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Uttar Pradesh's priority sector lending likely to jump 52% in FY25

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Illustration: Binay Sinha

Credit flow into Uttar Pradesh's priority sectors is estimated to touch Rs 5.73 trillion in 2024-25, according to the State Focus Paper 2024-25 for UP, prepared by the National Bank for Agriculture and Rural Development (Nabard).

Agriculture, micro, small and medium enterprises (MSME), and services sector are identified as priority sectors by the government.

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According to the Nabard paper, the agriculture and MSME sectors would account for loans worth Rs 2.46 trillion and Rs 2.92 trillion, respectively.

While the agricultural loans may represent a Y-o-Y growth of 6 per cent in FY25, the MSME may post an uptick of 178 per cent to jump from Rs 1.05 trillion in 2023-24 to Rs 2.92 trillion the next financial year.

To achieve the \$1-trillion economy target, the state would need a growth rate of 250 per cent in agriculture, 300 per cent in MSME, and 450 per cent in services sectors.

Underscoring the importance of credit as the catalyst for growth, finance minister of UP Suresh Khanna has nudged bankers to improve the state's credit deposit (CD) ratio.

Moreover, a state delegation is participating in the World Economic Forum (WEF) at Davos, Switzerland to showcase UP as a leading investment destination.

The state is also promoting startups for job creation. Recently, Assocham of UP partnered with Bharat Startup & Innovation Society (BSIS), a charitable society that works on nurturing and mentoring the next generation of entrepreneurs.

"BSIS has regional chapters in India. With footprint in other countries (as well, it can) handhold domestic startups," its National President Vinayak Nath said.

Meanwhile, S K Dora, chief general manager of Nabard, UP, termed the state the "growth engine" of India with an estimated growth rate of 19.2 per cent.

"In terms of ease of doing business, the state has moved to the 2nd position from 14th in 2017," he said while stressing on further increasing the farm credit flow.

The State Focus Paper aggregates the credit potential at the ground level for all the 75 districts. Based on the paper, the annual credit plan for 2024-25 will be finalised by the state level bankers' committee (SLBC) in UP.

Moreover, the state is taking steps to boost farm exports by improving the harvest quality. Khanna lamented that UP accounts for 20 per cent of total millet production of India, but the exports were only one per cent.

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