

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:808
ANSWERED ON:24.07.2015
Bank Credit Growth
Kharge Shri Mallikarjun

Will the Minister of FINANCE be pleased to state:

- (a) whether the bank credit growth dropped to a 18-year low while deposit growth fell to a 19-year low in 2014-15: and
- (b) if so, the details thereof and the reasons therefor along with the sector-wise growth of various sectors during each of the last three years;

Answer

The Minister of State in the Ministry of Finance
(SHRI JAYANT SINHA)

(a) and (b): There has been a deceleration in growth of bank credit and deposits of scheduled Commercial Banks(SCBs) in 2014-15 as compared to previous years. Details of year on year growth of aggregate deposit and bank credit of SCBs for the last 19 years is given at Annexure-I.

The deceleration in growth of bank credit in the year 2014-15 was mainly due to slow down in non food credit offtake in the first half of the year and the demand for bank credit from the corporate sector being modest on account of restrained economic activity. Weak profitability and higher leverage of the corporates, rising NPA levels of state owned banks & their subsequent capital erosion led to more cautious lending. Further, the burden of the stalled projects and weak investment sentiment caused by high cost of funds coupled with weak aggregate domestic demand added to the constraints.

The deceleration in growth rate of aggregate deposit in the year 2014-15 was mainly due to lower accretion of non-resident deposits. In the previous year, there was large mobilization of Non Resident Indians (NRIs) deposits under the concessional swap scheme offered by Reserve Bank of India during September-November, 2013.

Details of sector wise credit growth in the last three years are given at Annexure-II.