


	प्रेस प्रकाशनी PRESS RELEASE
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Review of flow of credit from banking sector

Shri S.P. Talwar, Deputy Governor, RBI met CMDs and Senior Officials of leading public sector banks today at Mumbai to discuss the prevailing situation in the credit dispensation by the banks to the commercial sector.

At the outset he mentioned that the recent measures announced by the Reserve Bank keeping in view the prevailing situation in finance and forex markets were temporary and that they should not come in the way of flow of credit to the commercial sector. Referring to the concern of credit offtake in the current financial year, Shri Talwar pointed out that the non food bank credit to commercial sector upto November 21, 1997 had increased only by Rs. 3660 crores. However, if Talwar Shri the bank' investments in commercial paper, bonds and debentures and shares of PSUs and corporate sector were taken into account, the total flow of resources from scheduled commercial banks to commercial sector had increased by Rs. 14384 crores as compared to Rs. 5651 crores in the previous year. Shri Talwar expressed central bank's concern in slow offtake of bank credit.

The bankers were of the view that they had enough lendable resources and additional credit sanctions during the current financial year upto November 21, 1997 were to the extent of Rs. 24680 crores as against additional sanctions of Rs. 13001 crores during the corresponding period last year. The bankers pointed out that the corporate sector was resorting to various other means of financing and the financial institutions had also started giving working capital finance in a larger way. The demand for credit has started picking up during November 1997 and it is expected that the credit growth in the coming months will be quite encouraging. Mr Talwar expressed the view that it is the medium and small segments of industry and trade which require more financial support from banks. After viewing the current situation, bankers were advised to step up the flow of credit by activating the functionaries at operative levels and to monitor the credit growth on a monthly basis. The bankers were advised to convene meetings of regional and zonal heads and visit some of the branches to monitor the situation.

The bankers assured the Reserve Bank that they will give thrust to the financing of trade and commerce and put in place measures for ensuring adequate flow of credit to all sectors.

It was also decided to set up a working group to formulate modalities for extending credit to software industry.

(Alpana Killawala)
General Manager

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