

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3672
ANSWERED ON:11.12.2009
LIQUIDITY CRUNCH
Adsul Shri Anandrao Vithoba

Will the Minister of FINANCE be pleased to state:

- (a) whether there is a possibility of liquidity crunch due to high rate of growth in credit particularly in credit cards, housing, commercial real estate and personal loans;
- (b) if so, the details thereof;
- (c) whether the Government has prepared any policy to help the banks to raise their deposits;
- (d) if so, the details thereof;
- (e) whether the Government advised the Banking sector to lower the credit rate without hurting the housing sector; and
- (f) if so, the details thereof?

Answer

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

- (a): The rate of growth of credit during the current year is lower compared to last year. Consequently, there is ample liquidity with the banking system and no liquidity crunch is foreseen in the immediate future.
- (b): Does not arise.
- (c): The year-on-year growth in bank deposits was 19% as on 20th November, 2009 which is higher than RBI's target of 18% for the year as a whole. This is adequate for meeting the current demand for credit.
- (d): Does not arise.
- (e): No, Sir.
- (f): Does not arise.