

# DEVELOPMENTS IN MONEY, CREDIT AND BANKING IN THE THIRD QUARTER OF 1990

The growth of the money stock which moderated in the second quarter of 1990, accelerated sharply in the third quarter. While the expansion in net foreign assets of the banking system had an expansionary effect on monetary aggregate during the review quarter, the preponderant influence was exerted by the rapid increase in aggregate bank credit, mainly to the government sector. Credit to the private sector, mainly by commercial banks, also showed a sharp rise.

The rapid expansion of banking facilities observed since the past few years continued into the third quarter of 1990 as seven new banks – two commercial and five merchant – commenced business. As in the preceding quarter, aggregate loan/deposit ratio of commercial banks fell while that of merchant banks increased. However, the liquidity ratios of both classes of banks, recorded declines.

## MONEY SUPPLY

The growth of the money stock accelerated rapidly in the third quarter of 1990, after the moderation of the second quarter. The narrow measure of money supply (M1) rose by 10.5 per cent in July, 3.5 per cent in August and by 6.7 per cent in September. At ₦30.5 billion at the end of September 1990, M1 was ₦5.5 billion or 22.1 per cent higher than its end-June level in contrast to the ₦1.7 billion or 6.4 per cent fall observed in the second quarter of 1990. The cumulative growth rate of 18.8 per cent in the first three quarters of the year was excessive compared with the 13.0 per cent target for fiscal 1990. Broad money stock (M2) moved in rhythm with M1. It accelerated by 7.7 per cent in July, 2.5 per cent in August and by 4.3 per cent in September. Thus, at the end of the third quarter of 1990, M2 rose sharply by ₦7.3 billion or 15.1 per cent to ₦55.4 billion in contrast to the fall of ₦1.2 billion or 2.4 per cent in the preceding quarter.

The major factor which influenced the rise in narrow money during the review quarter was the sharp increase of ₦7.1 billion in credit (net) to the domestic economy. Also contributing to the increase in M1 was the rise of ₦2.8 billion in foreign assets of the banking system. The expansionary effect of these factors was, however, partially offset by the fall of ₦2.7 billion in other assets (net) and the increase of ₦1.8 billion in quasi-money. The fall in other assets (net) was traceable largely to the rise in the Central Bank "other liabilities", mainly stabilization securities worth ₦2.0 billion issued to commercial and merchant banks in August and September in a bid to restrain the growth in banking system liquidity.

The sharp increases in M1 and quasi-money influenced the substantial rise in broad money (M2) during the quarter (see Table 1).

## CREDIT TO THE ECONOMY

Aggregate bank credit to the domestic economy accelerated sharply in the third quarter following the declines of the

second quarter. It rose by 11.7, 0.3, and 3.8 per cent in July, August and September respectively, and by ₦7.1 billion or 16.0 per cent during the quarter, in contrast to the fall of ₦4.9 billion or 9.9 per cent in the second quarter. Over the level at the end of December 1989, aggregate bank lending to the domestic economy rose by ₦2.7 billion or 5.4 per cent as against the 13.5 per cent target expansion rate for 1990. The government sector absorbed 73.0 per cent of the total increase during the quarter while the remaining 27.0 per cent went to the private sector.

## CREDIT TO GOVERNMENT

Net bank claims on the government sector rose sharply by ₦5.2 billion or 45.5 per cent to ₦16.7 billion during the quarter in contrast to the declines of ₦4.8 billion or 29.4 per cent in the preceding quarter and ₦4.9 billion or 18.9 per cent in the corresponding quarter of 1989. Against the target ceiling of 10.9 per cent for fiscal 1990, banking system's lending to the sector on cumulative basis declined by ₦1.6 billion or 8.9 per cent over the level in December, 1989. Central Bank credit to the sector, which accounted wholly for the observed increase during the quarter under review, rose sharply by 5.6 billion or 90.3 per cent to ₦11.7 billion in contrast to the fall of ₦5.9 billion or 48.9 per cent in the preceding quarter. The increase was attributable largely to the fast growth in ways and means advances to Government. Commercial and merchant bank claims on the sector, on the other hand, fell by ₦309.4 million or 6.0 per cent to ₦4.8 billion and ₦25.8 million or 12.3 per cent to ₦184.2 million, respectively.

## CREDIT TO PRIVATE SECTOR

Bank credit to the private sector increased persistently by 2.0, 0.5 and 3.2 per cent in July, August and September, respectively. It increased by ₦1.9 billion or 5.8 per cent to ₦35.3 billion during the quarter, in contrast to the decline of ₦134.0 million or 0.4 per cent in the preceding quarter. The cumulative growth rate for the first nine months of the year was 13.9 per cent compared with the stipulated ceiling of 15.8 per cent for fiscal 1990. The increase in the review quarter was attributable largely to commercial banks whose credit to the sector rose by ₦1.9 billion or 7.9 per cent to ₦26.4 billion. Merchant Bank credit also rose by ₦199.5 million or 2.7 per cent to ₦7.5 billion. Central Bank claims on the sector, on the other hand, declined by ₦210.0 million or 13.4 per cent to ₦1.4 billion.

## FOREIGN ASSETS OF THE BANKING SYSTEM

Foreign assets (net) of the banking system fell in July, the first since January, but resumed its rapid growth in August. At ₦36.2 billion at the end of September 1990, it rose by ₦2.8 billion or 8.5 per cent during the quarter, compared with the increase of ₦3.7 billion or 12.4 per cent in the second quarter of 1990. During the first nine months

of the year, net foreign assets rose sharply by ₦12.9 billion or 55.2 per cent. The increase in the review quarter reflected entirely the change in Central Bank holding which grew appreciably by ₦4.3 billion or 18.4 per cent to ₦27.6 billion, representing 76.3 per cent of the total banking system's holding, compared with 69.9 per cent in the second quarter and 65.8 per cent in the first quarter. Commercial and merchant bank holdings, on the other hand, fell by ₦871.7 million or 13.7 per cent to ₦5.5 billion, and ₦577.5 million or 15.8 per cent to ₦3.1 billion, respectively.

### Commercial Banking

The number of commercial banks in operation increased during the quarter by 2 to 55 compared with an increase of 5 in the preceding quarter. Total assets/liabilities of the banks increased by ₦2.9 billion or 4.1 per cent to ₦73.5 billion, during the quarter, up from ₦1.9 billion or 2.9 per cent in the second quarter. The main sources of funds to the banks during the quarter were growth in deposit liabilities (₦2,987.5 million), draw-down of inter-bank balances (₦1,069.4 million), inter-bank call money (₦557.2 million) and inter-bank loans and advances (₦437.2 million). These funds were invested mainly in "other assets" comprising mainly CBN stabilisation securities (₦1,849.9 million), loans and advances to the nonbank public (₦894.5 million), and in meeting draw-down of inter-bank balances.

The banks' aggregate credit to both the government and private sectors increased by ₦1.6 billion or 5.5 per cent to ₦31.2 billion. Credit to the private sector increased by ₦1.9 billion or 7.9 per cent over its level in the second quarter to ₦26.4 billion and accounted for 84.6 per cent of total credit. Loans and advances, the major components of the banks' credit, increased during the quarter by ₦894.3 million or 3.7 per cent to ₦25.0 billion. The observed growth in loans and advances compared with increases of ₦629.0 million or 2.7 per cent and ₦440.8 million or 2.1 per cent in the preceding and corresponding quarter of 1989, respectively. Total investments, including equipment leasing increased by ₦1.1 billion or 162.7 per cent, a substantial growth which contrasts with the decrease of ₦429.6 million or 38.5 per cent recorded in the previous quarter. The bank's deposit liabilities rose by ₦3.0 billion or 9.8 per cent, while the aggregate loan/deposit ratio fell from 79.9 per cent in the previous quarter to 74.5 per cent during the quarter under review. The liquidity ratio also declined from 59.1 to 56.2 per cent.

A sectoral analysis of total outstanding loans and advances at the end of the quarter showed that the priority sectors accounted for 46.7 per cent as against the prescribed minimum of 50.0 per cent. Allocation to agriculture stood at 16.0 per cent—an increase of 1.0 percentage point over the targeted minimum of 15.0 per cent, while the share of manufacturing was 30.7 per cent. Loans to small-scale enterprises exceeded the prescribed 20.0 per cent by 2.3 percentage points, having increased during the quarter by ₦279.5 million or 5.3 per cent of ₦5.6 billion. Loans to rural borrowers increased by ₦328.5 million or 7.9 per cent to ₦4.5 billion and accounted for 64.3 per cent of total deposits mobilised in the rural areas.

### Merchant Banking

With the commencement of business by five merchant

banks during the quarter, the total number of merchant banks in operation rose to 44. Total assets/liabilities of the banks rose substantially by ₦1.5 billion or 6.3 per cent to ₦25.0 billion in contrast to the decline of ₦645.3 million or 2.7 per cent observed in the preceding quarter. The banks' major sources of funds during the period were, inter-bank loans and advances (₦794.7 million), certificates of deposit (₦412.3 million), draw-down of bank balances (₦311.2 million) and inter-bank call (₦302.5 million). The others were bank deposits (₦253.3 million), nonbank deposits (₦190.2 million) and owners capital (₦64.9 million). The main uses were investments (₦614.2 million), "other assets" comprising mainly CBN stabilisation securities (₦664.1 million) and the reduction of the banks' "other liabilities" (₦529.4 million).

Merchant banks' aggregate credit to the economy increased by ₦173.7 million or 2.3 per cent to ₦7.7 billion during the review period, compared with an increase of ₦68.6 million or 0.9 per cent in the preceding quarter. Credit to the private sector rose by ₦199.5 million or 2.7 per cent to ₦7.5 billion and accounted for 97.5 per cent of total credit. Loans and advances, the major components of credit indicated an increase of ₦331.7 million or 5.3 per cent during the quarter. Domestic investment, which also include leasing claims stood at ₦2,041.5 million. This was a marked increase of ₦90.0 million or 4.6 per cent over the ₦42.2 million or 4.5 per cent recorded in the preceding quarter. The value of leasing assets stood at ₦1,418.5 million, representing an increase of ₦7.4 million or 0.5 per cent. Equipment on lease accounted for 5.7 per cent of total credit and was much below the maximum limit of 15.0 per cent allowed. The banks' deposit rose by ₦190.2 million or 4.9 per cent to ₦4,051.5 million, in contrast to the decline of ₦732.7 million or 15.9 per cent recorded in the preceding quarter.

A sectoral break-down of the banks' loans and advances indicated a substantial compliance with policy targets. Loans and advances to the priority sectors (agriculture and manufacturing), accounted for 57.1 per cent, 7.1 percentage points above the prescribed minimum. In terms of maturities, short-term loans accounted for 47.0 per cent and was marginally lower than what was recorded in the previous quarter. It was, however, substantially above the prescribed maximum of 20 per cent. Medium and long-term loans together accounted for 53.0 per cent of total.

The banks' loan/deposit ratio increased sharply from 148.2 to 160.8 per cent during the quarter, while the liquidity ratio declined slightly by 1.8 percentage to 27.2 per cent.

Financial Analysis Division  
Research Department

**TABLE 1**  
**MONETARY AND CREDIT DEVELOPMENT IN THE THIRD QUARTER OF 1990**  
**(N' MILLION)**

Table 1

	SEPTEMBER 1990 (1)	JUNE 1990 (2)	MARCH 1990 (3)	DECEMBER 1989 (4)	CHANGE BETWEEN (1) & (2)		CHANGE BETWEEN (2) & (3)		CHANGE BETWEEN (1) & (4)	
					Absolute	Per cent	Absolute	Per cent	Absolute	Per cent
<b>CREDIT TO DOMESTIC ECONOMY (NET)</b>	51,943.3	44,797.3	49,697.8	49,259.1	+7,146.0	+16.0	-4,900.5	-9.9	+2,684.2	+5.4
<b>CREDIT TO PRIVATE SECTOR</b>	35,251.0	33,322.2	33,456.2	30,942.8	+1,928.8	+5.8	-134.0	-0.4	+4,308.2	+13.9
(i) Central Bank	1,353.6	1,563.6	1,887.2	1,502.2	-210.0	-13.4	-323.6	-17.2	-148.6	-9.9
(ii) Commercial Banks	26,409.4	24,470.1	24,271.7	22,325.8	+1,939.3	+7.9	+198.4	-0.8	+4,083.6	+18.3
(iii) Merchant Banks	7,488.0	7,288.5	7,297.3	7,114.8	+199.5	+2.7	-8.8	-0.1	+373.2	+5.2
<b>CREDIT TO GOVERNMENT SECTOR (NET)</b>	16,692.3	11,475.1	16,241.6	18,316.3	+5,217.2	+45.5	-4,766.5	-29.4	-1,624.0	-8.9
(i) Central Bank <sup>1</sup>	11,698.1	6,145.7	12,017.7	15,189.8	+5,552.4	+90.3	-5,872.0	-48.9	-3,491.7	-23.0
(ii) Commercial Banks <sup>2</sup>	4,810.0	5,119.4	4,091.3	3,035.8	-309.4	-6.0	+1,028.1	+25.1	+1,774.2	+58.4
(iii) Merchant Banks	184.2	210.0	132.6	90.7	-25.8	-12.3	+77.4	+58.4	+93.5	+103.1
<b>FOREIGN ASSETS (NET)</b>	36,157.4	33,326.0	29,654.5	23,290.0	+2,831.4	+8.5	+3,671.5	+12.4	+12,867.4	+55.2
(i) Central Bank <sup>3</sup>	27,583.5	23,302.9	19,508.8	13,451.1	+4,280.6	+18.4	+3,794.1	+19.5	+14,132.4	+105.1
(ii) Commercial Banks	5,503.7	6,375.4	6,737.2	6,610.9	-871.7	-13.7	-361.8	-5.4	-1,107.2	-16.7
(iii) Merchant Banks	3,070.2	3,647.7	3,408.5	3,228.0	-577.5	-15.8	+239.2	+7.0	-157.8	-4.9
<b>OTHER ASSETS (NET)</b>	-32,736.9	-30,041.8	-30,103.7	-26,326.2	-2,695.1	-9.0	+61.9	+0.2	-6,410.7	-24.3
<b>TOTAL MONETARY ASSETS</b>	55,363.8	48,081.5	49,248.6	46,222.9	+7,282.3	+15.1	-1,167.1	-2.4	+9,140.9	+19.8
<b>QUASI MONEY</b>	24,841.5	23,079.2	22,526.4	20,525.3	+1,762.3	+7.6	+552.8	+2.5	+4,316.2	+21.0
<b>MONEY SUPPLY</b>	30,522.3	25,002.3	26,722.2	25,697.6	+5,520.0	+22.1	-1,719.9	-6.4	+4,824.7	+18.8
(i) Currency Outside Banks	12,327.8	11,826.5	10,880.5	11,688.4	+501.3	+4.2	+946.0	+8.7	+639.4	+5.5
(ii) Private Sector Demand Deposits	18,194.5	13,175.8	15,841.7	14,009.2	+5,018.7	+38.1	-2,665.9	-20.2	+4,185.3	+29.9
<b>TOTAL MONETARY LIABILITIES</b>	55,363.8	48,081.5	49,248.6	46,222.9	+7,282.3	+15.1	-1,167.1	-2.4	+9,140.9	+19.8
<b>FED. GOVT. DEMAND DEPOSITS</b>	38,042.4	39,537.4	29,877.7	14,033.9	-1,495.0	-3.8	+9,659.7	+32.3	+24,008.5	+171.1

<sup>1</sup> Less Federal Govt. deposit with the Central Bank and Fed. Govt. external assets.

<sup>2</sup> Less Federal Govt. demand deposit with commercial banks

<sup>3</sup> Includes Federal Government External Assets.

Table 2

	MERCHANT BANKS' SOURCES & APPLICATION OF FUNDS		COMMERCIAL BANKS' SOURCES & APPLICATION OF FUNDS	
	SOURCES	APPLICATION	SOURCES	APPLICATION
<b>ASSETS</b>				
Cash & Cash Items		42.9		+109.7
Balances held with other banks	-311.2		-1,069.4	
Loans and advances (includ- ing Call Money outside Banks)		+471.1		+894.3
Investments		+614.2		+998.2
Other Assets (including Call Money within Banks)		+664.1		+1,849.9
Equipment On Lease		+7.4		+95.3
<b>LIABILITIES</b>				
Capital issued, paid-up and reserves	+64.9		+114.6	
Balances held for other banks	+253.3			-877.0
Money on Call from other banks	+302.5		+557.2	
Loans and Advances from other banks	+794.7		+437.2	
Deposits	+190.2		+2,987.5	
Certificate of Deposits	+412.3		+57.0	
Other Liabilities		-529.4		-398.5
<b>TOTAL</b>	<b>2,329.1</b>	<b>2,329.1</b>	<b>5,222.9</b>	<b>5,222.9</b>

**COMMERCIAL BANKS' ASSETS AND LIABILITIES**  
(N' MILLION)

Table 3

	December	September	June	September	Change Between		Change Between		Change Between	
	1989 (1)	1989 (2)	1990 (3)	1990 (4)	(1) & (4)		(2) & (4)		(3) & (4)	
					Absolute	Per cent	Absolute	Per cent	Absolute	Per cent
<b>ASSETS</b>										
1. CASH AND CASH ITEMS	2,740.6	1,454.0	2,856.0	2,965.7	+225.1	8.2	+1,511.7	104.0	+109.7	3.8
2. BALANCE HELD WITH OTHER BANKS	8,319.1	7,807.0	8,500.0	7,430.6	-888.5	-10.7	+376.4	4.8	-1,069.4	12.6
3. LOANS AND ADVANCES (excluding Money at call outside Banks)	22,276.3	21,350.0	24,105.7	25,000.0	+2,723.7	12.2	+3,650.0	17.1	+894.3	3.7
4. INVESTMENT	4,623.7	4,571.5	7,440.8	8,439.0	+3,815.3	82.5	+3,867.5	84.6	+998.0	13.4
5. OTHER ASSETS	27,564.0	24,077.4	27,693.6	29,543.5	+1,979.2	7.2	+5,465.8	22.7	+1,849.9	6.7
6. EQUIPMENT ON LEASE	-	1.0	27.9	123.2	+123.2	-	+122.2	12,220.0	+95.3	340.0
<b>TOTAL ASSETS</b>	<b>65,523.7</b>	<b>59,384.7</b>	<b>70,624.0</b>	<b>73,502.0</b>	<b>+7,978.3</b>	<b>12.2</b>	<b>+14,117.3</b>	<b>23.8</b>	<b>+2,878.0</b>	<b>4.1</b>
<b>LIABILITIES</b>										
1. Capital Issued, Paid-up and Reserves	2,692.3	2,507.2	3,342.0	3,456.6	+764.3	28.4	+949.4	37.9	+114.6	3.4
2. Balance held for other Banks	1,129.0	1,121.0	1,493.0	616.0	-513.0	-45.4	-505.0	-45.0	-877.0	-58.7
3. Money at call from other Banks	969.5	790.1	1,001.3	1,558.5	+589.0	60.8	+768.4	97.3	+557.2	55.6
4. Loans & Advances from other Banks	1,105.6	336.5	402.2	839.4	+266.2	24.1	+502.9	149.5	+437.2	108.7
5. Deposits	27,181.3	25,857.5	30,606.8	33,594.3	+6,413.0	23.6	+7,736.8	29.9	+2,987.5	9.8
6. Certificate of Deposits	194.3	159.0	276.2	333.2	+138.9	71.5	+174.2	109.6	+57.0	20.6
7. Other Liabilities	32,251.7	28,613.8	33,502.5	33,104.0	+852.3	2.6	+4,490.2	15.7	-398.5	1.2
<b>TOTAL LIABILITIES</b>	<b>65,523.7</b>	<b>59,384.7</b>	<b>70,624.0</b>	<b>73,502.0</b>	<b>+7,978.3</b>	<b>12.2</b>	<b>+14,117.3</b>	<b>23.8</b>	<b>+2,878.0</b>	<b>4.1</b>

COMMERCIAL BANKS' CREDIT TO THE PRIVATE SECTOR  
(N' MILLION)

Table 4

	December	September	June	September	Change Between		Change Between		Change Between	
	1989	1989	1990	1990	(1) & (4)		(2) & (4)		(3) & (4)	
	(1)	(2)	(3)	(4)	Absolute	Per cent	Absolute	Per cent	Absolute	Per cent
Total Loans and Advances	21,695.1	21,491.0	23,784.8	24,609.4	2,914.3	13.4	3,118.4	14.5	824.6	3.5
Non-Bank (Excluding Govt.)	20,518.9	19,984.9	22,342.1	23,193.6	2,674.7	13.0	3,208.7	16.1	851.5	3.8
Loans & Advances to State Govt.	649.9	596.0	792.3	797.2	147.3	22.7	201.2	33.8	4.9	0.6
Loans & Advances to Local Govt.	104.7	80.0	270.9	57.0	-47.7	45.6	-23.0	28.8	-213.9	-79.0
Money at call with Non-Bank	11.7	48.0	-	14.0	2.3	19.7	-34.0	-70.8	14.0	-
Factored Debt	3.5	-	-	-	-3.5	-100.0	-	-	-	-
Others <sup>1</sup>	+409.9	+782.1	+379.5	+547.6	+137.7	33.6	-234.5	-30.0	168.1	44.3
Total Investments (including										
Equipment on Lease)	688.6	618.0	685.2	1,800.0	1,111.4	161.4	1,182.0	191.3	1,114.8	162.7
Equipment on Lease	-	-	28.0	123.2	+123.2	-	+123.2	-	95.2	340.0
Corporate Equity	10.2	-	14.8	15.5	5.3	52.0	+15.5	-	0.7	4.7
Corporate Bonds	86.4	-	109.6	90.0	3.6	4.2	+90.0	-	-106.0	-96.7
State Govt. Stocks & Bonds	-	-	-	-	-	-	-	-	-	-
Bills Discounted	188.6	341.0	144.9	194.5	+5.9	-3.1	-146.5	-43.0	49.6	34.5
(a) Commercial Paper	67.8	-	33.0	84.0	-16.2	-23.9	+84.0	-	51.0	154.5
(b) Bankers' Acceptances	83.2	-	44.3	-	-83.2	-100.0	-	-	-44.3	-100.0
(c) Export Bills	-	-	-	-	-	-	-	-	-	-
(d) Import Bills	-	-	-	-	-	-	-	-	-	-
(e) Promissory Notes	-	-	-	-	-	-	-	-	-	-
Other Investments	252.4	277.0	310.6	1,292.8	1,040.4	412.2	1,015.8	366.7	982.2	316.2
<b>TOTAL CREDIT</b>	<b>22,387.2</b>	<b>22,109.0</b>	<b>24,470.0</b>	<b>26,409.4</b>	<b>4,022.2</b>	<b>18.0</b>	<b>4,300.4</b>	<b>19.5</b>	<b>1,939.4</b>	<b>7.9</b>

<sup>1</sup> Excludes Inter-Bank Credit and Credit to the Federal Government.

<sup>2</sup> Includes the Excess of CD Holdings over issues.

**COMMERCIAL BANKS' LOANS AND ADVANCES<sup>1</sup> BY PURPOSE**  
(Percentage)

Table 5

SECTORS	Prescribed Percentage for		Quarterly Average Performance		Deviation from Targets	
	1989	1990	3rd Quarter	3rd Quarter	3rd Quarter	3rd Quarter
			1989	1990	1989	1990
<b>A. HIGH PRIORITY SECTORS</b>	50.0	50.0	45.7	46.7	-4.3	-3.3
(i) Agricultural Production (Agric., Forestry & Fishery)	(15.0)	(15.0)	(15.3)	(16.0)	+0.3	+1.0
(ii) Manufacturing Enterprises (including agro-allied industries)	(35.0)	(35.0)	(30.4)	(30.7)	-4.6	-4.3
<b>B. OTHER SECTORS</b> 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.	50.0	50.0	54.3	53.3	+4.3	+3.3
<b>TOTAL A + B</b>	100.0	100.0	100.0	100.0	-	-

<sup>1</sup> Only Money at Call outside banks was included in Merchant Banks' Loans and Advances from 1988.

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

Table 6

	December	September	June	September	Change Between		Change Between		Change Between	
	1989	1989	1990	1990	(1) & (4)		(2) & (4)		(3) & (4)	
	(1)	(2)	(3)	(4)	Absolute	Per cent	Absolute	Per cent	Absolute	Per cent
<b>ASSETS</b>										
1. CASH & CASH ITEMS	260.9	1,162.8	444.0	486.0	+226.0	86.6	-675.9	58.1	+42.9	9.6
2. Balances held with other banks	4,279.9	4,776.7	4,291.7	3,980.5	-299.4	7.0	-796.2	16.7	-331.2	-7.7
3. Loans & Advances (excluding money at call outside Banks)	5,887.5	5,387.5	6,101.1	6,572.2	+684.7	11.6	+1,184.7	22.0	+471.1	5.3
4. Investment	908.4	1,093.3	983.7	1,597.9	+689.5	75.9	+504.6	46.2	+614.2	62.4
5. Equipment on Lease	1,329.2	1,301.9	1,411.1	1,418.5	+89.3	6.7	+116.6	9.0	+7.4	0.5
6. OTHER ASSETS	9,451.7	7,385.2	10,320.7	10,984.8	+1,533.1	16.2	+3,599.6	48.7	+664.1	7.9
7. TOTAL ASSETS	22,117.1	21,107.4	23,552.3	25,040.7	+2,923.0	13.2	+3,933.3	18.6	+1,488.4	6.3
<b>LIABILITIES</b>										
1. CAPITAL, ISSUED, PAID-UP & RESERVES	888.7	796.9	1,213.3	1,278.2	+389.5	43.8	+481.3	60.4	+64.9	5.3
2. Balances held for other banks	666.6	867.0	483.9	737.2	+70.6	10.6	-129.8	-15.0	+253.3	52.3
3. Money at call from other banks	2,305.4	1,318.0	2,396.5	2,699.0	+393.6	17.1	+1,381.0	104.8	+302.5	12.6
4. Loans & Advances from other banks	2,216.9	2,383.9	3,467.4	4,262.1	+2,045.2	92.3	+1,878.2	78.8	+794.7	22.9
5. Deposits	3,809.2	4,119.9	3,861.3	4,051.5	+242.3	6.4	+3,639.6	88.3	+190.2	4.9
6. Certificate of Deposits	897.0	858.5	970.3	1,382.6	+485.6	54.1	+524.1	61.0	+412.3	42.5
7. Other Liabilities	11,333.8	10,763.2	11,159.6	10,630.1	+703.7	6.2	+133.1	1.2	+529.5	4.7
TOTAL LIABILITIES	22,117.7	21,107.4	23,552.3	25,040.7	+2,923.0	13.2	+3,933.3	18.6	+1,488.4	6.3

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

Table 7

	December 1989 (1)	September 1989 (2)	June 1990 (3)	September 1990 (4)	Change Between (1) & (4)		Change Between (2) & (4)		Change Between (3) & (4)	
					Absolute	Per cent	Absolute	Per cent	Absolute	Per cent
TOTAL LOANS & ADVANCES	5,305.5	4,843.4	5,329.0	5,446.5	141.0	2.7	603.1	12.5	117.5	2.2
LOANS & ADVANCES TO NON-BANK (EXCLUDING GOVERNMENT) <sup>1</sup>	5,309.8	4,814.8	5,477.3	5,630.2	320.4	6.0	815.4	16.9	152.9	2.8
LOANS & ADVANCES TO STATE GOVT.	102.5	65.0	175.5	147.6	45.1	44.0	82.6	127.1	-27.9	-15.9
LOANS & ADVANCES TO LOCAL GOVT.	—	—	9.8	9.4	+9.4	—	+9.4	—	-0.4	-4.1
MONEY AT CALL WITH NON-BANK	84.5	16.5	2.0	—	-84.5	-100.0	-16.5	-100.0	-2.0	-100.0
FACTORED DEBT	—	—	—	11.5	+11.5	—	+11.5	—	+11.5	—
OTHERS <sup>2</sup>	-191.3	-52.9	-335.6	-352.2	160.9	84.1	299.3	565.8	16.6	4.9
∞ TOTAL INVESTMENTS (INCLUDING EQUIPMENT ON LEASE)	1,809.3	1,883.8	1,951.5	2,041.5	232.2	12.8	157.7	8.4	90.0	4.6
Equipment on Lease	1,329.2	1,301.9	1,411.1	1,418.5	89.3	6.7	116.6	9.0	7.4	0.5
Corporate Equity	11.8	12.0	16.8	19.3	7.5	63.6	7.3	60.8	2.5	14.9
Corporate bonds	31.2	49.8	54.9	55.4	24.2	77.6	5.6	11.2	0.5	0.9
State Govt. stocks & bonds	—	—	—	—	—	—	—	—	—	—
Bills discounted	233.3	198.8	257.4	254.4	21.1	9.0	55.6	28.0	-3.0	1.2
(a) Commercial paper )	134.9	214.9	139.4	156.5	21.6	16.0	58.4	27.2	17.1	12.3
(b) Bankers Acceptances )	—	—	—	—	—	—	—	—	—	—
(c) Export bills	—	—	—	—	—	—	—	—	—	—
(d) Import bills	—	—	—	—	—	—	—	—	—	—
(e) Promissory notes	—	—	—	—	—	—	—	—	—	—
Other Investment	68.9	106.4	71.8	137.4	68.5	99.4	31.0	29.1	65.6	91.4
Total Credit	7,114.8	6,727.2	7,280.5	7,488.0	373.2	5.2	760.8	11.3	207.5	2.9

<sup>1</sup> Excludes inter-bank credit and credit to the Federal Government.

<sup>2</sup> Includes the excess of CD holding over issues.



**MERCHANT BANKS' LOANS AND ADVANCES BY PURPOSE  
(PERCENTAGE)**

Table 8

SECTORS	Prescribed Percentage for		Quarterly Average Performance		Deviation from Targets	
	1989	1990	3rd Quarter	3rd Quarter	3rd Quarter	3rd Quarter
			1989	1990	1989	1990
<b>A. HIGH PRIORITY SECTORS</b>	50.0	50.0	56.4	57.1	+6.4	+7.1
(i) Agricultural production (Agric. Forestry and Fishery)	(15.0)	(15.0)	(15.0)	(14.3)	0.0	+4.3
(ii) Manufacturing Enterprises <sup>1</sup> (including agro-allied Industries)	(35.0)	(35.0)	(41.4)	(42.8)	+6.4	+2.8
<b>B. OTHER SECTORS</b> Comprising mining and quarrying construction, Exports, public utilities, transports, communication, government, Financial Institution, personal & professional and miscellaneous.	50.0	50.0	43.6	42.9	-6.4	-7.1
<b>TOTAL A + B</b>	100.0	100.0	100.0	100.0	-	-

<sup>1</sup> 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.