

DEVELOPMENTS IN MONEY, CREDIT AND BANKING IN THE SECOND QUARTER OF 1990

The money stock maintained a modest rate of growth during the first two months of the second quarter. However, at the end of June, the rate of growth accelerated sharply due to a surge in net foreign assets of the banking system. Aggregate credit (net) to the economy maintained a downward trend due to the continued decline in credit (net) to the government sector. Banking system credit to the private sector continued to grow sharply although a de-celeration was in evidence.

The pace of increase in the number of commercial and merchant banks increased from 2 in the first quarter to 9 in the second, while the movements in the loan/deposit and liquidity ratios were mixed for the two classes of banks. The aggregate loan/deposit ratio of commercial banks fell while that of merchant banks increased. Correspondingly, commercial banks' aggregate liquidity ratio rose while that of merchant banks fell sharply.

Money Supply

The money stock, which recorded modest growth during the first quarter of 1990, accelerated sharply at the end of the second quarter. The narrow money supply measure (M1) had declined consecutively in April and May before recording a 10.4 per cent increase in June. At N28.8 billion at the end of June 1990, M1 showed an increase of 7.9 per cent during the quarter, compared with the 4.0 per cent rise in the first quarter. The increase over December 1989 was 12.2 per cent, a rate of expansion clearly out of line with the 13.0 per cent target for fiscal 1990. Broad money supply (M2) also accelerated sharply in June. At N47.0 billion, M2 expanded by 21.3 per cent over December 1989, up from 6.6 per cent at the end of March.

The growth in M1 during the quarter was driven by the substantial rise of N3.7 billion in net foreign assets of the banking system and the sharp increase of N3.9 billion in "other" assets (net) of the banking system. The expansion in the system's "other assets" (net) was attributable largely to the rise in Central Bank's "other assets", notably Treasury Issues Account and to commercial banks' "other assets", comprising mainly balances and call money with other banks. The substantial decline in bank credit to the domestic economy by N4.9 billion and the N552.8 million rise in quasi-money, however, moderated the rise in M1 (see Table 1).

The increases in both M1 and quasi-money led to an increase of N2.7 billion or 5.4 per cent in M2 during the quarter. In the previous quarter, M2 rose by N1.0 billion or 4.0 per cent while the June level of M2 indicated a rise of 21.3 per cent over December 1989.

Credit to the Economy

As in the previous quarter, aggregate bank credit to the domestic economy declined persistently during the second quarter of 1990. It fell by 4.0, 0.2 and 5.9 per cent in April, May and June respectively, and by N4.9 billion or 9.9 per cent during the quarter, in contrast to the increase of N438.7 million or 0.9 per cent in the first quarter. At the June-end level of N44.8 billion, aggregate system credit was N4.5 billion or 9.1 per cent lower than its end-December 1989 level as against the target maximum expansion rate of 13.5 per cent for fiscal 1990. Both the government and private sector contributed to the observed decline during the quarter, with the

former accounting for the bulk - 97.3 per cent. However, the contraction in credit (net) to the government sector largely reflected the growth in Federal Government deposits with the Central Bank due mainly to the stabilization funds. Total credit (gross) to the government continued to expand considerably.

Credit to Government

Net bank claims on the government sector fell by N2.6 billion or 18.7 per cent to N11.5 billion in June 1990, following declines of N624.8 million or 4.2 per cent in May and N1.5 billion or 9.3 per cent in April. Compared to the level at the end of the previous quarter, net claims on government fell by N4.8 billion or 29.4 per cent during the quarter compared with the N2.1 billion or 11.3 per cent decline in the preceding quarter and N565.3 million or 2.2 per cent in the corresponding period of 1989. The fall in the review quarter was accounted for wholly by Central Bank's net claims which fell sharply by N5.9 billion or 48.9 per cent to N6.1 billion. Commercial and merchant banks' credit to the sector, on the other hand, increased. Commercial bank credit rose by N1.0 billion or 25.1 per cent of N5.1 billion while merchant bank claims increased by N77.4 million or 58.4 per cent to N210.0 million. The observed rise reflected the banks' increased treasury bill holdings.

Credit to Private Sector

Bank credit to the private sector, which maintained a high tempo in the first quarter of 1990, showed a decline in the second quarter. It fell by 1.5 per cent in April, rose by 1.6 per cent in May and declined by 0.5 per cent in June. Aggregate system's credit to the sector contracted by N134.0 million or 0.4 per cent to N33.3 billion during the quarter, in contrast to the increases of N2.5 billion or 8.1 per cent and N380.7 million or 1.3 per cent in the first quarter of 1990 and the second quarter of 1989, respectively. The fall was traceable to both the Central Bank and merchant banks whose respective claims on the sector declined by N323.6 million or 17.2 per cent and N8.8 million or 0.1 per cent. Unlike the excessive growth exhibited in the first quarter, Central Bank credit to the sector, mainly on account of export bills rediscounting, declined persistently during the review quarter by N28.8, N178.8 and N116.0 million in April, May and June, respectively. At the end of the review quarter, commercial and merchant bank credit to the sector had increased by 9.6 and 2.4 per cent respectively, over December 1989, compared with the 5.0 per cent target stipulated for the first two quarters of the year.

Foreign Assets of the Banking System

The upward trend in the movement of the banking system's foreign assets in evidence since 1989 continued in the second quarter of 1990. After decelerating in April, the rate of growth accelerated by N2.0 billion in May and N1.6 billion in June. Over the level at end-March 1990, the system's foreign assets holding in June, 1990 increased sharply by N3.7 billion or 12.4 per cent to N33.3 billion. The increase was, however, smaller than the N6.4 billion-rise of the previous quarter but larger than the increase of N155.0 million or 1.0 per cent observed in the corresponding period of 1989. Of the total reserves outstanding at the end of the quarter, Central Bank held N23.3

billion or 69.9 per cent, compared with 65.8 per cent in the first quarter and 48.9 per cent in the second quarter of 1989.

Commercial Banking

The number of commercial banks in operation increased during the quarter by 5 to 53, following the increase of one in the previous quarter. However, the banks' aggregate assets/liabilities, rose at a slower pace. The increase in the quarter was N1.9 billion or 2.9 per cent compared to the much larger increase of N3.2 billion or 4.8 per cent in the first quarter. On the assets side, the reduced pace of increase reflected moderation in the rate of growth of loans and advances and a fall in interbank claims. Total deposit liabilities of the banks rose during the quarter by N21.9 billion or 10.6 per cent.

The banks' aggregate credit increased during the quarter by N1.2 billion or 2.8 per cent, a much lower pace of growth compared to the increase of N3.0 billion or 11.8 per cent in the previous quarter. Credit to the private sector increased by a relatively modest N199.9 million or 0.8 per cent to N24.5 billion, compared to N1.9 billion or 8.7 per cent in the previous quarter. Loans and advances, the major components of the banks' credit, increased during the quarter by N629.0 million or 2.7 per cent, while investments including leasing claims decreased by N429.6 million or 38.5 per cent. The banks' aggregate loan/deposit ratio fell from 80.8 per cent in the previous quarter to 77.7 per cent while their aggregate liquidity ratio rose from 36.5 to 38.6 per cent.

A sectoral analysis of total outstanding loans and advances at the end of the quarter showed that the priority sectors accounted for 46.4 per cent as against the prescribed minimum of 50 per cent. While allocation to Agriculture exceeded the stipulated minimum of 15 per centage points, that to manufacturing fell short by 4.6 per centage points. Loans and advances to small-scale enterprises exceeded the stipulated 20 per cent by 2.2 per centage points, having increased during the quarter by N432.8 million or 8.9 per cent to N5.3 billion. Loans to rural borrowers increased by N48.1 million or 1.2 per cent to N4.1 billion and represented by N48.1 million or 1.2

per cent to N4.1 billion and represented 65.5 per cent of total deposits mobilised in the rural areas.

Merchant Banking

Four new merchant banks commenced business during the quarter, bringing the total at the end of the quarter to 39. The banks' total assets/liabilities, however, declined by N645.3 million or 2.7 per cent. The decline in total assets was nearly evenly spread between inter-bank claims and "other assets" while the banks' deposit liabilities declined by N732.6 million or 15.9 per cent.

The banks' aggregate credit to the economy increased during the quarter by N14.6 million or 0.2 per cent to N7.3 billion. Private sector credit which accounted for 97.2 per cent of total, fell during the quarter which accounted for 97.2 per cent of total, fell during the quarter by N16.9 million or 0.2 per cent. Loans and advances, the major components of credit, declined by N20.1 billion or 0.4 per cent to N5.3 billion. Domestic investment, however, increased by N3.2 million to N1.95 billion. Leasing claims, a major component of investments, declined by N2.3 million or 0.2 per cent to N1.4 billion and accounted for 6.0 per cent of the banks' total assets.

The distribution of banks' loans and advances by economic sectors showed that outstanding loans to the priority sectors, (agriculture and manufacturing), accounted for 57.8 per cent, 7.8 per centage points above the prescribed minimum. In terms of maturities, short-term loans accounted for 50.2 or marginally lower than in the previous quarter. It was, however, substantially above the prescribed maximum of 20 per cent. Medium and long-term loans together accounted for 32.6 per cent of total.

The banks' loan/deposit ratio increased from 97.4 per cent in the last quarter to 110.3 per cent while the liquidity ratio fell by 13.0 per centage points to 23.7 per cent.

Financial Analysis Division
Research Department.

TABLE 1

MONETARY AND CREDIT DEVELOPMENTS IN THE SECOND QUARTER OF 1990
(N' million)

	JUNE 1990 (1)	MARCH 1990 (2)	DECEMBER 1989 (3)	JUNE 1989 (4)	CHANGES BETWEEN (1) & (2)		CHANGES BETWEEN (2) & (3)		CHANGES BETWEEN (1) & (3)	
					Absolute	Per cent	Absolute	per cent	Absolute	Per cent
CREDIT TO DOMESTIC ECONOMY (NET)	44,797.3	49,697.8	49,259.1	56,328.2	-4900.5	-9.9	+438.7	+0.9	-4461.8	-9.1
CREDIT TO PRIVATE SECTOR	33,322.2	33,456.2	30,942.8	30,681.0	-134.0	-0.4	+2513.4	+8.1	+2379.4	+7.7
(i) Central Bank	1,563.6	1,887.2	1,502.2	1,251.2	-323.6	-17.2	+385.0	+25.6	+61.4	+4.1
(ii) Commercial Banks	24,470.1	24,271.7	22,325.8	22,269.7	+198.4	+0.8	+1945.9	+8.7	+2144.3	+9.6
(iii) Merchant Banks	7,288.5	7,297.3	7,114.8	7,160.1	-8.8	-0.1	+182.5	+2.6	+173.7	+2.4
CREDIT TO GOVERNMENT SECTOR (NET)	11,475.1	16,241.6	18,316.3	25,647.2	-4766.5	-29.4	-2074.7	-11.3	-6841.2	-37.4
(i) Central Bank ¹	6,145.7	12,017.7	15,189.8	20,599.0	-5872.0	-48.9	-3172.1	-20.9	-9044.1	-59.5
(ii) Commercial Banks ²	5,119.4	4,091.3	3,035.8	4,883.8	+1028.1	+25.1	+1055.5	+34.8	+2083.6	+68.6
(iii) Merchant Banks	210.0	132.6	90.7	164.4	+77.4	+58.4	+41.9	+46.2	+119.3	+131.5
FOREIGN ASSETS (NET)	33,326.0	29,654.5	23,290.0	15,960.9	+3671.5	+12.4	+6364.5	+27.3	+10036.0	+43.1
(i) Central Bank ³	23,302.9	19,508.8	13,451.1	7,799.4	+3794.1	+19.5	+6057.7	+45.0	+9851.8	+73.2
(ii) Commercial Banks	6,375.4	6,737.2	6,610.9	5,108.6	-361.8	-5.4	+126.3	+1.9	-235.5	-3.6
(iii) Merchant Banks	3,647.7	3,408.5	3,228.0	3,052.9	+239.2	+7.0	+180.5	+5.6	+419.7	+13.0
OTHER ASSETS (NET)	-26,203.0	-30,103.7	-26,326.2	-25,312.5	+3900.7	+13.0	-3777.5	-14.3	+123.2	+0.5
TOTAL MONETARY ASSETS	51,920.3	49,248.6	46,222.9	46,976.6	+2671.7	+5.4	+3025.7	+6.6	+5697.4	+12.3
QUASI MONEY	23,079.2	22,526.4	20,525.3	23,028.2	+552.8	+2.5	+2001.1	+9.8	+2553.9	+12.4
MONEY SUPPLY	28,841.1	26,722.2	25,697.6	23,948.4	+2118.9	+7.9	+1024.6	+4.0	+3143.5	+12.2
(i) Currency Outside Banks	11,826.5	10,880.5	11,688.4	10,412.1	+946.0	+8.7	-807.9	-6.9	+138.1	+1.2
(ii) Private Sector Demand Deposits	17,014.6	15,841.7	14,009.2	13,536.3	+1172.9	+7.4	+1832.5	+13.1	+3005.4	+21.4
TOTAL MONETARY LIABILITIES	51,920.3	49,248.6	46,222.9	46,976.6	+2671.7	+5.4	+3025.7	+6.6	+5697.4	+12.3
FED., GOV'T DEMAND DEPOSITS	39,537.4	29,877.7	14,033.9	14,040.8	+9659.7	+32.3	+15,843.8	+112.9	+25503.5	+181.7

¹ Less Federal Govt. deposits with the Central Bank and Fed. Govt. external assets

² Less " " demand deposit with commercial banks

³ Includes Federal Government External Assets

TABLE 2

MERCHANT BANKS' SOURCES
& APPLICATION OF FUNDS
MARCH — JUNE 1990

COMMERCIAL BANKS'
SOURCES & APPLICATION
OF FUNDS.
MARCH — JUNE 1990

	SOURCES	APPLICATION	SOURCES	APPLICATION
ASSETS				
Cash & Cash Items	-184.7	—	-595.1	—
Balances held with other banks	-337.8	—	-1,079.5	—
Loans and advances (including Call Money outside Banks)	—	+91.9		+649.0
Investments	—	+42.2		+1,309.5
Other Assets (including Call Money within Banks)	-254.6	—		+1,666.5
Equipment On Lease	-2.3	—		+22.8
LIABILITIES				
Capital issued, paid-up and reserves	+208.3	—	+289.5	
Balances held for other banks	—	-236.8	+29.3	
Money on Call from other banks	—	-992.6		-191.6
Loans and Advances from other banks	-538.6	—		-745.8
Deposits		-732.6	+1,940.3	
Certificate of Deposits	+69.7		+176.0	
Other Liabilities	+500.1	—	+475.5	
TOTAL	2,096.1	2,096.1	4,585.2	4,585.2

TABLE 3

COMMERCIAL BANKS' ASSETS AND LIABILITIES
(N^o Million)

	(1) Decemr 1989	(2) June 1989	(3) March 1990	(4) June 1990	CHANGE BETWEEN		CHANGE BETWEEN		CHANGE BETWEEN	
					(1) & (4)		(2) & (4)		(3) & (4)	
					Absolute	Per cent	Absolute	Per Cent	Absolute	Per Cent
ASSETS										
1. CASH AND CASH ITEMS	2,740.6	2,296.3	3,451.1	2,856.0	115.4	4.2	559.7	24.4	-595.1	-17.2
2. BALANCE HELD WITH OTHER BANKS	8,319.1	8,772.1	9,579.5	8,500.0	180.9	2.2	-272.1	-3.1	-1,079.5	-11.3
3. LOANS AND ADVANCES (excluding Money at call outside Banks)	22,276.3	20,909.2	23,456.7	24,105.7	1,829.4	8.2	3,196.5	15.3	649.0	2.8
4. INVESTMENT	4,623.7	7,440.4	6,131.3	7,440.8	2,817.1	60.9	0.4	0.005	1,309.5	21.4
5. Other Assets	27,564.0	22,677.7	26,027.1	27,693.6	129.6	0.5	5,015.9	22.1	1,666.5	6.4
6. Equipment on Lease	—	—	5.1	27.9	+27.9	—	27.9	—	-22.8	447.1
TOTAL ASSETS	65,523.7	62,095.7	68,650.8	70,624.0	5,100.3	7.8	8,528.3	13.7	1,937.2	2.9
LIABILITIES										
1. Capital Issued, Paid-up and Reserves	2,692.3	2,299.1	3,052.5	3,342.0	649.7	24.1	1,042.9	45.4	+289.5	+9.5
2. Balance held for other Banks	1,129.0	1,320.9	1,463.7	1,493.0	364.0	37.5	172.1	13.0	+29.3	+2.0
3. Money at call from other Banks	969.5	645.8	1,192.9	1,001.3	31.8	3.3	355.5	55.0	-191.6	-16.1
4. Loans and Advances from other Banks	1,105.6	134.2	1,148.1	402.2	703.4	63.6	268.0	199.7	-745.9	-65.0
5. Deposits	27,181.3	27,679.7	28,666.5	30,606.8	3,425.5	12.6	2,927.1	10.6	1,940.3	+6.8
6. Certificate of Deposits	194.3	110.7	100.2	276.2	81.9	42.2	165.5	149.5	+176.0	+175.6
7. Other Liabilities	32,251.7	29,905.3	33,027.0	33,502.5	1,250.8	3.9	3,597.2	12.0	475.5	1.4
TOTAL LIABILITIES	65,523.7	62,095.7	68,650.8	70,624.0	5,100.3	7.8	8,528.3	13.7	1,937.2	2.9

TABLE 4

COMMERCIAL BANKS' CREDIT TO THE PRIVATE SECTOR

	(1) December 1989	(2) June 1989	(3) March 1990	(4) June 1990	CHANGE BETWEEN (1) & (4)		CHANGE BETWEEN (2) & (4)		CHANGE BETWEEN (3) & (4)	
					Absolute	Per Cent	Absolute	Per Cent	Absolute	Per Cent
Total Loans and Advances	21,695.1	21,367.5	23,155.4	23,784.8	2,089.7	9.6	2,417.3	11.3	629.4	2.7
Non-Bank (Excluding Government)	20,518.9	19,701.4	21,668.0	22,342.1	1,823.2	8.9	2,640.7	13.4	674.1	3.1
Loans & Advances to State Govt.	649.9	525.9	732.0	792.3	142.4	21.9	266.4	50.7	60.3	8.2
Loans and Advances to Local Govt.	104.7	21.6	166.4	270.9	166.2	158.7	249.3	1,154.2	104.5	62.8
Money at call with Non-Bank	11.7	33.5	181.0	—	-11.7	-100.0	-33.5	-100.0	-181.0	-100.0
Factored Debt	3.5	—	—	—	-3.5	-100.0	—	—	—	—
Others ²	+409.9	+1,085.1	+408.0	+379.5	+30.4	7.4	-705.6	65.0	-28.5	-7.0
Total Investments (including										
Equipment on Lease)	688.6	972.0	1,114.8	685.2	-3.4	-0.5	-286.8	29.5	-429.6	-38.5
Equipment on Lease	—	—	5.1	28.0	+28.0	—	-28.0	—	22.9	449.0
Corporate Equity	10.2	15.7	14.6	14.8	4.6	45.1	-0.9	5.7	0.2	1.4
Corporate Bonds	86.4	69.6	97.9	109.6	23.2	26.9	40.0	57.5	11.7	12.0
State Govt. Stocks and Bonds	—	—	—	—	—	—	—	—	—	—
Bills Discounted	188.6	204.9	117.8	144.9	-43.7	-23.2	-60.0	-29.3	27.1	23.0
(a) Commercial Paper	67.8	123.2	53.0	33.0	-34.8	-51.3	-90.2	-73.2	-20.0	-37.7
(b) Bankers' Acceptances	83.2	228.7	116.7	44.3	-38.9	-46.8	-184.4	-80.6	-71.8	-61.8
(c) Export Bills	—	—	—	—	—	—	—	—	—	—
(d) Import Bills	—	—	—	—	—	—	—	—	—	—
(e) Promissory Notes	—	—	—	—	—	—	—	—	—	—
Other Investments	252.4	329.9	709.0	310.6	58.2	23.1	-19.3	-5.9	-398.4	-56.2
TOTAL CREDIT	22,387.2	22,339.5	24,270.1	24,470.0	2,082.8	9.3	2,130.5	9.5	199.9	0.8

¹ Exchange Inter-Bank Credit and Credit to the Federal Government.² Includes the Excess of CD Holdings over issues.

TABLE 5

COMMERCIAL BANKS' LOANS AND ADVANCES BY PURPOSE
(Percentage)

SECTORS	PRESCRIBED PERCENTAGE FOR		QUARTERLY AVERAGE PERFORMANCE		DEVIATION FROM TARGETS	
	1989	1990	2ND QUARTER	2ND QUARTER	2ND QUARTER	2ND QUARTER
A. HIGH PRIORITY SECTORS	50.0	50.0	46.0	46.4	-4.0	-3.6
(i) Agricultural production (Agric Forestry and Fishery)	(15.0)	(15.0)	(15.0)	(16.0)	(0.0)	(+1.0)
(ii) Manufacturing Enterprises ¹ (including agro-allied Industries)	(35.0)	(35.0)	(31.0)	(30.4)	(-4.0)	(-4.6)
B. OTHER SECTORS.	50.0	50.0	54.0	53.6	+4.0	+3.6
Comprising mining and quarrying construction, Exports, public utilities, transports, communi- cation, government, Financial Institution, personal and pro- fessional and miscellaneous.						
TOTAL A + B	100.0	100.0	100.0	100.0	—	—

¹ From 1989 this is defined as all manufacturing enterprises and agro-allied enterprises. It does not include mining, quarrying and construction which were classified under the sector uptill 1986.

TABLE 6

**MERCHANT BANKS' ASSETS & LIABILITIES
(N' MILLION)**

	1 DECEMBER 1989	2 JUNE 1989	3 MARCH 1990	4 JUNE 1990	CHANGE BETWEEN		CHANGE BETWEEN		CHANGE BETWEEN	
					1 & 4		2 & 4		3 & 4	
					ABSOLUTE	PERCENT	ABSOLUTE	PERCENT	ABSOLUTE	PERCENT
ASSETS										
1. CASH & CASH ITEMS	260.9	(35.2)	628.7	444.0	183.1	70.2	408.8	1,161.4	-184.7	29.4
2. Balances held with other banks	4,279.9	4,219.7	4,629.5	4,291.7	11.8	0.3	72.0	1.7	-337.8	7.3
3. Loans & Advances (Excluding money at call outside Banks)	5,887.5	5,140.1	6,009.2	6,101.1	213.6	3.6	961.0	18.7	+91.9	1.5
4. Investment	908.4	2,175.9	941.5	983.7	75.3	8.3	1,192.2	54.8	+42.2	4.5
5. Equipment on Lease	1,329.2	1,329.2	1,413.4	1,411.1	81.9	6.2	81.9	6.2	-2.3	0.2
6. OTHER ASSETS	9,451.7	9,451.5	10,575.3	10,320.7	869.0	9.2	869.2	9.2	-254.6	-2.4
7. TOTAL ASSETS	22,117.7	20,727.9	24,197.6	23,552.3	1,434.6	6.5	2,824.4	13.6	-645.3	-2.7
LIABILITIES										
1. CAPITAL, ISSUED, PAID- UP & RESERVES	-888.7	725.8	1,005.0	1,213.3	324.6	36.5	487.5	67.2	+208.3	20.7
2. Balances held for other banks	666.6	931.1	720.7	483.9	182.7	27.4	447.2	48.0	-236.8	-32.9
3. Money at call from other banks	2,305.4	1,749.1	3,389.1	2,396.5	91.1	4.0	647.4	37.0	-992.6	-29.3
4. Loans & Advances from other banks	2,216.9	46.1	2,928.8	3,467.4	1,250.5	56.4	1,204.4	2,612.6	-538.6	18.4
5. Deposits	3,809.2	6,662.3	4,593.9	3,861.3	52.1	1.4	2,801.0	42.0	-732.6	-15.9
6. Certificate of Deposits	897.0	1,170.9	900.6	970.3	73.3	8.2	200.6	17.1	69.7	7.7
7. Other Liabilities	11,333.8	9,442.6	10,659.6	11,159.6	174.2	1.5	1717.0	18.2	500.1	4.7
TOTAL LIABILITIES	22,117.7	20,727.9	24,197.6	23,552.3	1,434.6	6.5	2,824.4	13.6	-645.3	-2.7

**MERCHANT BANKS' CREDIT TO THE PRIVATE SECTOR
(N' MILLION)**

	1 DECEMBER 1989	2 JUNE 1989	3 MARCH 1990	4 JUNE 1990	CHANGE BETWEEN		CHANGE BETWEEN		CHANGE BETWEEN	
					1 & 4		2 & 4		3 & 4	
					ABSOLUTE	PERCENT	ABSOLUTE	PERCENT	ABSOLUTE	PERCENT
TOTAL LOANS & ADVANCES	5,305.5	4,996.2	5,349.1	5,329.0	23.5	0.4	332.8	6.7	-20.1	-0.4
LOANS & ADVANCES TO NON- BANK (EXCLUDING GOVT.) ¹	5,309.8	4,473.5	5,400.2	5,477.3	167.5	3.2	1,003.8	22.4	77.1	1.4
LOANS & ADVANCES TO STATE GOVT	102.5	50.1	135.2	175.5	73.0	71.2	125.4	250.3	40.3	29.8
LOANS & ADVANCES TO LOCAL GOVT	—	7.4	9.6	9.8	+9.8	—	2.4	32.4	0.2	2.1
MONEY AT CALL WITH NON-BANK	84.5	50.9	5.0	2.0	-82.5	97.6	-48.9	-96.1	-3.0	60.0
FACTORED DEBT	—	—	—	—	—	—	—	—	—	—
OTHERS ²	-191.3	+414.3	-200.9	-335.6	144.3	75.4	78.7	19.0	134.7	67.0
TOTAL INVESTMENTS (INCLUDING EQUIPMENT ON LEASE)	1,809.3	2,196.7	1,948.3	1,951.5	142.2	7.9	-245.2	-11.2	3.2	0.2
Equipment on Lease	1,329.2	1,214.8	1,413.4	1,411.1	81.9	6.2	196.8	16.2	-2.3	-0.2
Corporate Equity	11.8	10.3	15.6	16.8	5.0	42.4	6.5	63.1	1.2	7.7
Corporate bonds	31.2	49.0	46.0	54.9	23.7	76.0	5.9	12.0	8.9	19.3
State govt, stocks & bonds	—	—	—	—	—	—	—	—	—	—
Bills discounted	233.3	306.1	298.1	257.4	24.1	10.3	-48.7	-15.9	40.7	-13.7
(a) Commercial paper)										
(b) Bankers Acceptances)	134.9	252.3	123.2	139.4	4.5	3.3	-112.9	-44.7	16.0	13.1
(c) Export bills	—	—	—	—	—	—	—	—	—	—
(d) Import bills	—	—	—	—	—	—	—	—	—	—
(e) Promisory notes	—	—	—	—	—	—	—	—	—	—
Other Investment	68.9	364.2	52.0	71.8	2.9	4.2	292.4	-80.3	19.8	38.1
Total Credit	7,114.8	7,192.9	7,297.4	7,280.5	165.7	2.3	87.6	1.2	-16.9	-0.2

¹ Excludes Inter-bank credit and credit to the Federal government.

² Includes the excess of CD holding over issues.

TABLE 8

MERCHANT BANKS' LOANS AND ADVANCES¹ BY PURPOSE.
(Percentage)

SECTORS	PRESCRIBED PERCENTAGE FOR		QUARTERLY AVERAGE PERFORMANCE		DEVIATION FROM TARGETS	
	1989	1990	2ND QUARTER	2ND QUARTER	2ND QUARTER	2ND QUARTER
			1989	1990	1989	1990
A. HIGH PRIORITY SECTORS	50.0	50.0	54.7	57.9	+4.7	+7.9
(i) Agricultural production (Agric, Forestry & Fishery)	(10.0)	(10.0)	(14.9)	(15.0)	(+4.9)	(+5.0)
(ii) Manufacturing Enterprises (including agro-allied industries)	(40.0)	(40.0)	(39.8)	(43.3)	(-0.2)	(+3.3)
B. OTHER SECTORS	50.0	50.0	45.3	42.1	-4.7	-7.9
Comprising mining and quarrying construction, Exports, public utilities, transport, communication government, Imports, domestic trade, Money at Call outside banks, Credit and Financial Institution, personal and professional and miscellaneous.						
TOTAL A + B	100.0	100.0	100.0	100.0		

¹ Only Money at Call outside banks was included in Merchant Banks' loans and Advances from 1988.