

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1504
ANSWERED ON:03.03.2006
DEMAND DEPOSITS
Deora Shri Milind Murl

Will the Minister of FINANCE be pleased to state:

- (a) whether there has been a visible trend of demand deposits rising faster than time deposits during this fiscal year.
- (b) if so, the percentage thereof as compared to the last fiscal year and the reasons for the same;
- (c) whether according to Reserve Bank of India, the rapidly expanding credit coupled with demand pressure on the economy is also a cause of concern; and
- (d) if so, the manner by which the Government propose to annual its impact on financial and price stability in the country and keep a vigil on credit quality?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) & (b): During the current financial year so far (up to February 3, 2006), demand deposits of Scheduled Commercial Banks increased by 29.1 per cent as compared with 7.5 per cent during the corresponding period of the previous year while time deposits recorded a growth of 13.8 per cent as compared with 12.2 per cent.
- (c) & (d) : Credit growth across various Industries, particularly to infrastructure and retail sectors is a reflection of greater credit penetration and increased investment activity in the economy. However, concerns about credit quality has led the Reserve Bank of India (RBI) to urge banks to undertake a comprehensive review of credit quality, including a segment-wise analysis of activities with special reference to those sectors where credit is expanding rapidly.