

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:962

ANSWERED ON:10.07.2009

DISBURSEMENT OF LOANS

Hegde Shri Anant Kumar;Sharma Shri Jagdish

Will the Minister of FINANCE be pleased to state:

- (a) whether the amount of loans disbursed by the banks has shown increase every year during the last three years;
- (b) if so, the rate of growth in the loan amount for the said period;
- (c) whether there is a variation in growth rate among the public sector banks, private sector banks and foreign banks;
- (d) if so, the reasons therefor; and
- (e) the steps being taken by the Government to remove variations in growth rate?

Answer

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

(a) & (b): As reported by the RBI, outstanding gross bank credit of Scheduled Commercial Banks registered a positive year-on-year growth of 28.5% in 2007, 22.8% in 2008 and 19.3% in 2009.

(c) & (d): During the financial year ending 2009, credit growth of Public Sector Banks (PSBs) was higher compared to Private Sector Banks and Foreign Banks. The variation in credit growth could be on account of several factors including the business model followed by the concerned banks and their exposure to risk in a given economic scenario.

(e): The banking sector is regulated by the Reserve Bank of India (RBI) and the Government has no influence or direct role to play in the credit growth of private and foreign banks as their business growth is decided by their respective boards. In the case of Public Sector Banks (PSBs), however, bank-wise credit targets are jointly decided by the Government and the bank concerned. In the Financial Year 2009, PSBs as a group were able to achieve the overall credit target set by the Government.