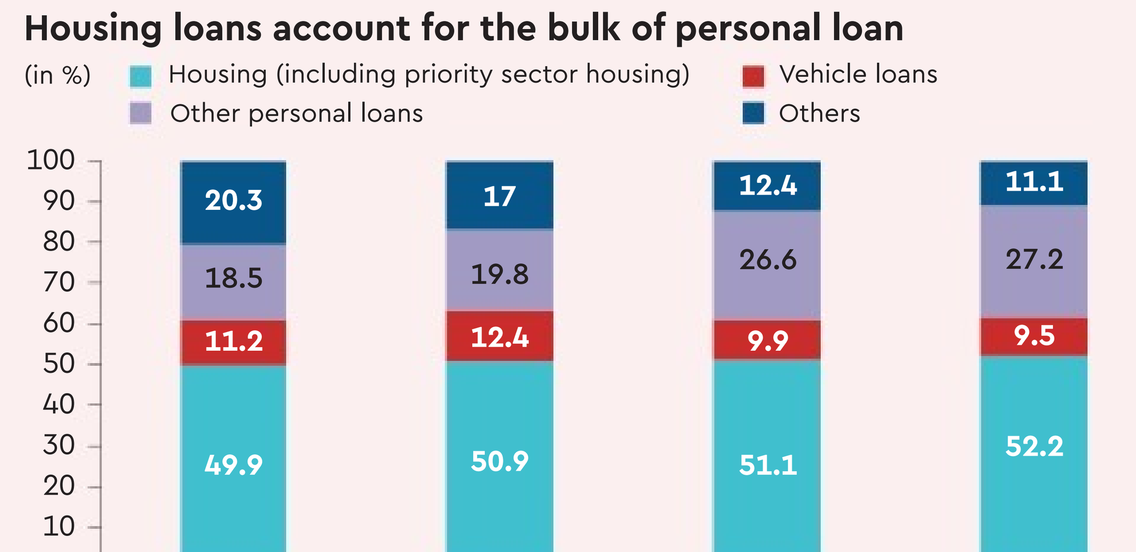
Unsecured lending outpaces retail loans



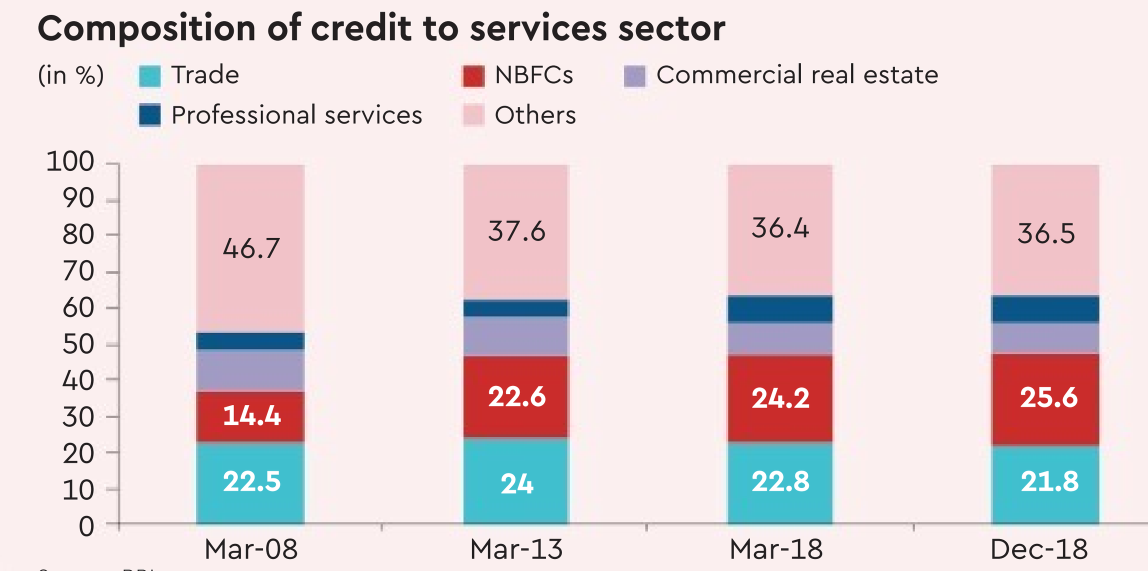
Share of personal loan portfolio grows



Housing loans account for the bulk of personal loan



Composition of credit to services sector



Source: RBI