

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:152
ANSWERED ON:02.12.2005
CREDIT DEPOSIT RATIO
Thomas Shri P.C.

Will the Minister of FINANCE be pleased to state:

:

- (a) the Credit Deposit Ratio of various public sector banks in India, State-wise and Bank-wise ;
- (b) whether investments of funds from public sector banks in the rural sector and backward States are comparatively low ;
- (c) if so, the reasons therefor; and :
- (d) the corrective measures being taken by the Government in this regard ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF (SHRI P CHIDAMBARAM)

(a),(b),(c)& (d): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a), (b), (c) & (d) of Lok Sabha Starred Question No.152 for answer on 2.12.2005 regarding Credit Deposit Ratio of Public Sector Banks tabled by Shri P C Thomas

(a) The Credit Deposit Ratio (C D Ratio) of Public Sector Banks as on March 2005 State-wise and Bank-wise is at Annexure-I & II.

(b)&(c) Agriculture credit of Public Sector Banks has shown an increasing trend from Rs.42210 crores in the year 2003-04 to Rs.64,610 crores in 2004-05. The total Ground Level Credit for agriculture for the year 2004-05 was Rs. 1,15,242 crores. Agriculture credit is also likely to show further increase in the current financial year Hence flow of credit in the rural sector cannot be considered to be low.

However, in comparative terms CD Ratio in the States of Jammu & Kashmir, Arunachal Pradesh, Assam, Nagaland, Tripura, Bihar, Jharkhand, Uttaranchal and Goa and the Union Territories of Andaman & Nicobar Island, Dadra & Nagar Haveli and Daman & Diu is less than 30% as against the All India CD Ratio of Public Sector Banks which was 62.89% as on March, 2005. Some of the major reasons for low C D Ratio in these states include :

- i. Non-availability of adequate infrastructural facilities.
- ii. Low absorption capacity
- iii. Non-development of medium and large industries
- iv. Low recovery performance of banks
- v. Disturbed law and order situation in some of the states,

(d) (i) RBI had advised the convenor banks to take up the issue of low CD Ratio in State Level Bankers' Committee (SLBC) meetings for identifying measures for enhancing the CD Ratio. It is now being regularly monitored in these meetings.

(ii) Government had set up an Expert Group under the Chairmanship of Shri YSP Thorat, MD, NABARD to go into the nature and magnitude of the problem of low CD Ratio across states/regions and suggest steps to overcome the problem. The recommendations of the Expert Group have been accepted with some modifications. RBI has accordingly issued instructions to scheduled commercial banks on 9th November, 2005 to compute the CD Ratio on the basis of the revised parameters. It has also been decided to set up Special Sub-Committees (SSCs) in Districts having CD Ratio of less than 40% and to draw up Monitorable Action Plans in consultation with the State Govts. to increase the CD Ratio in a phased manner.