

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7313
ANSWERED ON:13.05.2005
DOMESTIC CREDIT TO PRIVATE SECTOR
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Will the Minister of FINANCE be pleased to state:

- (a) the existing ratio between the domestic credit to private sector and GDP;
- (b) whether the Government fix any target for the financial year 2005-06 in this regard;
- (c) if so, the details thereof;
- (d) if not, the reasons therefore; and
- (e) the place of India in terms of percentage of domestic credit to the private sector out of GDP compared with countries like China, Germany, etc.

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a), (b), (c), and (d): Bank credit to commercial sector as a percentage of GDP, as on March 31, 2005, was 41.0 per cent. In the Annual Policy Statement for the year 2005-06, non-food credit (including non-SLR investments of banks) has been projected to increase by around 19.0 per cent during 2005-06. This magnitude of credit expansion is expected to meet adequately the credit needs of all the productive sectors of the economy.
- (e): As per the latest data available in the International Financial Statistics, IMF, April 2005, credit to private sector as a percentage of GDP for India in 2003 was 32.0 per cent compared to 147.7 per cent for China, 117.3 per cent for Germany and 63.9 per cent for United States of America.