

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3305
ANSWERED ON:13.08.2010
BANKS DEPOSIT AND CREDIT
Naik Dr. Sanjeev Ganesh

Will the Minister of FINANCE be pleased to state:

- (a) the details of banks deposit and bank credit disbursed during each of the last three years and the current year;
- (b) whether deposit growth has slowed down and lending picked up during the period;
- (c) if so, the details thereof alongwith reaction of the Govt. thereto; and
- (d) the measures taken or proposed to be taken in this regard?

Answer

The Minister of State in the Ministry of Finance(Shri S.S. Palanimanickam)

(a): The details of year-on-year variation in outstanding bank deposits and bank credit in respect of Scheduled Commercial Banks (SCBs) for 2007-08, 2008-09, 2009-10 and for the latest period during the current year are given below:

(Rs. in crores)

Year	Aggregate Deposits	Bank Credit
2007-08	5,85,006 (22.4)	4,30,724 (22.3)
2008-09	6,37,170 (19.9)	4,13,636 (17.5)
2009-10	6,58,716 (17.2)	4,69,239 (16.9)
July 17,2009	7,15,834 (21.7)	3,68,405 (15.6)
July 16,2010	5,83,253 (14.6)	5,89,976 (21.3)

Figures in parentheses are per cent annual growth
Source: RBI.

(b) to (d): During the current year up to July 16, 2010, deposit growth slowed down to 14.6% from 21.7% a year ago while growth of bank credit increased from 15.6% to 21.3% during the same period. Lower growth in deposits and higher growth of credit was partly on account of banks' financing of 3-G spectrum and broadband wireless access auction which resulted in tightening of liquidity in the system. The RBI took certain measures to ease the liquidity by giving additional liquidity support under the liquidity adjustment facility (LAF).