

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1610
ANSWERED ON:04.03.2011
CREDIT BY BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) the details of maintenance of credit growth levels, supporting social banking and ensuring employment growth, etc. so as to strengthen the economic recovery ahead;
- (b) the allocations of credit through Public Sector Banks for Agriculture, Micro, Small and Medium Industries during the last three years;
- (c) whether these allocations were fully utilised; and
- (d) if so, the recovery status during the same period and its percentage thereof vis-a-vis loans?

Answer

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

(a) & (b): The year-on-year non-food credit growth according to Reserve Bank of India (RBI) data was at 23.6 per cent as on February 11, 2011 as compared with 15.6 per cent during the same period of previous year. Since early October, 2010, this has been above the RBI's indicative projection of 20 per cent. Disaggregated data suggest strengthening of economic recovery. Credit growth, which was earlier driven by the infrastructure sector, is becoming increasingly broad-based across sectors and industries. Credit flow to the services sector such as transport operators, tourism, hotel and restaurant and commercial real estate increased significantly, besides retail housing and personal loans. As regards industry, apart from infrastructure, increase in credit was significant for metals, engineering, textiles, food processing and chemical and chemical products. A target of 40 per cent of adjusted net bank credit (ANBC) or credit equivalent amount of off balance sheet exposure (OBE) whichever is higher as on 31st March of the previous year, has been stipulated for lending to the Priority Sector by domestic Scheduled Commercial Banks (SCBs), both by the Public and Private Sectors Banks.

The outstanding advances granted by Public Sector Banks to the priority sector as on the last reporting Friday of March 2008, 2009 and 2010 is given below:

(Rs crore)

As on the last reporting Friday of

March 2008 March 2009 March 2010 (Provisional)

Total priority sector advances 6,10,450 (44.7) 7,24,150 (42.8) 8,64,564 (41.7)

Total advances to agriculture 2,49,397 (18.3) 2,99,415 (17.7) 3,70,730 (17.3)

Total advances to MSEs 1,51,137 (11.1) 1,91,408 (11.3) 2,78,398 (13.2)

Source: RBI.

Note: The figure in parentheses show percentage of advances to ANBC or credit equivalent amount of OBE, whichever is higher.

(c) & (d): As on the last reporting Friday of March, 2010, three out of 27 Public Sector Banks could not achieve their overall Priority Sector Lending targets. Commercial Banks are, however, required to deposit a proportion of shortfall in their lending to agriculture sector in the Rural Infrastructure Development Fund. These details are published in the annual publication of the RBI: "Report on Trend and Progress of Banking in India".