

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1651

ANSWERED ON:10.12.2004

CD RATIO OF FSB

Patil Shri Balasaheb Vikhe;Singh Shri Suraj

Will the Minister of FINANCE be pleased to state:

- (a) whether there has been a phenomenal increase in the cash deposit ratio of public sector banks and also private banks;
- (b) if so, the details about the turnover and income of the private banks during the last three years;
- (c) the details about the deposit/loan ratio of private banks and public sector banks during the last three years;
- (d) whether banks has started raising the deposit rate`s by 0.25% to 0.5% and also lending rates;
- (e) if so, the manner by which the Government would maintain them at current rate; and
- (f) whether the private banks are involved in making more customers by way of providing loans through various schemes thus making them indebted;
- (g) if so, the details thereof; and
- (h) whether the Government proposes to take action by way of checking the schemes of the private banks in which loans are provided at higher interest rate; and
- (i) if so, the details in this regard?

Answer

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

(a),(b) & (c): The bank-wise details of credit-deposit ratio of Public and Private Sector Banks, based on outstanding aggregate deposits and gross bank credit as on March, 31st of 2002, 2003 & 2004 are given in the enclosed Annexures I & II. The Reserve Bank of India (RBI) has no information about the turnover and income of the private banks during the last 3 years.

(d): Some banks have recently raised their deposit rates; by 25-50 basis points. As to advances, some banks such as SBI, ICICI & HDFC have raised their lending rates by 25-75 basis points since November, 2004 for home loans in fixed/floating categories.

(e): According to the mid term review of RBI's annual policy statement for the year 2004-05 . released on October 26, 2004, the outcome for interest rates depends mainly on inflation, growth, prospects and investment demand and it is not possible to predict short-run movements in interest rates, without taking cognizance of possible movements in all other macro-economic variables which are also subject to unanticipated changes because of unforeseen domestic or external developments.

(f),(g),(h) & (i): Banks have been offering different products to their customers, keeping in view the sharp increase in loans for housing and consumer credit.. The mid term review of the annual policy of the RBI for 2004-05 has proposed raising the risk weight from 50% to 75% in case of housing loans and from 100% to 125% in the case of consumer credit including, personal loans and credit cards.