

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 year 2004-05, the following changes have taken place in the commercial banking system
 - (i) Yes Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from 19th August 2004.
 - (ii) IDBI Bank has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from 2nd April 2005. However, no separate balance sheet and profit and loss accounts are available for the bank for 2004-05. It has been merged with its parent IDBI Ltd. and the latter has been included in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from 11th October 2004.
 - (iii) Global Trust Bank has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from 7th August 2004.
 - (iv) Sumitomo Mitsui Bank has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from 28th February 2005.
 - (v) Credit Lyonnais Bank has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from 1st May 2004.

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

6. In the bank group-wise classification, IDBI Ltd. has been included in Nationalised Banks.
7. As on the date of going to the press, balance sheet and profit and loss account of Sangli Bank were not available, and hence excluded in 2004-05 data.
8. Population groups of the banked centres presented in this volume are based on the 1991 census. The population groups are defined as under:
 - (i) 'Rural' group includes all centres with population of less than 10,000

- (ii) 'Semi-urban' group includes centres with population of 10,000 and above but less than 1 lakh.
- (iii) 'Urban' group includes centres with population of 1 lakh and above but less than 10 lakhs.
- (iv) 'Metropolitan' group includes centres with population of 10 lakhs and more.

II. Table-related

Two new tables are added.

One is Table 2.7, giving bank group-wise details on maturity profile of selected items of the balance sheet; this gives summary data on Table B9.

Tables B10(a) and B10(b) on loans subjected to restructuring and corporate debt restructured are new.

Reflecting the current banking environment, a few tables are deleted. These are relating to deposit and credit after nationalisation and also transactions of banks with financial institutions.

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 B11 - 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 2004 and 2005. 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 the "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 / definitions:

1. (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. (i) Cash-deposit ratio = $(\text{Cash in hand} + \text{Balances with RBI}) / \text{Deposits}$
- (ii) Ratio of secured advances to total advances = $(\text{Advances secured by tangible assets} + \text{Advances covered by bank or Govt. guarantees}) / \text{Advances}$
- (iii) Ratio of interest income to total assets = $\text{Interest earned} / \text{Total assets}$.
- (iv) Ratio of net interest margin to total assets = $(\text{Interest earned} - \text{Interest paid}) / \text{Total assets}$.
- (v) Ratio of non-interest income to total assets = $\text{Other income} / \text{Total assets}$.
- (vi) Ratio of intermediation cost to total assets = $\text{Operating expenses} / \text{Total assets}$
- (vii) Ratio of wage bill to intermediation costs (Operating Expenses) = $\text{PPE} / \text{Operating Expenses}$.
- (viii) Ratio of wage bill to total expenses = $\text{PPE} / \text{Total expenses}$
- (ix) Ratio of wage bill to total income = $\text{PPE} / \text{Total income}$
- (x) Ratio of burden to total assets = $(\text{Operating expenses} - \text{Other income}) / \text{Total assets}$
- (xi) Ratio of burden to interest income = $(\text{Operating expenses} - \text{Other income}) / \text{Interest income}$
- (xii) Ratio of operating profits to total assets = $\text{Operating profit} / \text{Total assets}$
- (xiii) Return on assets for a bank group (for Table 2.6) is obtained as weighted average of return of assets of individual banks (from Table B11) 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 = $\text{Net Profit} / (\text{Capital} + \text{Reserves and Surplus})$
- (xv) Cost of Deposits = $\text{IPD} / \text{Deposits}$
- (xvi) Cost of Borrowings = $\text{IPRBI} / \text{Borrowings}$
- (xvii) Cost of Funds = $(\text{IPD} + \text{IPRBI}) / (\text{Deposits} + \text{Borrowings})$
- (xviii) Return on Advances = $\text{IEA} / \text{Advances}$
- (xix) Return on Investments = $\text{IEI} / \text{Investments}$
- (xx) Return on Advances adjusted to cost of funds = $\text{Return on advances} - \text{Cost of funds}$
- (xxi) Return on Investment adjusted to Cost of Funds = $\text{Return on investments} - \text{Cost of funds}$

Abbreviations used in the above definitions

- PPE = Payment to and provisions for employees
- IPD = Interest paid on deposits
- IPRBI = Interest paid on borrowings from RBI
- IEA = Interest earned on advances and bills
- IEI = Interest Earned on Investments

Table 4.2 - This table is based on the data reported by selected branches in Basic Statistical Return IV. In the BSR IV survey as on March 31, 2004, covered 9,933 selected branches of scheduled commercial banks.

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.

Tables 10.1 and 10.2 - These tables are 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 as on March 31, 2004. The credit is exclusive of inland & foreign bills purchased and discounted. Amount outstanding as on March 31, 2004 is used as weights for calculating average lending rates. The deposit rate corresponds to only term deposits. The data on average deposit rate are based on 57,654 reporting branches out of 66,517 branches.

Tables B1 to B16 presents data on individual Scheduled Commercial Banks, excluding Regional Rural Banks, except Tables B12 and B13 which include RRBs.

Table B16 - Data relate to deposit accounts in India, which have not been operated upon for 10 years or more as on 31st December 2004 and are based on returns submitted by banks in Form IX under Section 26 of the Banking Regulation Act, 1949.

III. General

- (i) The totals in the tables may not exactly tally with the sum of the constituent items on account of rounding off of the figures.
- (ii) Figures in brackets, unless otherwise specified, indicate percentage to totals.
- (iii) The unit lakh is equal to 1,00,000 and unit crore is equal to 1,00,00,000.
- (iv) The symbol '-' indicates nil or negligible and '.' indicates not available or not applicable.
- (v) Source and notes as appropriate are given at the end of each table.
- (vi) The year '2004' refers to financial year April 2003 to March 2004 and the year '2005' refers to financial year April 2004 to March 2005.