

# Business Standard

## Uttar Pradesh govt asks banks to increase credit flow in state economy

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Virendra Singh Rawat | Lucknow



Representative Picture

Days after launching private investment projects worth Rs 10 trillion, the Uttar Pradesh government has asked banks to boost the credit-deposit (CD) ratio to 65 per cent in the next financial year.

The CD ratio currently stands at 59 per cent, lower than the national ratio of 80 per cent.

Chief Minister [Yogi Adityanath](#) has said his government would not only support banks in the mission, but also invest in capacity building of the loan beneficiaries. “The series of loan melas should continue

unabated,” he said, asking banks to expand the scope of digital banking and financial literacy.

Easy availability of loans to sectors, such as agriculture, industry, housing, and small and medium enterprises, is the key to propelling state as India’s first trillion-dollar economy, which is among the state government’s top priorities.

On February 19, Prime Minister Narendra Modi launched over 14,000 projects worth Rs 10 trillion at a groundbreaking ceremony in Lucknow. These projects are promoted by Hiranandani Group, Torrent Power, Greenko, Ashok Leyland, JSW Energy, Tata Technologies, and Varun Beverages, among others.

CD ratio shows the money raised by banks as deposits are being deployed as loans. High CD ratio indicates liquidity and easy availability of funds for industry and businesses.

Andhra Pradesh, Telangana, Tamil Nadu, Maharashtra, Gujarat, and Karnataka are among the leading states with high CD ratio.

Meanwhile, the CM lauded the banks for taking proactive steps to infuse capital in the different segments, which facilitated the CD ratio to touch 59 per cent compared to below 50 per cent earlier. “It is encouraging to note that the total banking business in UP has more than doubled to Rs 26.80 trillion now from Rs 12.80 trillion in 2016-17,” he added.

In 2016-17, the banks disbursed loans worth Rs 1.37 trillion in UP, which increased to over Rs 3 trillion in 2022-23. As of December 2023, the advances stood at over Rs 2.98 trillion.

Earlier, the state government had urged banks to increase credit flow, especially in the economically backward regions of Purvanchal, Madhyanchal, and Bundelkhand.

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