

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:32
ANSWERED ON:03.07.2009
DISBURSAL OF LOANS BY COMMERCIAL BANKS
Sharma Shri Jagdish;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of FINANCE be pleased to state:

- (a) whether the targets fixed for loan disbursement by the commercial banks have not been achieved during each of the last three years;
- (b) if so, the details thereof;
- (c) the reasons for variations in the targets for disbursement during the same period; and
- (d) its impact on the loan market?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.32 FOR 3RD JULY, 2009 REGARDING DISBURSEMENT OF LOANS BY COMMERCIAL BANKS TABLED BY SHRI RAJIV RANJAN SINGH alias LALAN SINGH AND SHRI JAGDISH SHARMA.

(a) & (b): The Reserve Bank of India (RBI) does not fix targets for overall loan disbursement by the commercial banks. Based on its assessment of the overall growth of the economy, the RBI only gives indicative projections for the growth of credit during the year. However, in case of the Public Sector Banks (PSBs), there are specific targets for credit growth in the `Statement of Intent on Annual Goals` agreed upon by the Government. In the last 3 years, the PSBs have achieved the overall targets of advances. The RBI's projections and the year-on-year credit growth of the commercial banks and the PSBs are given in the table below.

2006-07 2007-08 2008-09

RBI's 20% 24% - 25% 24%
projections

All 28,1% 22.3% 17.3%
Commercial
BanksC)
(includes PSBs)

Public Sector 29.3% 24.9% 25.6%
Banks

Data as on last reporting Friday of the year.

(c): Based on its assessment of the sources of funding and overall credit requirements of the various productive sectors of the economy, the RBI has projected different rates of credit growth in the last three years.

(d): The outstanding credit of Scheduled Commercial Banks increased by about 92% in the last three years, with credit outstanding increasing from Rs. 14,43,920 crore as on March 31, 2006 to Rs. 27,70,012 crore as on March 27, 2009.