

Contents

Sr.No.	Particulars	Page No.
Chapter I : Perspectives on the Indian Banking Sector		
1.	Introduction	1
2.	Forces Shaping the Environment	2
3.	Strategic and Operational Responses	3
4.	Challenges	5
5.	The Way Forward	8
Chapter II : Global Banking Developments		
1.	Introduction	10
2.	Global Banking Trends	11
3.	Banking Trends in Select Regions and Countries	19
4.	An Analysis of the Performance of Top 100 Global Banks	22
5.	Global Policy Reforms	25
6.	Conclusions	29
Chapter III : Policy Environment		
1.	Introduction	31
2.	Monetary Policy	32
3.	Credit Delivery	33
4.	Financial Inclusion	36
5.	Prudential Regulatory Policy	38
6.	Supervisory Policy	42
7.	Regional Rural Banks	45
8.	Cooperative Banks	46
9.	Non-Banking Financial Companies	49
10.	Customer Service in Banks	51
11.	Financial Markets	52
12.	Payment and Settlement System	54
13.	Technological Developments	55
14.	Banking Sector Legislation	56
15.	Conclusions	57
Chapter IV: Operations and Performance of Commercial Banks		
1.	Introduction	59
2.	Balance Sheet Operations of Scheduled Commercial Banks	60
3.	Financial Performance of Scheduled Commercial Banks	69
4.	Soundness Indicators	73

Sr.No.	Particulars	Page No.
5.	Sectoral Deployment of Bank Credit	83
6.	Operations of Scheduled Commercial Banks in Capital Market	87
7.	Shareholding Pattern in Scheduled Commercial Banks	88
8.	Foreign Banks' Operations in India and Overseas Operations of Indian Banks ...	90
9.	Technological Developments in Scheduled Commercial Banks	90
10.	Customer Service	92
11.	Financial Inclusion	93
12.	Regional Rural Banks	100
13.	Local Area Banks	100
14.	Conclusions	101
 Chapter V - Developments in Cooperative Banking		
1.	Introduction	105
2.	Urban Cooperative Banks	107
3.	Rural Cooperatives	116
4.	Role of NABARD in Reviving the Rural Cooperatives	125
5.	Conclusions	130
 Chapter VI: Non-Banking Financial Institutions		
1.	Introduction	131
2.	Financial Institutions	132
3.	Non-Banking Financial Companies	136
4.	Primary Dealers	150
5.	Conclusions	153

List of Boxes

Box No.	Particulars	Page No.
II.1	European Banks' Exposure to Euro Area Sovereign Debt	22
II.2	Key Objectives and Features of the Basel III Framework	27
II.3	Counter-Cyclical Capital Buffer: Concept and Working	28
III.1	Monitoring Interest Rate Sensitivity based on Duration Gap Analysis	46
III.2	Report of the Committee on Customer Service in Banks	52
III.3	Recommendations of the Working Group on Securing Card Present Transactions	55
IV.1	Asset Liability Mismatches (ALM) in the Indian Banking Sector: The Extent and Persistence	68
IV.2	Profitability versus Risks: An Analysis of Off-Balance Sheet Exposures in the Indian Banking Sector	70
IV.3	Net Interest Margin of the Indian Banking Sector: Efficiency versus Profitability	73
IV.4	Impact of Restructuring of Advances on the Asset Quality of the Banking Sector	79
IV.5	Robust Credit Growth and Credit Booms – An Analysis of the Indian Banking Sector	82
V.1	Merger and Amalgamation of Urban Cooperative Banks	108
V.2	Soundness of StCBs	121
V.3	Role of Rural Cooperatives in Financial Inclusion – Some Emerging Issues	126
VI.1	Inter-connectedness of NBFCs and Banks in India	138
VI.2	Credit Rating of NBFCs – Practices and Prospects	140
VI.3	Recommendations of the Working Group on the Issues and Concerns in the NBFC Sector	151

List of Tables

Table No.	Particulars	Page No.
II.1	Return on Assets of Banks for Select Economies	12
II.2	Growth in International Assets and Liabilities of Banks	14
II.3	Capital to Risk-Weighted Assets Ratio of Banks in Select Economies	15
II.4	Rank Correlation Coefficients for Top Global Banks between 2009 and 2010 ..	23
III.1	Compensation under Agriculture Debt Waiver and Debt Relief Scheme	36
IV.1	Consolidated Balance Sheet of Scheduled Commercial Banks	61
IV.2	Growth in Balance Sheet of Scheduled Commercial Banks	62
IV.3	Non-SLR Investments of Scheduled Commercial Banks	64
IV.4	International Liabilities of Banks – By Type	65
IV.5	International Assets of Banks – By Type	65
IV.6	Classification of Consolidated International Claims of Banks on Countries Other than India – By Maturity and Sector	66
IV.7	Consolidated International Claims of Banks on Countries other than India	66
IV.8	Bank Group-wise Maturity Profile of Select Liabilities/Assets	67
IV.9	Asset Liability Mismatches in the Indian Banking Sector	69
IV.10	Trends in Income and Expenditure of Scheduled Commercial Banks	71
IV.11	Return on Assets and Return on Equity of SCBs – Bank Group-wise	71
IV.12	Cost of Funds and Return on Funds – Bank Group-wise	72
IV.13	Capital to Risk-Weighted Assets Ratio under Basel I and II – Bank Group-wise	74
IV.14	Component-wise Capital Adequacy of SCBs	74
IV.15	Trends in Non-Performing Assets – Bank Group-wise	76
IV.16	NPAs of SCBs Recovered through Various Channels	78
IV.17	Details of Financial Assets Securitised by SCs/RCs	78
IV.18	Sector-wise NPAs of Domestic Banks	80
IV.19	Trends in Provisions for Non-Performing Assets – Bank Group-wise	81
IV.20	Classification of Loan Assets – Bank Group-wise	81
IV.21	Sectoral Deployment of Gross Bank Credit	84
IV.22	Priority Sector Lending by Public and Private Sector Banks	85
IV.23	Priority Sector Lending by Foreign Banks	87
IV.24	Retail Portfolio of Banks	87
IV.25	Public Issues from the Banking Sector	87
IV.26	Resources Raised by Banks through Private Placements	88
IV.27	Resource Mobilisation through Euro Issues by the Banking Sector	88
IV.28	Risk-Return Performance, Turnover and Capitalisation of Bank Stocks	89

Table No.	Particulars	Page No.
IV.29	Number of Public Sector Banks Classified by Percentage of Private Shareholding	89
IV.30	Overseas Operations of Indian Banks	91
IV.31	ATMs of Scheduled Commercial Banks	91
IV.32	Debit Cards Issued by Scheduled Commercial Banks	92
IV.33	Credit Cards Issued by Scheduled Commercial Banks	92
IV.34	Volume and Value of Electronic Transactions by Scheduled Commercial Banks	93
IV.35	Region-wise Complaints received at Banking Ombudsman Offices	93
IV.36	Bank-Group-wise Complaints received at Banking Ombudsman Offices	94
IV.37	Progress of Financial Inclusion	94
IV.38	Distribution of New Bank Branches Across Regions and Population Groups	95
IV.39	Number of ATMs of SCBs Located at Various Locations	96
IV.40	Progress Made Under Financial Inclusion Plans	98
IV.41	Progress of Micro-Finance Programmes	99
IV.42	Consolidated Balance Sheet of Regional Rural Banks	100
IV.43	Financial Performance of Regional Rural Banks	101
IV.44	Purpose-wise Distribution of Credit from Regional Rural Banks	101
IV.45	Profile of Local Area Banks	102
IV.46	Financial Performance of Local Area Banks	102
V.1	Grade-wise Distribution of Deposits and Advances of Urban Cooperative Banks	107
V.2	Distribution of Urban Cooperative Banks by Size of Deposits and Advances ...	110
V.3	Tier wise Distribution of Urban Cooperative Banks	110
V.4	Liabilities and Assets of Urban Cooperative Banks	111
V.5	Investments by Urban Cooperative Banks	112
V.6	Financial Performance of Scheduled and Non-Scheduled Urban Cooperative Banks	113
V.7	Select Financial Indicators of UCBs	113
V.8	Non-Performing Assets of UCBs	114
V.9	Advances to Weaker Sections by Urban Cooperative Banks	115
V.10	A Profile of Rural Cooperative Banks	117
V.11	Elected Boards under Supersession	117
V.12	Liabilities and Assets of State Cooperative Banks, end-March 2010	118
V.13	Financial Performance of State Cooperative Banks	119
V.14	Soundness Indicators of State Cooperative Banks	119

Table No.	Particulars	Page No.
V.15	Liabilities and Assets of District Central Cooperative Banks	120
V.16	Financial Performance of District Central Cooperative Banks	120
V.17	Soundness Indicators of District Central Cooperative Banks	122
V.18	Primary Agricultural Credit Societies – Select Balance Sheet Indicators	122
V.19	Liabilities and Assets of State Cooperative Agriculture and Rural Development Banks	123
V.20	Financial Performance of State Cooperative Agriculture and Rural Development Banks	124
V.21	Soundness Indicators of State Cooperative Agriculture and Rural Development Banks	124
V.22	Liabilities and Assets of Primary Cooperative Agriculture and Rural Development Banks	124
V.23	Financial Performance of Primary Cooperative Agriculture and Rural Development Banks	125
V.24	Asset Quality of Primary Cooperative Agriculture and Rural Development Banks	125
V.25	NABARD’s Credit to StCBs, State Governments and RRBs	127
V.26	Tranche-wise Details of RIDF (As at end-March 2011)	128
V.27	Progress under Kisan Credit Card Scheme	128
VI.1	Ownership Pattern of Financial Institutions	132
VI.2	Financial Assistance Sanctioned and Disbursed by Financial Institutions	133
VI.3	Liabilities and Assets of Financial Institutions	134
VI.4	Resources Mobilised by Financial Institutions	134
VI.5	Resources Raised by Financial Institutions from Money Market	134
VI.6	Pattern of Sources and Deployment of Funds of Financial Institutions	135
VI.7	Weighted Average Cost and Maturity of Rupee Resources Raised by Select Financial Institutions	135
VI.8	Long-term PLR Structure of Select Financial Institutions	135
VI.9	Financial Performance of Select All-India Financial Institutions	136
VI.10	Select Financial Parameters of Financial Institutions	136
VI.11	Net Non-Performing Assets of Financial Institutions	136
VI.12	Asset Classification of Financial Institutions	137
VI.13	Capital to Risk (weighted) Assets Ratio of Select Financial Institutions	137
VI.14	Ownership Pattern of NBFCs	139
VI.15	Profile of NBFCs	139
VI.16	Consolidated Balance Sheet of NBFCs-D	141
VI.17	Major Components of Liabilities of NBFCs-D by Classification of NBFCs	142

Table No.	Particulars	Page No.
VI.18	Public Deposits held by NBFCs-D by Deposit Ranges	142
VI.19	Public Deposits held by NBFCs-D Region-wise	143
VI.20	Public Deposits held by NBFCs-D - Deposit Interest Rate Range-wise	143
VI.21	Maturity Pattern of Public Deposits held by NBFCs-D	144
VI.22	Sources of Borrowings by NBFCs-D by Classification of NBFCs	144
VI.23	Major Components of Assets of NBFCs-D by Classification of NBFCs	145
VI.24	Assets of NBFCs-D by Asset-Size Ranges	145
VI.25	Distribution of Assets of NBFCs-D by Activity	145
VI.26	Financial Performance of NBFCs-D	146
VI.27	NPA Ratios of NBFCs-D	146
VI.28	NPAs of NBFCs-D by Category of NBFCs	146
VI.29	Classification of Assets of NBFCs-D by Category of NBFCs	147
VI.30	Capital Adequacy Ratio of NBFCs-D	147
VI.31	Net Owned Fund <i>vis-à-vis</i> Public Deposits of NBFCs-D by Category	147
VI.32	Range of Net Owned Fund <i>vis-à-vis</i> Public Deposits of NBFCs-D	148
VI.33	Profile of RNBCs	148
VI.34	Public Deposits held by RNBCs - Region-wise	149
VI.35	Investment Pattern of RNBCs	149
VI.36	Consolidated Balance Sheet of NBFCs-ND-SI	149
VI.37	Borrowings of NBFCs-ND-SI-By Region	150
VI.38	Financial Performance of NBFCs-ND-SI	150
VI.39	NPA Ratios of NBFCs-ND-SI	150
VI.40	Dependence on Public Funds	152
VI.41	Capital Adequacy Ratio of NBFCs-ND-SI	152
VI.42	Bank Exposure of NBFCs-ND-SI	152
VI.43	Performance of the PDs in the Primary Market	153
VI.44	Performance of Standalone PDs in the Secondary Market	153
VI.45	Sources and Applications of Funds of Standalone Primary Dealers	154
VI.46	Financial Performance of Standalone Primary Dealers	154
VI.47	Financial Indicators of Primary Dealers	154
VI.48	CRAR of the Standalone PDs	155
VI.49	Select Indicators of Primary Dealers	155

List of Charts

Chart No.	Particulars	Page No.
II.1	Global Macro-economic Trends	11
II.2	Three-year Moving Average of Bank Credit Growth, in per cent	13
II.3	Bank Stock Indices in Select Economies/Economy Groups	14
II.4	International Assets/Liabilities of Advanced and Emerging Economies	15
II.5	Leverage in the Banking Systems of Select Economies	16
II.6	Asset Quality of Banks in Select Economies	16
II.7	CDS Spread of Global Banks	17
II.8	Sovereign and Bank CDS Spreads in Select Economies	17
II.9	Demographic Access to Banking Services across Select Economies	18
II.10	Usage of Banking Services across Select Economies – Deposits	18
II.11	Usage of Banking Services across Select Economies – Credit	19
II.12	Asset Growth in the US Banking Sector	19
II.13	Sectoral Rates of Growth of Credit of US Banks	20
II.14	Sectoral Delinquency Rates of US Banks	20
II.15	Balance Sheet Indicators of Banks in the Euro zone	20
II.16	Expectations about Credit Conditions for SME Sector in the Euro zone	20
II.17	Movements in Euro Inter-Bank Offered Rate	21
II.18	Interest Rates on Bank Deposits from Non-financial Corporations (with Less than One Year Maturity), Select Euro zone Economies	21
II.19	Expectations about Bank Credit Availability to SMEs in the UK	22
II.20	Write-off Rates of UK Banks	23
II.21	Growth in Balance Sheets of Chinese Banks	23
II.22	Location of Global Banking Business	24
II.23	Share of Countries in Total Assets of Top 100 Global Banks	24
II.24	Percentage Distribution of Top 100 Global Banks by Return on Assets	24
II.25	Percentage Distribution of Top 100 Global Banks by CRAR	25
II.26	Percentage Distribution of Top 100 Global Banks by Capital Adequacy (Leverage) Ratio	25
II.27	Percentage Distribution of Top Global Banks by NPLs Ratio	25
II.28	Changes in Soundness Indicators of Top 20 Global Banks	26
IV.1	Composition of Deposits 2010-11	62
IV.2	Deposits and Borrowings 2010-11	63
IV.3	Credit as per cent of Deposits plus Borrowings 2010-11	66
IV.4	Incremental Credit- and Investment-Deposit Ratios of SCBs	67
IV.5	Composition of Off-Balance Sheet Exposures of the Banking Sector 2010-11	69
IV.6	Net Profits of SCBs	72

Chart No.	Particulars	Page No.
IV.7	Cost of Funds and Return on Funds – Bank Group-wise 2010-11	74
IV.8	Tier I Ratio of Public Sector Banks	75
IV.9	Trends in Gross Non-Performing Assets	75
IV.10A	NPAs Written Off as per cent of Previous Year's Gross NPAs	76
IV.10B	Written Off Ratio – Bank Group-wise 2010-11	76
IV.11A	Slippage Ratio	77
IV.11B	Slippage Ratio - Bank Group-wise 2010-11	77
IV.12A	NPAs Recovered as per cent of Previous Year's Gross NPAs	77
IV.12B	Recovery Ratio - Bank Group-wise 2010-11	77
IV.13	Ratio of NPAs to Advances	78
IV.14	Composition of Incremental NPAs of Domestic Banks 2010-11	80
IV.15	Shares of Population Groups in Agricultural and Industrial Credit	84
IV.16A	Priority Sector Lending: Target and Achievement 2010-11	86
IV.16B	Agricultural Advances: Target and Achievement 2010-11	86
IV.17A	Priority Sector Advances - Target and Achievement 2010-11	86
IV.17B	Export Credit – Target and Achievement 2010-11	86
IV.18	Relative Performance of BSE Bankex and BSE Sensex - 2010-11	88
IV.19	Government Shareholding in PSBs	89
IV.20	Foreign Shareholding in Domestic Banks	89
IV.21	Shares of Bank Groups in Outstanding Debit Cards	91
IV.22	Shares of Bank Groups in Outstanding Credit Cards	92
IV.23	Major Complaints against Bank Groups 2010-11	94
IV.24	Bank Branches Opened in Hitherto Unbanked Centres (April-March)	95
IV.25	Region-wise Population per Bank Branch (end-March 2011)	96
IV.26	Population Group-wise Distribution of ATMs (end-March 2011)	96
IV.27	Share of Regions in Total Net Increase in ATMs 2010-11	97
IV.28	Distribution of Deposit and Credit According to Banking Centres – March 2011 .	97
IV.29A	Region-wise Share in Credit – March 2011	98
IV.29B	Population Group-wise Share in Credit – March 2011	98
V.1	Structure of Cooperative Credit Institutions in India	106
V.2	Grade-wise Distribution of Number of UCBs and Share in Total Advances and Deposits	108
V.3	Changing Profile of UCBs	109
V.4	Asset Size-wise Distribution of UCBs	109
V.5	Composition of Investments of UCBs	112
V.6	Distribution of UCBs according to CRAR	113
V.7	CRAR and RoA of UCBs	114

Chart No.	Particulars	Page No.
V.8	Composition of Advances to Priority Sectors by UCBs	114
V.9	Region-wise and State-wise Profile of UCBs	115
V.10	Percentage Share of Top and Bottom Five States in Total Number of UCBs.....	116
V.11	Select Balance Sheet Indicators of Scheduled StCBs	118
V.12	Percentage Share of Different Categories of NPAs of StCBs	119
V.13	Purpose-wise Details of Projects and Loans Sanctioned under RIDF	127
VI.1	Net Non-Performing Assets/Net Loans	137
VI.2	Number of NBFCs Registered with Reserve Bank of India	139
VI.3	Ratio of Public Deposits of NBFCs to Broad Liquidity (L3) andAggregate Deposits of SCBs	141
VI.4	Share of Public Deposits held by NBFCs-D-by Deposits Ranges	142
VI.5	Share of Public Deposits held by NBFCs-D Region-wise	143
VI.6	Public Deposits held by NBFCs-D-Deposit Interest Rate Range-wise	143
VI.7	Maturity Pattern of Public Deposits held by NBFCs-D	144
VI.8	Financial Performance of NBFCs-D	146

List of Appendix Tables

Table No.	Particulars	Page No.
IV.1	Off-Balance Sheet Exposures of Scheduled Commercial Banks in India	156
IV.2(A)	Non-Performing Assets of Public Sector Banks - Sector-wise	157
IV.2(B)	Non-Performing Assets of Private Sector Banks - Sector-wise	158
IV.2(C)	Non-Performing Assets of Foreign Banks - Sector-wise	159
IV.3(A)	Non-Performing Assets in Advances to Weaker Sections - Public Sector Banks	160
IV.3(B)	Non-Performing Assets in Advances to Weaker Sections - Private Sector Banks	161
IV.4(A)	Advances of Public Sector Banks to Agriculture and Weaker Sections	162
IV.4(B)	Advances of Private Sector Banks to Agriculture and Weaker Sections	163
IV.4(C)	Advances of Foreign Banks to Micro and Small Enterprises (MSE) and Export sectors	164
IV.5(A)	Targets Achieved by Public Sector Banks under the Priority Sector	165
IV.5(B)	Targets Achieved by Private Sector Banks under the Priority Sector	166
IV.5(C)	Targets Achieved by Foreign Banks under the Priority Sector	167
IV.6	Bank Group-wise Lending to the Sensitive Sectors	168
IV.7	Share Prices and Price/Earning Ratios of Bank Stocks at BSE	169
IV.8	Shareholding Pattern of Domestic Scheduled Commercial Banks	170
IV.9	Branches and ATMs of Scheduled Commercial Banks	172
IV.10	Statement of Complaints Received at Banking Ombudsman Office	175
IV.11	Credit-Deposit Ratio and Investment plus Credit-Deposit Ratio of Scheduled Commercial Banks - Region/State-wise	178
V.1	Select Financial Parameters of Scheduled UCBs	179
V.2	Major Indicators of Financial Performance of Scheduled UCBs	180
V.3	State-wise Distribution of UCBs	182
V.4	Working Results of State Cooperative Banks - Region and State-wise	183
V.5	Working Results of District Central Cooperative Banks - Region and State wise	184
V.6	Select Indicators of Primary Agricultural Credit Societies-State wise	185
V.7	Working Results of State Cooperative Agriculture and Rural Development Banks - State-wise	187
V.8	Working Results of Primary Cooperative Agriculture and Rural Development Banks -State-wise	188
V.9	Sanctions and Disbursements Under RIDF - State-wise	189
V.10	Kisan Credit Card Scheme: State-wise Progress	192
VI.1	Financial Assistance Sanctioned and Disbursed by Financial Institutions	193
VI.2	Financial Performance of Primary Dealers	194
VI.3	Select Financial Indicators of Primary Dealers	195