

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1801  
ANSWERED ON:17.07.2009  
ANNUAL GROWTH RATE OF CREDIT  
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**Will the Minister of FINANCE be pleased to state:**

- (a) Whether the annual growth rate of credit in tier III cities is much lower than that of tier I cities;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps being taken by the Government in this direction?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a), (b) & (c) : Operating the credit system to the country's advantage by ensuring adequate flow of credit to the productive sectors is under the domain of the Reserve Bank of India (RBI). The RBI does not have the information regarding the growth rate of credit in tier III cities being lower than that of tier I cities. However, population groupwise annual growth rate in gross bank credit of Scheduled Commercial Banks made available by the RBI is given below:

Table: Population Group wise Annual Growth Rate in Gross Bank Credit of Scheduled Commercial Banks

(per cent)  
Quarter ending March 31

Population Group	2006	2007	2008	2009
Rural	25.5	21.5	18.3	14.0
Semi-Urban	27.5	25.6	21.5	15.7
Urban	31.3	27.4	21.3	20.4
Metro-Politan	31.6	30.1	23.9	20.2
All India	32.3	28.5	22.8	19.3

Source: RBI

Note:

- 1) Data on outstanding credit is based on BSR-7 survey.
- 2) Gross bank credit represents bank credit excluding inter-bank advances as per Form-A return under section 42(2) of RBI Act, 1934 together with outstanding amount of bills rediscounted with RBI and Financial Institution
- 3) Population group classification of banked centers is based on population figures as per 2001 census and the definition/cut-off size of population groups are as follows:

`Rural` group includes centers with population less than 10,000; `Semi-Urban` group includes centers with population of 10,000 and above but less than 1 lakh; `Urban` group includes centers with population of 1 lakh and above but less than 10 lakh; and `Metropolitan` group includes centers with population above 10 lakh.

