

China cuts rural banks' lending ratios to boost growth

Kinibiz.com

Apr 22, 2014

By dpa

China's central bank on Tuesday said it will cut the reserve requirement ratio (RRR) for rural lenders by up to 2 percentage points to support economic growth in less developed areas.

The reserve ratio for commercial banks in rural areas will drop by 2 percentage points from Friday, while the ratio for rural credit cooperatives will fall 0.5 percentage point, the People's Bank of China said.

The revised RRR, which stipulates the minimum percentage of bank deposits held in reserve, will be between 13% and 16% per cent in rural areas, the bank said.

It said the adjustment is designed to promote financial support for rural development. A separate government report on Tuesday promised to encourage more use of venture capital and private equity funds in rural financing.

The promotion of private sector finance forms part of a package of measures to support agriculture and create jobs in rural areas, the government said.

Amid a slowdown in growth, the ruling Communist Party is trying to shift the momentum to inland regions and rebalance the economy away from its longstanding reliance on exports and infrastructure.

China's annual growth slipped to 7.7% in the last two years, the slowest since 1999.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd

Source: <http://www.kinibiz.com/story/economics/82606/china-cuts-rural-banks-lending-ratios-to-boost-growth.html>