

EXPLANATORY NOTES

I. General

A. The publication, "Statistical Tables Relating to Banks in India - 1979-2007" in CD-ROM format, provides bank-wise and bank group-wise data and ratios based on annual accounts submitted by Scheduled Commercial Banks (SCBs) and also bank group-wise data and ratios based on final Form 'A' submitted by SCBs under Section 42(2) of RBI Act, 1934.

B. Data on number of employees have been collected from Indian Banks' Association (IBA). These are available from 1979 onwards; however, there are some data gaps in the bank-wise data either due to non-availability or due to the fact that some of the banks were not members of IBA for the said year(s).

C. The data presented in balance sheet, profit & loss accounts, and Form 'A' can be extracted in any unit, viz., Rs. thousand, Rs. lakh, Rs. million, Rs. crore and Rs. billion, as per the choice of the user. The unit, one lakh is equal to 1,00,000 and one crore is equal to 100 lakhs.

D. Scheduled Commercial Banks are categorised in 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 Scheduled Commercial Banks (in the private sector). The CD-ROM provides aggregate data for different bank groups.

E. The public sector bank IDBI Ltd. is included in the group of Nationalised Banks.

F. For ease of comparability and presentation, the six banks which got nationalised during the year 1980 are kept under the 'Nationalised Banks' group throughout the period including 1979. However, at the bank group level, the totals include these banks in Other Scheduled Commercial Banks group and Nationalised Banks group, respectively, in the years 1979 and 1980.

G. Total expenses shown in profit & loss account is the sum of interest expenses and operating expenses. The profit figure is computed by subtracting total expenses and provisions and contingencies (including income tax, wealth tax, fringe benefit tax and deferred tax liabilities) from total income of the bank.

H. The formats of balance sheet and profit & loss accounts for the years 1979-1991 are different from the ones effective from 1992. Accordingly, several details are not available for the years 1979-1991. Hence, a few adjustments in data have been made to maintain uniformity of presentation; the details of which are given in Section II below.

I. Bank group-wise totals may not add up to the individual bank's totals due to rounding off.

J. As data are not available uniformly for all banks / items across the entire period, against such entries, the notation 'NA' (Not Available) is used.

K. As some banks do not exist during the period, against such banks, the notation 'NE' (Non Existence) is used.

L. The notation '0' denotes nil or negligible.

M. The changes in the banking sector that have taken place from 2002 onwards are as follows :

1. Chase Manhattan Bank has been merged with Morgan Guarantee Trust. The name of the new entity has been changed to JP Morgan Chase Bank in 2001-02.

2. Sakura Bank has been merged with Sumitomo Bank and the name was changed to Sumitomo Mitsui Bank in 2001-02.

3. The names of Fuji Bank and Sanwa Bank have been changed to Mizuho Corporate Bank and UFJ Bank, respectively, in 2001-02.

4. The name of the Fuji Bank has been changed to Mizuho Corporate Bank with effect from April 1, 2002.

5. Antwerp Diamond Bank has started business from June 20, 2002.

6. Benares State Bank has been merged with Bank of Baroda with effect from June 20, 2002.

7. Standard Chartered Grindlays Bank has been merged with Standard Chartered Bank with effect from August 31, 2002.

8. Nedungadi Bank has been merged with Punjab National Bank with effect from January 31, 2003.
9. Dresdner Bank, Commerz Bank, KBC Bank and Siam Commercial Bank have been closed with effect from September 21, 2002, December 18, 2002, January 23, 2003 and February 27, 2003, respectively.
10. Bank Muscat (S.A.O.G.) has been excluded from the Second Schedule to the RBI Act, 1934, with effect from February 21, 2004.
11. Overseas Chinese Banking Corporation has been excluded from the Second Schedule to the RBI Act, 1934, with effect from December 27, 2003.
12. Toronto Dominion Bank has been excluded from the Second Schedule to the RBI Act, 1934, with effect from September 4, 2003.
13. The name of Development Bank of Singapore Ltd. has been changed to DBS Bank with effect from August 9, 2003.
14. Kotak Mahindra Bank has been included in the Second Schedule to the RBI Act, 1934, with effect from April 12, 2003.
15. Yes Bank has been included in the Second Schedule to the RBI Act, 1934, with effect from August 19, 2004.
16. IDBI Ltd. has been included in the Second Schedule to the RBI Act, 1934, with effect from October 11, 2004.
17. IDBI Bank has been merged with IDBI Ltd. with effect from October 11, 2004.
18. Global Trust Bank has been excluded from the Second Schedule to the RBI Act, 1934, with effect from August 7, 2004.
19. Sumitomo Mitsui Bank has been excluded from the Second Schedule to the RBI Act, 1934, with effect from February 28, 2005.
20. Credit Lyonnais Bank has been excluded from the Second Schedule to the RBI Act, 1934, with effect from May 1, 2004.
21. The name of Bank of Tokyo-Mitsubishi has been changed to Bank of Tokyo-Mitsubishi-UFJ in the Second Schedule to the RBI Act, 1934, with effect from January 1, 2006.
22. The name of Centurion Bank has been changed to Centurion Bank of Punjab with effect from October 17, 2005.
23. Bank of Punjab has been excluded from the Second Schedule to the RBI Act, 1934, with effect from October 1, 2005.
24. ING Bank has been excluded from the Second Schedule to the RBI Act, 1934, with effect from October 28, 2005.
25. UFJ has been excluded from the Second Schedule to the RBI Act, 1934, with effect from January 1, 2006.
26. The name of Cho Hung Bank has been changed to Shinhan Bank in the Second Schedule to the RBI Act, 1934, with effect from August 12, 2006.
27. Ganesh Bank of Kurundwad has been merged with Federal Bank with effect from September 2, 2006.
28. United Western Bank has been merged with IDBI Ltd. with effect from October 3, 2006.
29. Bharat Overseas Bank has been merged with Indian Overseas Bank with effect from March 31, 2007.
30. The name of UTI Bank has been changed to Axis Bank with effect from July 30, 2007.
31. The list of mergers of Regional Rural Banks is given separately.

The above list gives a limited coverage of mergers and de-scheduling of banks; it is not an exhausting list for the full period covered by the CD-ROM.

N. Definitions of the concepts used in the ratios are as follow:

1. *Cash* in cash-deposit ratio includes cash in hand and balances with RBI.
2. *Investments* in investment-deposit ratio represent total investments including investments in non-SLR securities.
3. *Net interest margin* is defined as the total interest earned *less* total interest paid.
4. *Intermediation cost* is defined as total operating expenses.
5. *Wage bills* is defined as payments to and provisions for employees (PPE).
6. *Operating profit* is defined as total earnings *less* total expenses, excluding provisions and contingencies.
7. *Burden* is defined as the total non-interest expenses *less* total non-interest income.

O. Definitions of the ratios are as follows:

1. Cash-Deposit ratio = $(\text{Cash in hand} + \text{Balances with RBI}) / \text{Deposits}$
2. Ratio of secured advances to total advances = $(\text{Advances secured by tangible assets} + \text{Advances covered by bank or Govt. guarantees}) / \text{Advances}$
3. Ratio of interest income to total assets = $\text{Interest earned} / \text{Total assets}$
4. Ratio of net interest margin to total assets = $(\text{Interest earned} - \text{Interest paid}) / \text{Total assets}$
5. Ratio of non-interest income to total assets = $\text{Other income} / \text{Total assets}$
6. Ratio of intermediation cost to total assets = $\text{Operating expenses} / \text{Total assets}$
7. Ratio of wage bill to intermediation costs (Operating Expenses) = $\text{PPE} / \text{Operating Expenses}$
8. Ratio of wage bill to total expenses = $\text{PPE} / \text{Total expenses}$
9. Ratio of wage bill to total income = $\text{PPE} / \text{Total income}$
10. Ratio of burden to total assets = $(\text{Operating expenses} - \text{Other income}) / \text{Total assets}$
11. Ratio of burden to interest income = $(\text{Operating expenses} - \text{Other income}) / \text{Interest income}$
12. Ratio of operating profits to total assets = $\text{Operating profit} / \text{Total assets}$
13. Return on assets = $\text{Net Profit} / \text{Total Assets}$
14. Return on Equity = $\text{Net Profit} / (\text{Capital} + \text{Reserves and Surplus})$
15. Cost of Deposits = $\text{IPD} / \text{Deposits}$
16. Cost of Borrowings = $\text{IPB} / \text{Borrowings}$
17. Cost of Funds = $(\text{IPD} + \text{IPB}) / (\text{Deposits} + \text{Borrowings})$
18. Return on Advances = $\text{IEA} / \text{Advances}$
19. Return on Investments = $\text{IEI} / \text{Investments}$
20. Return on Advances adjusted to Cost of Funds = $\text{Return on Advances} - \text{Cost of Funds}$
21. Return on Investment adjusted to Cost of Funds = $\text{Return on Investments} - \text{Cost of Funds}$

The above ratios, presented in per cent, may differ from the ratios published in the publication, "Statistical Tables Relating to Banks in India" at bank group level.

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

II. Specific

A. Balance Sheet

1. The sum of the constituent items under liabilities / assets may not tally with total liabilities / assets with respect to some banks for certain years as the 'total' also includes contra items particularly for the years 1990 and 1991.
2. The data for the following items are not available for the period specified in the brackets.
 - 1) Data on capital for foreign banks (1979 to 1989);
 - 2) Break-up data of reserves and surplus (1979 to 1991);
 - 3) Break-up data of demand deposits and term deposits (1979 to 1989);
 - 4) Break-up data of borrowings (1979-1991);
 - 5) Break-up data of other liabilities (1979 to 1989);
 - 6) Information on balances with RBI (1979 to 1989);
 - 7) Break-up of cash in hand and balances with RBI (1990 & 1991);
 - 8) Break-up of other investments, that is, shares, debentures and others 1979 to 1989);
 - 9) Under advances, information on term loans (1979 to 1989);
 - 10) Break-up of advances, that is, secured by tangible assets, covered by bank / government guarantee and unsecured (1979 to 1991);
 - 11) Data on advances to priority sectors, public sectors, banks and other sectors (1979 to 1991);
 - 12) Data on advances in India and outside India separately (1979 to 1989);
 - 13) Information on other fixed assets and assets under construction (1979 to 1989);
 - 14) Break-up of other assets (1979 to 1989).
 - 15) For the item other deposits, data are available for the period from 1979 to 1982. These data pertain to deposits under participation certificate scheme'.
 - 16) The item balances with banks for the years 1979 to 1989 includes cash with RBI also. With respect to Regional Rural Banks, for the item, borrowings from other banks figures for the years 2002 and 2003 include borrowings from RBI also.
 - 17) Reserves and surplus = Reserves plus balance of profit less balance of loss.
 - 18) In case of Regional Rural Banks for the period 2005-2007, the sub-item others (including provisions) of the item other liabilities include subordinated debt, deferred tax liabilities and proposed dividend and others (including provisions).
 - 19) In case of Regional Rural Banks for the period 2005-2007, the sub-item others of the item other assets include deferred tax assets, non banking assets and others.

B. Profit & Loss Account

1. During the period 1979 to 1989, the data with respect to profit and loss accounts are available only for public sector banks (State Bank of India and its Associates and Nationalised Banks).
2. Under profit & loss accounts, data on the following items are not available for the period specified in brackets.
 - 1) Break up details of interest earnings into earnings on advances, investments, balances with banks / RBI and on others separately (1979 to 1991);
 - 2) Data on net profit on sale of investment, revaluation of investment, sale of land, building and other assets and exchange transactions and others (1979 to 1991);
 - 3) Interest paid on deposits, on borrowings from RBI / banks and on others separately (1979 to 1991);
 - 4) Under operating expenses, only payments to and provisions for employees (salaries) are available. Other items like rent, taxes, lighting, printing, depreciation *etc.* are not available (1979 to 1989);
 - 5) Data on provisions and contingencies are not available separately. As such, the figure shown under profit is gross profit, that is, before adjusting for provisions and contingencies (1979 to 1991).
 - 6) In case of Regional Rural Banks for the period 2005-2007, the sub-item miscellaneous income of the item income includes income earned by way of dividend from subsidiaries and miscellaneous income.

C. Final Form 'A' under Section 42 (2) of RBI Act, 1934

1. Liabilities to the 'banking system' and to 'others' in India

Liabilities to the 'banking system' as well as to 'others' can be divided into three heads, namely, (a) demand and time deposits, (b) borrowings and (c) other demand and time liabilities.

a) Demand and time deposits:

Demand deposits consist of (i) current deposits, (ii) demand liabilities portion of saving bank deposits, (iii) margins held against letter of credit/guarantees, (iv) balances in overdue fixed deposits, cash certificates and cumulative/recurring deposits, (v) outstanding telegraphic transfers, mail transfers and demand drafts, (vi) unclaimed deposits, (vii) credit balances in the cash credit accounts and (viii) deposits held as security for advances which are payable on demand.

Time deposits consist of (i) fixed deposits, (ii) cash certificates, (iii) cumulative and recurring deposits, (iv) time liabilities portion of saving bank deposits, (v) staff security deposits, (vi) margins held against letters of credit if not payable on demand, (vii) fixed deposits held as securities for advances and (viii) India Development Bonds and Resurgent India Bonds.

b) Borrowings:

Borrowings from banks comprise (i) inter-bank borrowings and (ii) Inter-bank deposits at call or short notice not exceeding 14 days.

Borrowings from 'others' represent total borrowings from outside the 'banking system'. Money at call and short notice obtained from Life Insurance Corporation of India, Unit Trust of India, etc., are also included. Borrowings from Reserve Bank of India, Industrial Development Bank of India (till its conversion into a bank), National Bank for Agriculture and Rural Development, Export Import Bank are excluded from this item.

c) Other demand and time liabilities:

Other demand and time liabilities comprise (i) interest accrued on deposits, (ii) bills payable, (iii) unpaid dividends, (iv) suspense account balances representing amounts due to other banks or public, (v) participation certificates issued to other financial institutions other than banks, (vi) any amount due to the 'banking system' which are not in the nature of deposits or borrowings. Such liabilities may arise due to items such as collection of bills on behalf of other banks, interest due to other banks, etc. If a bank cannot segregate the liabilities to the 'banking system' from the total of 'other demand and time liabilities', the entire 'other demand and time liabilities' are treated as liability to 'others'.

2. Cash in hand

Cash in hand represents notes and coins held by banks. Currencies of foreign countries are not included.

3. Assets with the banking system

Assets with the banking system comprise (a) balances with the 'banking system' in current account, (b) balances with other banks in other accounts, (c) money at call and short notice (This represents funds made available to the 'banking system' by way of loans or deposits repayable at call or short notice of 14 days or less), (d) advances to banks (This represents the loans other than 'money at call and short notice' made available to the 'banking system'. Participation certificates purchased are also included here) and, (e) other assets - any other amounts due from the 'banking system', which cannot be classified under any of the above four items. For example, in the case of inter-bank remittance facilities scheme, the total amount held by a bank with other banks (in transit or other accounts) are included under other assets as such amounts cannot be construed as balances or call money or advances.

4. Investments in India

Investments indicate the total investments in (a) government securities and (b) other approved securities.

(a) Investments in government securities consist of (i) central and state government securities including treasury bills, (ii) treasury deposit receipts, (iii) treasury savings deposit certificates, (iv) postal obligations such as national plan certificates, national savings certificates, etc. and (v) government securities deposited by foreign scheduled banks under Sec.11 (2) of Banking Regulation (BR) Act, 1949.

(b) Investments in other approved securities comprise (i) securities of state associated bodies such as electricity board, housing board and corporation bonds, (ii) debentures of land development banks, (iii) units of Unit Trust of India and (iv) shares of Regional Rural Banks, etc., which are treated as approved securities under Sec.5 (a) of BR Act, 1949.

5. Bank credit in India (excluding inter-bank advances)

Bank credit in India is the total of three items, viz., (a) loans, cash-credits and overdrafts, (b) inland bills – purchased and discounted and (c) foreign bills – purchased and discounted. Bills (inland and foreign) rediscounted with the Reserve Bank of India, Industrial Development Bank of India and other financial institutions are not included under this head.

a) Loans, cash-credits and overdrafts comprise (i) demand loans, (ii) term loans, (iii) cash-credits, (iv) overdrafts, (v) packing credit, etc., granted to constituents (other than banks) and (vi) any other type of credit facilities other than by way of bills purchased and discounted.

b) Inland bills – purchased and discounted: Under this, inland bills drawn and payable in India including demand draft and cheques purchased are covered.

c) Foreign bills –purchased and discounted: Foreign bills covering all export and import bills purchased and discounted in India as also cheques, demand drafts drawn in foreign currencies and paid by banks' offices in India are included under this item.