

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2002
ANSWERED ON:02.12.2011
CREDIT GROWTH TO VARIOUS SECTORS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve bank of India (RBI) has expressed serious concern over uneven credit growth to sectors such as real estate, infrastructure, NBFCs, etc.;
- (b) if so, the details thereof;
- (c) whether the banks have been improving their profitability and asset quantum in the year 2010-11 as compared to the previous year; and
- (d) if so, the details thereof and if not, the reasons therefor?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) & (b): As per the information published by Reserve Bank of India in the Financial Stability Report June 2011, incremental credit growth during the last few years was mainly propelled by credit growth in few sectors, viz., retail, commercial real estate and infrastructure. Credit growth to specific sectors may pose concerns. According to the data published in the Report on Trend and Progress of Banking in India 2010-11, during 2010-11, on a year-on-year basis, credit to infrastructure, real estate, retail and Non-Banking Financial Companies witnessed a growth of 38.6 per cent, 21.4 per cent, 19.5 per cent and 54.8 per cent, respectively as compared with the previous year's growth of 40.7 per cent, -0.3 per cent, 4.9 per cent and 14.8 per cent, respectively.

(c) & (d): Profitability of the banking sector witnessed an improvement in 2010-11 over the previous year. The return on assets improved to 1.10 per cent in 2010-11 from 1.05 per cent in the previous year. The asset quality of the banking sector also witnessed an improvement in 2010-11 as compared with the previous year.