

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:483

ANSWERED ON:07.08.2009

CREDIT GROWTH RATE

Hegde Shri Anant Kumar;Joshi Dr. Murli Manohar

Will the Minister of FINANCE be pleased to state:

- (a) the growth in the credit rate recorded during January 2008 to June 2009 in the public sector banks, bank-wise and monthwise;
- (b) whether the credit growth rate of banks has declined during the period from October 2008 to June 2009 as compared to the period from January 2008 to September 2008;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the sector-wise flow of credit during the same period?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.483 FOR 07.08.2009 REGARDING CREDIT GROWTH RATE TABLED BY SHRI ANANTKUMAR HEGDE AND DR. MURLI MANOHAR JOSHI

- (a) Bank category-wise & month-wise growth of credit of Scheduled Commercial Banks including Public Sector Banks (PSBs) is given at Annexure I.
- (b) There was deceleration in credit growth of PSBs from 20 per cent between January 2008 & September 2008 to 9 per cent between October 2008 and June 2009. However, this deceleration was much lower than that recorded by private sector banks & foreign banks.
- (c) The main reason for deceleration of credit growth was sharp slowdown in growth of the economy during the latter half of 2008-09 with both industry & export sector recording negative growth for several months. The global meltdown & volatility in financial markets resulted in rising uncertainties & dampened business sentiments thereby further contributing to slow down in demand for credit.
- (d) Sector-wise flow of credit for PSBs is given at Annexure-II.