

EXPLANATORY NOTES

I. Bank-related

1. All banks which are included in the Second Schedule to the Reserve Bank of India Act, 1934 are Scheduled Banks. These banks comprise Scheduled Commercial Banks and Scheduled Co-operative Banks.
2. Scheduled Commercial Banks in India are categorised into five different groups according to their ownership and / or nature of operation. These bank groups are (i) State Bank of India and its Associates, (ii) Nationalised Banks, (iii) Regional Rural Banks, (iv) Foreign Banks and (v) Other Indian Scheduled Commercial Banks (in the private sector).
3. Scheduled Co-operative Banks consist of Scheduled State Co-operative Banks and Scheduled Urban Co-operative Banks.
4. Regional Rural Banks and Scheduled Co-operative Banks are excluded in bank-wise tables and their summary tables at bank group level. However, details of Regional Rural Banks and Scheduled Co-operative Banks as groups are presented in Tables 2.1 and 2.2.
5. During the financial year 2008-09, the following changes have taken place in the commercial banking system:
 - (I) Centurion Bank of Punjab Limited merged with HDFC Bank Limited with effect from May 23, 2008.
 - (II) State Bank of Saurashtra merged with State Bank of India with effect from August 13, 2008.
 - (III) JSC VTB Bank was included in the second schedule of the Reserve Bank of India Act, 1934 with effect from September 19, 2008.
 - (IV) American Express Banking Corporation was included in the second schedule of the Reserve Bank of India Act, 1934 with effect from December 27, 2008.
 - (V) UBS AG was included in the second schedule of the Reserve Bank of India Act, 1934 with effect from February 02, 2009.
 - (VI) There were 91 Regional Rural Banks as at end-March 2008. However, due to amalgamation, number of such banks came down to 86 as on March 31, 2009 and further down to 84 as on July 20, 2009. A detailed list of amalgamated Regional Rural Banks as on July 20, 2009 is given in Table B17.

These changes are reflected in the tables where individual bank's data are presented.

6. In the bank group-wise classification, IDBI Bank Ltd. has been included in Nationalised Banks.
7. Data pertaining to Tamilnad Mercantile Bank Limited is based on un-audited annual account.
8. Population groups of the banked centres presented in this volume are based on the 2001 census. The population groups are defined as under:

Population	Population Groups
0 - 10,000	Rural
10,000 - 1,00,000	Semi-Urban
1,00,000 - 10,00,000	Urban
10,00,000 & above	Metropolitan

II. Table-related

Tables 6.1 to 6.7 – The tables sourced by Rural Planning and Credit Department of Reserve Bank of India have undergone changes as the Department has changed the reporting format for priority sector advances for banks. Apart from giving separate data for some sub-heads of priority sector, the priority sector advances have been presented as per cent of Adjusted Net Bank Credit (ANBC) or credit equivalent of Off-Balance Sheet Exposures (OBE) whichever is higher as in the new format.

Tables 2.1 and 2.2 - Data are compiled from the fortnightly “Form-A” returns submitted by the Scheduled Commercial Banks under Section 42(2) of the Reserve Bank of India Act, 1934 and relate to their business in India. Inter-bank deposits / assets of maturity of 15 days and above and up to 1 year are excluded. Data on balances with the Reserve Bank of India are obtained from Weekly Statement of Affairs of the Reserve Bank of India, Department of Government and Bank Accounts.

Tables 2.3, 2.4, 2.5, 4.1, 5.1, 5.2, 5.3 – The deposit figures reported in Tables 2.3, 2.4, 2.5 and 4.1 exclude inter-bank deposits and, therefore, their coverage is different from that of ‘deposits’ reported in table 3.1. The bank credit data in tables 2.3, 2.4, 2.5, 5.1, 5.2 and 5.3 comprise term loans, cash credit, overdrafts and bills purchased and discounted. In addition, the data on bank credit in tables 5.1, 5.2 and 5.3 also include dues from banks.

Tables 2.6 and B12 – Selected financial ratios of Scheduled Commercial Banks (excluding RRBs) are obtained / calculated from the published annual accounts of banks and relate to the year ended March 31 of 2008 and 2009. The ratios 21 and 30 to 35, viz., “return on assets”, “business (deposits plus advances) per employee”, “profit per employee”, “capital adequacy ratio”, “capital adequacy ratio – Tier I”, “capital adequacy ratio- Tier II” and “ratio of net NPAs to net advances” are obtained from “notes on accounts” of published annual accounts of individual banks. They are not aggregated at the bank-group level.

Other ratios are calculated using the following concepts.

1. Definitions of the concepts used in the ratios are as follow:
 - (i) *Cash* in cash-deposit ratio includes cash in hand and balances with RBI
 - (ii) *Investments* in investment-deposit ratio represent total investments including investments in non-approved securities
 - (iii) *Net interest margin* is defined as the total interest earned *less* total interest paid
 - (iv) *Intermediation cost* is defined as total operating expenses
 - (v) *Wage bills* is defined as payments to and provisions for employees (PPE)
 - (vi) *Operating profit* is defined as total earnings *less* total expenses, excluding provisions and contingencies, and
 - (vii) *Burden* is defined as the total non-interest expenses *less* total non-interest income
2. Items like capital, reserves, deposits, borrowings, advances, investments and assets / liabilities used to compute various financial earnings / expenses ratios (Sr. no.11 to 29) are averages for the two relevant years.
3. Definitions of the ratios are as follow:
 - (i) Cash-Deposit ratio = (Cash in hand + Balances with RBI) / Deposits
 - (ii) Ratio of secured advances to total advances = (Advances secured by tangible assets + Advances covered by bank or Govt. guarantees) / Advances

- (iii) Ratio of interest income to total assets = Interest earned / Total assets
- (iv) Ratio of net interest margin to total assets = (Interest earned - Interest paid) / Total assets
- (v) Ratio of non-interest income to total assets = Other income / Total assets
- (vi) Ratio of intermediation cost to total assets = Operating expenses / Total assets
- (vii) Ratio of wage bill to intermediation costs (Operating Expenses) = PPE / Operating Expenses
- (viii) Ratio of wage bill to total expenses = PPE / Total expenses
- (ix) Ratio of wage bill to total income = PPE / Total income
- (x) Ratio of burden to total assets = (Operating expenses - Other income) / Total assets
- (xi) Ratio of burden to interest income = (Operating expenses - Other income) / Interest income
- (xii) Ratio of operating profits to total assets = Operating profit / Total assets
- (xiii) Return on assets for a bank group (for Table 2.6) is obtained as weighted average of return on assets of individual banks (from Table B12) in the group, weights being the proportion of total assets of the bank as percentage to total assets of all banks in the corresponding bank group
- (xiv) Return on Equity = Net Profit / (Capital + Reserves and Surplus)
- (xv) Cost of Deposits = IPD / Deposits
- (xvi) Cost of Borrowings = IPB / Borrowings
- (xvii) Cost of Funds = (IPD + IPB) / (Deposits + Borrowings)
- (xviii) Return on Advances = IEA / Advances
- (xix) Return on Investments = IEI / Investments
- (xx) Return on Advances adjusted to Cost of Funds = Return on Advances – Cost of Funds
- (xxi) Return on Investment adjusted to Cost of Funds = Return on Investments – Cost of Funds

Whenever appropriate, denominators in the ratios use averages of “current year” and “previous year”. For instance, ratio of net interest margin to total assets for the year 2008-09 uses denominator as average total assets for the years 2007-08 and 2008-09.

Abbreviations used in the above definitions are as follows.

PPE = Payment to and provisions for employees

IPD = Interest paid on deposits

IPB = Interest paid on borrowings from RBI and other agencies

IEA = Interest earned on advances and bills

IEI = Interest earned on investments

Table 4.2 – The total outstanding deposits of scheduled commercial banks are estimated based on a sample 13,046 of branches in this table.

Tables 9.1 and B2 – Data in these tables are obtained from various schedules of profit and loss account as published by banks in their annual accounts. 'Total expenses' shown in these tables exclude 'provisions and contingencies'. The item 'profit' is computed by subtracting interest expenses, operating expenses and provisions and contingencies from total earnings of the bank.

Table 10.1 - This table is based on the data collected through Basic Statistical Return II and include only full-time employees of the banks.

Table 11.4 - Data are based on BSR I and BSR II received from all branches of scheduled commercial banks and relate to accounts with credit limit of over Rs.2 lakhs. The credit is exclusive of inland & foreign bills purchased and discounted. Amount outstanding is used as weights for calculating average lending rates. The deposit rate corresponds to only term deposits. The data for 2008 on average deposit rate are based on 65027 reporting branches out of 74207 branches.

Tables B1 to B12 - Presents data on individual Scheduled Commercial Banks, excluding Regional Rural Banks.

Tables 3.1 and B1 - Most banks have given 'investment reserves' instead of 'investment fluctuation reserves'; for convenience, no distinction has been made between these two special reserves.

Table B16 - Data relate to deposit accounts in India, which have not been operated upon for 10 years or more as on 31st December 2008 and are based on returns submitted by banks in Form IX under Section 26 of the Banking Regulation Act, 1949.

III. General

1. The totals in the tables may not exactly tally with the sum of the constituent items on account of rounding off of the figures.
2. Figures in brackets, unless otherwise specified, indicate percentage to totals.
3. The unit lakh is equal to 1,00,000 and unit crore is equal to 1,00,00,000.
4. The symbol '—' indicates nil or negligible and '..' indicates not available or not applicable.
5. Source and notes as appropriate are given at the end of each table.
6. The year '2008' refers to financial year April 2007 to March 2008 and the year '2009' refers to financial year April 2008 to March 2009.
7. Some of the data for the previous years have been revised.