

Investments of Scheduled Commercial Banks* **(As on 31ST March 2000)**

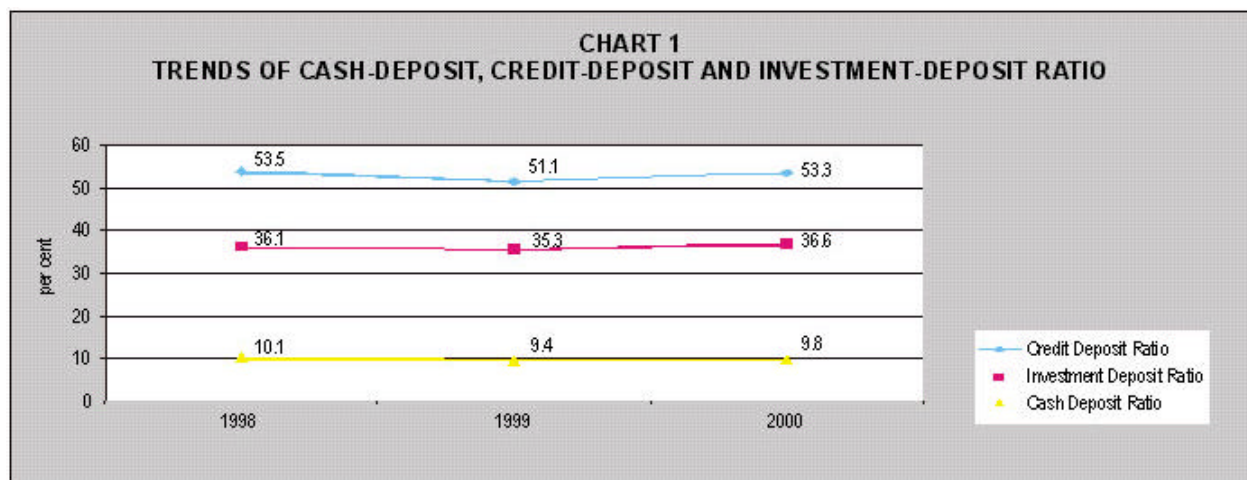
Reserve Bank of India conducts annual survey of Investments of Scheduled Commercial Banks and the latest survey relates to the reference date 31st March 2000. The share of Regional Rural Banks (RRBs) constitute only 1.9 per cent of total investments in India by all Scheduled Commercial Banks^s and as such RRBs have been excluded from the survey. The types of investments covered in the survey are i) Central and State Government Securities ii) The Securities, other than Central and State Government Securities, approved for the purpose of investments under Indian Trusts Act (1882) iii) Shares, bonds and debentures of Indian Joint Stock Companies (iv) Fixed deposits with banks (v) The domestic securities which are not eligible as trustee securities, such as initial contribution to Unit Trust of India, share capital in Regional Rural Banks vi) Foreign Securities and other foreign investments. The survey covered all Indian Scheduled Commercial Banks (other than RRBs) operating in India and abroad as well as Foreign Banks operating in India. The article provides details of outstanding investments of Scheduled Commercial Banks as on 31st March 2000 and also as on the same reference date of the previous two years.

2. A bank's investment decisions depend on a number of factors. The major policy developments relating to banks' investments during 1999-2000 are indicated below:

- As part of tightening the prudential norms, banks were advised to make a general provision on standard assets of a minimum of 25 basis points from the year ended March 31, 2000 on a global portfolio basis and not on domestic advances alone. The general provision on standard assets to be included in Tier II capital, in line with international best practices.
- Capital to risk-weighted asset ratio of scheduled commercial banks increased to 9 per cent from the year ended March 2000. Banks were advised in October 1999 to assign a risk weight of 2.5 per cent to cover market risk in respect of investments in securities outside the SLR by the year ending March 31, 2001 (over and above the existing 100 per cent credit risk-weight). A market risk-weight of 2.5 per cent has been prescribed for Government and other approved securities from March 31, 2000.
- The entire investment portfolio of banks including SLR securities and non-SLR securities is to be classified under three categories, viz., 'Held to Maturity (HTM)', 'Available for Sale (AFS)' and 'Held for Trading (HFT)'. HTM includes securities acquired with the intention of being held up to maturity; HFT includes securities acquired with the intention of being traded to take advantage of the short-term price/interest rate movements; and AFS includes securities not included in HTM and HFT.
- Investments classified under 'Held to Maturity' category need not be marked to market and will be carried at acquisition cost unless it is more than the face value, in which case the premium should be amortised over the period remaining to maturity. The individual scrips in the 'Available for Sale' category will be marked to market at the year-end or at more frequent intervals. The individual scrips held for Trading category will be revalued at monthly or at more frequent intervals.

- Banks which had already marked to market more than 75 per cent of their SLR portfolio, have the option to reclassify their investments under this category up to the permissible level.
- Banks should mark their investment portfolio in equities like other investments on a quarterly basis. Further, banks should disclose the total investments made in shares, convertible debentures and units of equity oriented mutual funds as also aggregate advances against shares, etc., in the 'Notes on Accounts' to their balance sheets, beginning from the year ending March 2001.
- Within the overall exposure to the sensitive sectors, a bank's total exposure to capital market by way of investment in shares, convertible debentures and units of mutual funds (other than debt funds) should not exceed 5 per cent of the banks' total outstanding credit as on March 31 of the previous year.
- Under all circumstances, the shifting of investments from one category to another should be done at lowest value among acquisition cost, book value or market value, depreciation, if any, should be fully provided for.
- RBI will no longer announce the Yield to Maturity (YTM) rates for unquoted Government securities for the purpose of valuation of investments by banks.

3. Before describing the results of the survey, it is stated that the aggregate investment of Scheduled Commercial Banks constitute a little over 35 per cent of their deposits. The movement of investment-deposit ratio, credit-deposit ratio and cash-deposit ratio, as reported in the Statistical Tables Relating to Banks in India 1999-2000, in the last three years are as follows: The investment-deposit ratio first decreased from 36.1 per cent in 1998 to 35.3 per cent in 1999 and then increased to 36.6 per cent in 2000. Credit-deposit ratio also showed a similar trend from 53.5 per cent in 1998 to 51.1 per cent in 1999 and to 53.3 per cent in 2000. The cash-deposit ratio, which also showed a similar trend during the period March 1998 to March 2000, decreased from 10.1 per cent in 1998 to 9.4 per cent in 1999 and then increased to 9.8 per cent by March 2000 ([Chart 1](#)).



4. The results of the survey are presented in three sections. Section I presents an analysis of the aggregate investments of Scheduled Commercial Banks according to types of securities. Section II presents bank group-wise analysis of investments and Section III presents the investments of Scheduled Commercial Banks in loans floated by the State Governments, contributions in the share capital of Regional Rural Banks, subscribing to the debentures of Co-operative Institutions, subscribing to bonds of State Government guaranteed bodies viz. Municipalities, State Electricity Boards, State Financial Institutions, Road Transport Corporations etc. In this article, the investments will be generally referred to by their face values, though in certain cases in addition to the face values the market values also will be indicated. Charts 2 to 18A are drawn based on the data presented in the statements.

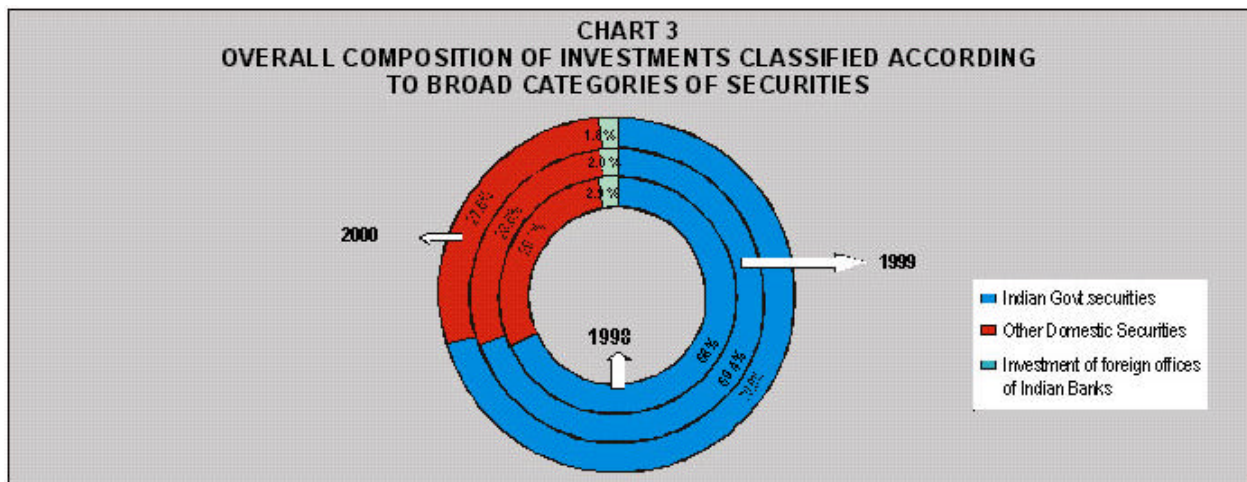
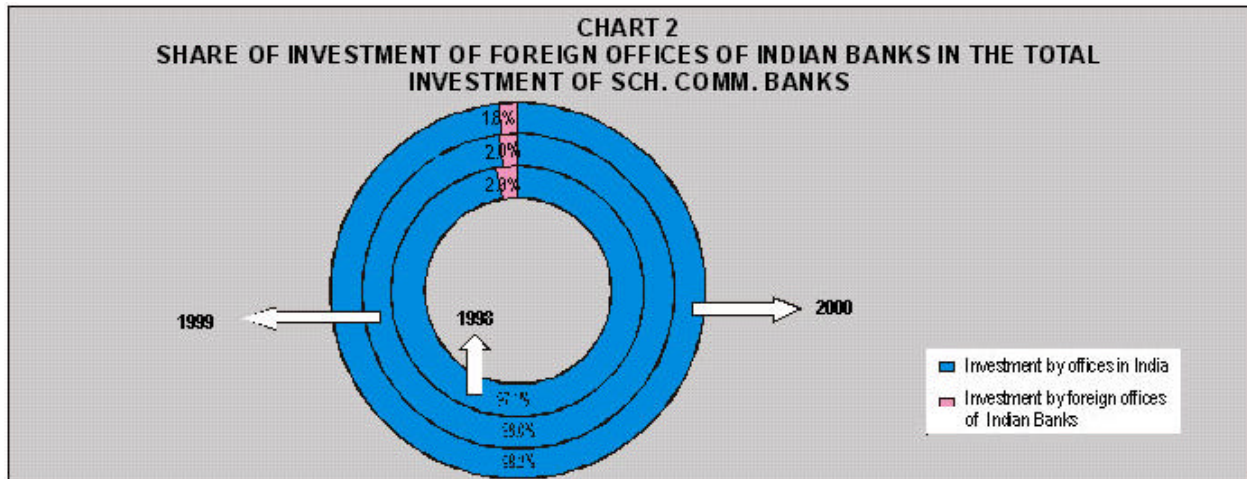
SECTION I

Analysis of Aggregate Investments of Scheduled Commercial Banks

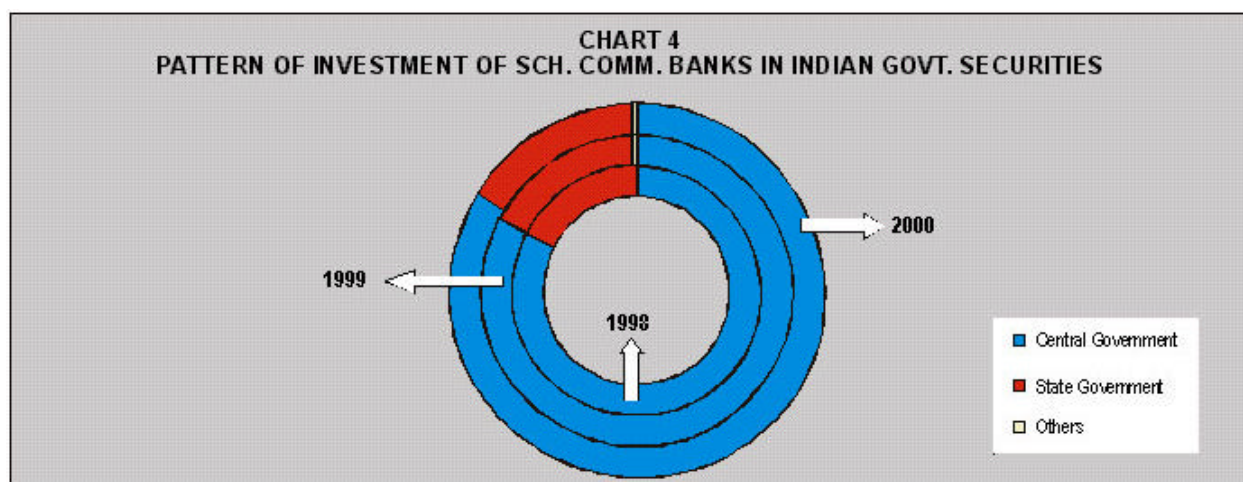
Aggregate investments of Scheduled Commercial Banks as on 31st March 1998, 1999 and 2000 are presented in [statement 1](#).

5. The total investment of Scheduled Commercial Banks increased from Rs.2,79,432 crore as at end March 1998 to Rs.3,32,509 crore as at end March 1999, which further increased to Rs.4,02,992 crore by end March 2000. The pattern of banks' investments under broad categories remained, by and large, the same over the years. In the total investment of Scheduled Commercial Banks, the share of investments by Foreign Offices of Indian Banks remained within a range of 1.8 per cent to 2.9 per cent and the share of investments by offices in India was very high ranging from 97.1 per cent to 98.2 per cent ([Chart 2](#)). The investments of foreign offices of Indian banks were, generally, in Foreign Government securities and Joint Stock Companies registered abroad.

6. Indian Government Securities consisting of Central Government securities, State Government securities and others constituted 69.4 per cent and 70.6 per cent of the investment portfolio of the banks as at end March 1999 and 2000 respectively. It is observed that there is a clear preference for Indian Government securities in the investment choice of the banks in India ([Chart 3](#)).



7. Investments in Central Government securities increased from Rs. 1,91,307 crore in 1999 to Rs.2,37,741 crore in 2000, indicating a growth of 24.3 per cent. The net increase of Rs.46,434 crore in outstanding investments in Central Government securities indicate continued investment preference of banks for this category of securities, as it constituted 65.9 per cent of the net increase in the outstanding investments of the banks. The investments in State Government securities grew from Rs. 38,413 crore in 1999 to Rs. 45,713 crore in 2000. The growth in outstanding investments in State Government securities was lower at 19.0 per cent as compared to the Central Government securities. The net increase of about Rs.7,300 crore in the outstanding investment ranks third in the security preference of the banks ([Chart 4](#)).



8. Apart from the Indian Government securities, there was substantial outstanding investment of Rs.1,11,241 crore as on 31st March 2000 by the offices of Scheduled Commercial Banks in India in various domestic securities viz. shares and debentures of Joint Stock Companies, trustee securities (other than Central and State government securities), fixed deposits, units of Unit Trust of India, certificate of deposits and commercial papers, Mutual Funds, initial contribution to share capital of Unit Trust of India, bonds and debentures of Quasi-government bodies, venture capital funds etc. Overall pattern of investments of banks in these categories of securities remained similar in 1998, 1999 and 2000. The investments of banks in shares and debentures of joint stock companies and other trustee securities remained high at Rs.65,317 crore as on 31st March 2000 in terms of market value. There had been a continuous decline in outstanding investments in trustee securities from Rs.31,390 crore in 1998 to Rs.28,327 crore in 1999 and further to Rs. 27,680 crore in 2000. Outstanding investments in Certificate of Deposits and Commercial Papers increased from Rs.3,662 crore in March 1999 to Rs.5,116 crore in March 2000. The investment in "Mutual Funds" also had increased from Rs.1,994 crore in March 1999 to Rs.3,679 crore in March 2000. Banks' outstanding investment of Rs.6,629 crore as at end March 2000 in the bonds and debentures of Quasi-government bodies, venture capital funds etc. increased from Rs.6,033 crore as at end March 1999 ([Chart 5](#)).

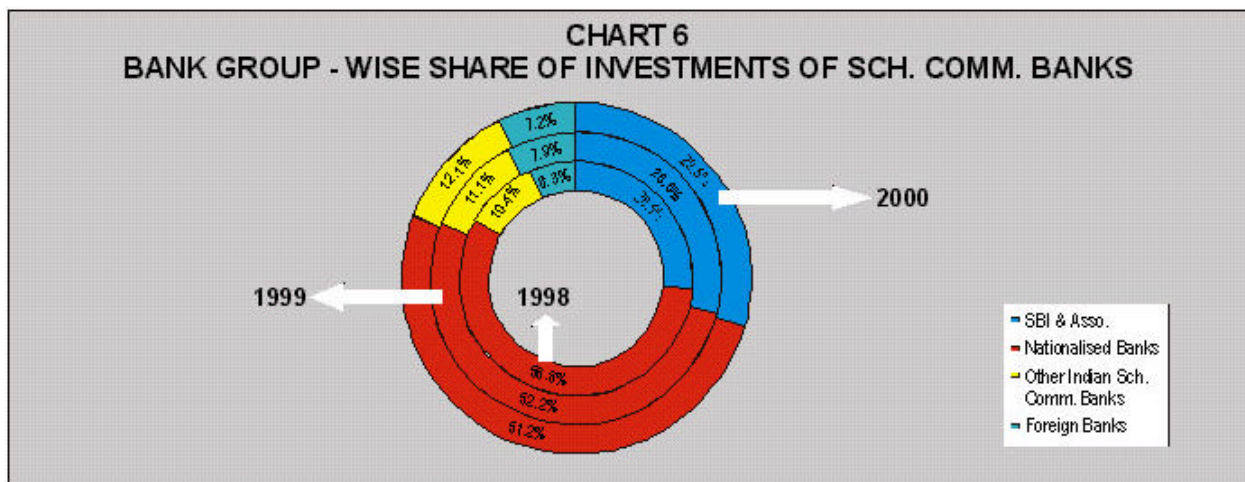
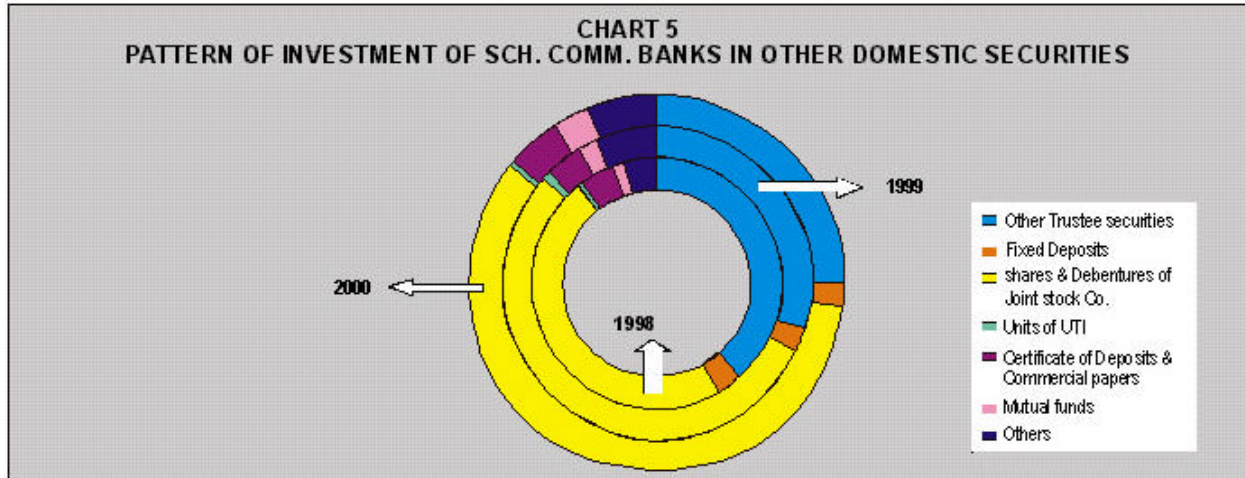
SECTION II

Bank Group-wise Analysis of Investments of Indian Offices of Scheduled Commercial Banks

Category-wise outstanding investments of bank groups and their variations in absolute and percentage terms (with regard to previous year) are presented in [statement 2](#).

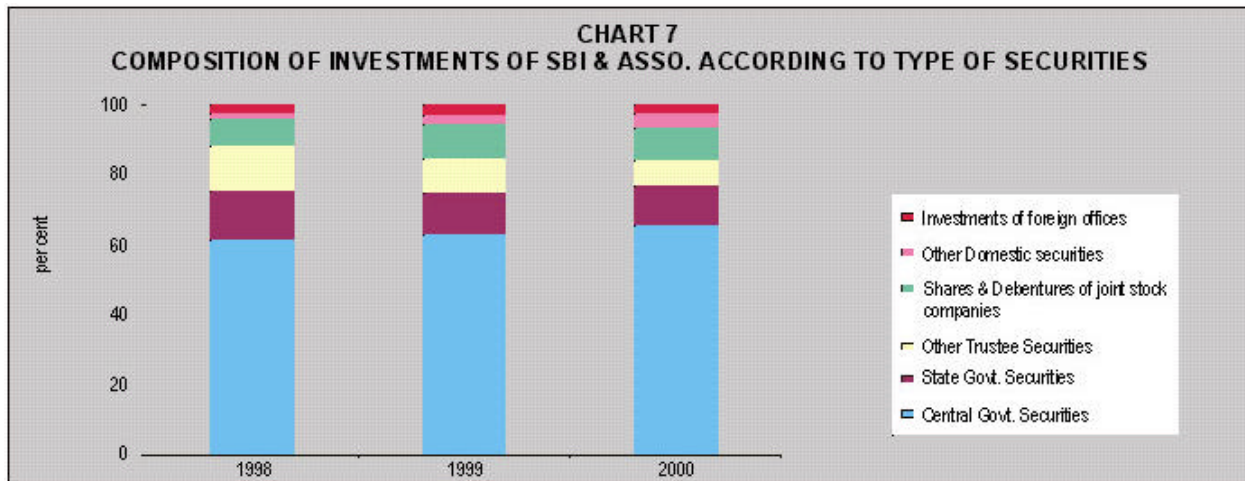
9. The total outstanding investment of Scheduled Commercial Banks as at end March 2000 was Rs.4,02,992 crore. In the outstanding investments of Scheduled Commercial Banks, Nationalised Banks as a group had a share of 51.2 per cent, followed by State Bank of India and its Associates 29.5 per cent as at the end of March 2000. Shares of Other Indian Scheduled Commercial Banks and Foreign Banks were 12.1 per cent and 7.2 per cent respectively. The shares of State Bank of India and its Associates and Other Scheduled Commercial Banks in

outstanding investments increased in 2000 as compared to their shares in 1999, which were at 28.8 per cent and 11.1 per cent respectively. The shares of Nationalised Banks and Foreign Banks in the outstanding investments showed a decline from 52.2 per cent and 7.9 per cent respectively as at end March 1999 ([Chart 6](#)).

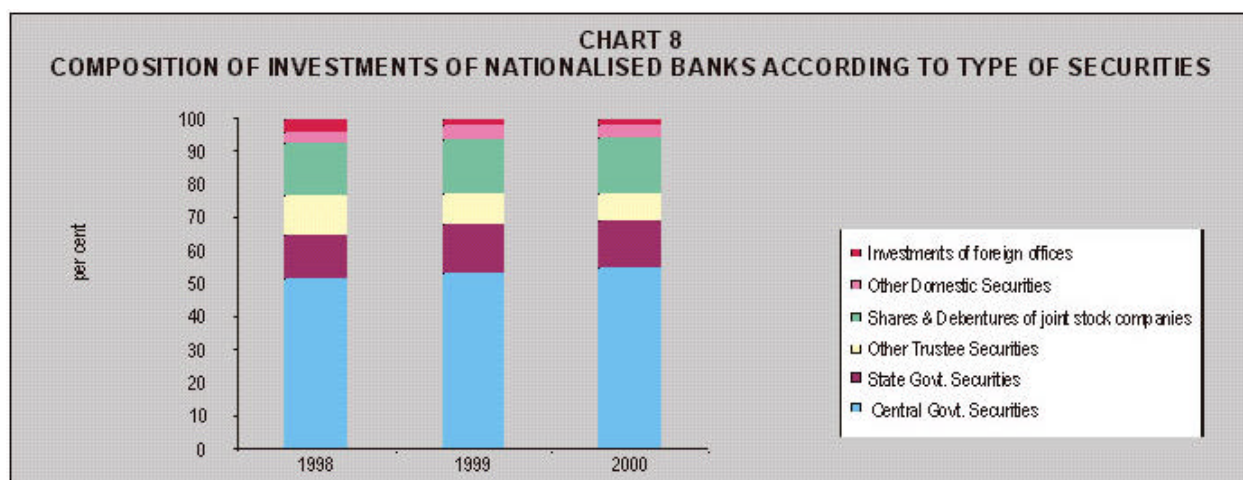


10. The Central Government securities constituted the major investments of State Bank of India and its Associates (65.8 per cent) as at end March 2000 followed by State Government securities (11.4 per cent), shares and debentures of Joint Stock Companies (9.7 per cent), Other Trustee Securities (6.8 per cent) and other domestic securities (3.5 per cent) in terms of total outstanding investment ([Chart 7](#)). Total investment of State Bank and its Associates increased from Rs. 95,752 crore as at end March 1999 to Rs. 1,18,983 crore as at end March 2000, which represents a growth rate of about 24.3 per cent. The investments of State Bank of India and its Associates in Central Government securities increased from Rs. 45,619 crore in 1998 to Rs. 60,243 crore in 1999, representing a growth rate of 32.1 per cent and further to Rs. 78,277 crore in 2000, representing a growth rate of 29.9 per cent. The investments of State Bank of India and its Associates in State Government Securities also grew, but at a lower rate of 16.3 per cent from Rs. 11,670 crore in 1999 to Rs. 13,568 crore in 2000. There had been a decline in investments of

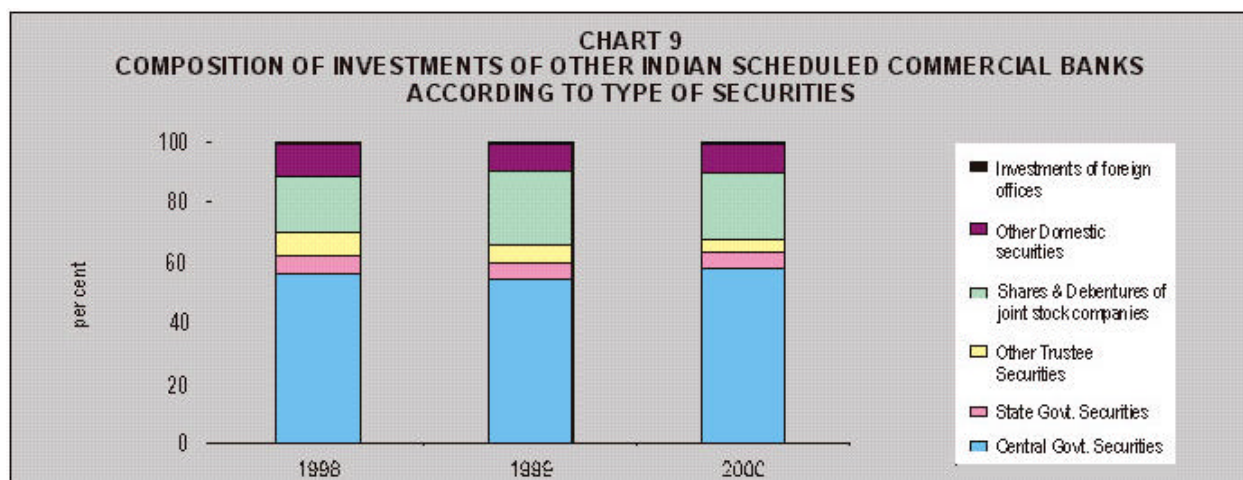
State Bank of India and its Associates in other trustee securities from Rs. 9,549 crore as at end March 1998 to Rs. 9,081 crore as at end March 1999 and further to Rs. 8,121 crore as at end March 2000. Investments of State Bank of India and its Associates in all-India Bodies had been declining and it came down from Rs. 4,677 crore as at end March 1999 to Rs. 4,019 crore as at end March 2000.



11. Composition-wise outstanding investments of Nationalised Banks which stood at Rs. 2,06,174 crore as at end March 2000, were Central Government Securities at 54.9 per cent, State Government Securities at 14.3 per cent, Other Trustee Securities at 8.3 per cent, shares and debentures of joint stock companies at 16.8 per cent and other domestic securities at 3.8 per cent ([Chart 8](#)). The outstanding investments grew at the rate of 18.8 per cent during 1999-2000 as against 9.4 per cent in the previous year (1998-1999). The outstanding investments of Nationalised Banks in Central Government securities registered a substantial growth rate of 21.9 per cent as at end March 2000 as against 13.4 per cent for previous year. The annual growth rates in 1999-2000 for investments in State Government securities, shares and debentures of joint stock companies and other domestic securities were 19.2 per cent, 26.6 per cent and 1.6 per cent respectively. As regards the Other Trustee Securities, the bonds issued by all-India bodies viz. State Financial Corporations, State Electricity Boards, Industrial Development Bank of India etc. had a large share which in the case of the Nationalised Banks was to the extent of 58.7 per cent as on 31st March 2000.

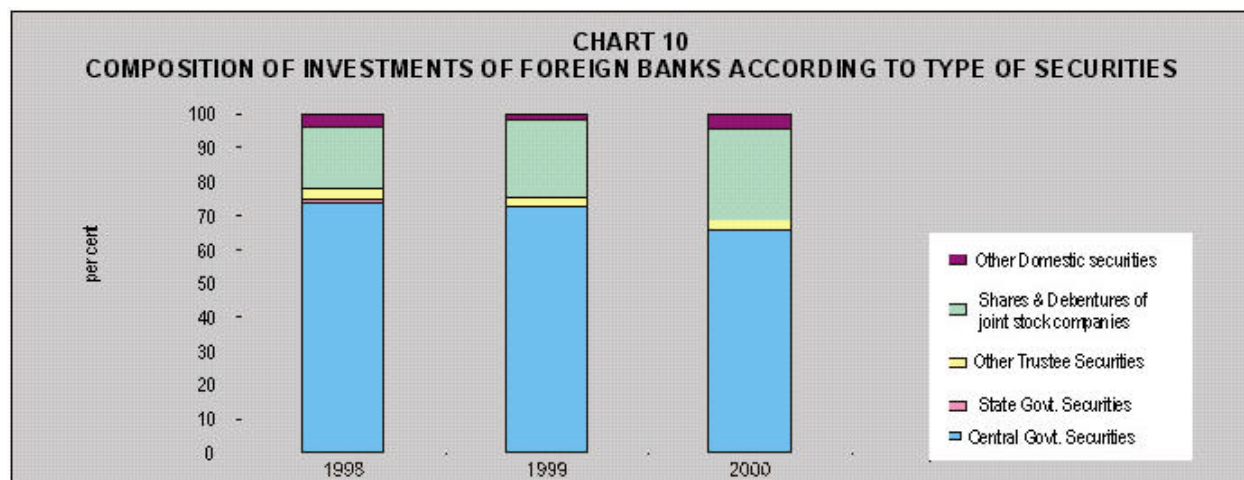


12. Total outstanding investment of Other Scheduled Commercial Banks increased from Rs. 29,211 crore in 1998 to Rs. 36,935 crore in 1999 and further to Rs.48,958 crore in 2000. This represents a growth rate of 26.4 per cent during 1998-1999 and 32.5 per cent during 1999-2000. Other Scheduled Commercial Banks registered a remarkable growth rate of 41.3 per cent as against 21.8 per cent in the previous year in the investment of Central Government Securities. Though there was a substantial growth in investments of 74.9 per cent in the shares and debentures of joint stock companies during 1998-1999, Other Scheduled Commercial Banks showed much lower growth rate of 22.5 per cent between end-March 1999 and end-March 2000. There was, however, net reduction of Rs.162 crore in the outstanding investments of Other Scheduled Commercial Banks in Other Trustee Securities, from Rs.2,159 crore as on 31st March 1999 to Rs.1,997 crore as on 31st March 2000. Composition of investments of Other Scheduled Commercial Banks is shown in [Chart 9](#).



13. Investment pattern of Foreign Banks indicate that these group of banks invested predominantly in Central Government securities and also in the shares and debentures of Joint Stock Companies. The investments of Foreign Banks in Central Government securities were to the extent of 65.7 per cent of their total investments as on 31st March 2000. The outstanding investments in shares and debentures as at end March of 1998, 1999 and 2000 were 18.1, 23.0

and 27.1 per cent respectively. Foreign Banks' participation in other types of securities was negligible ([Chart 10](#)).

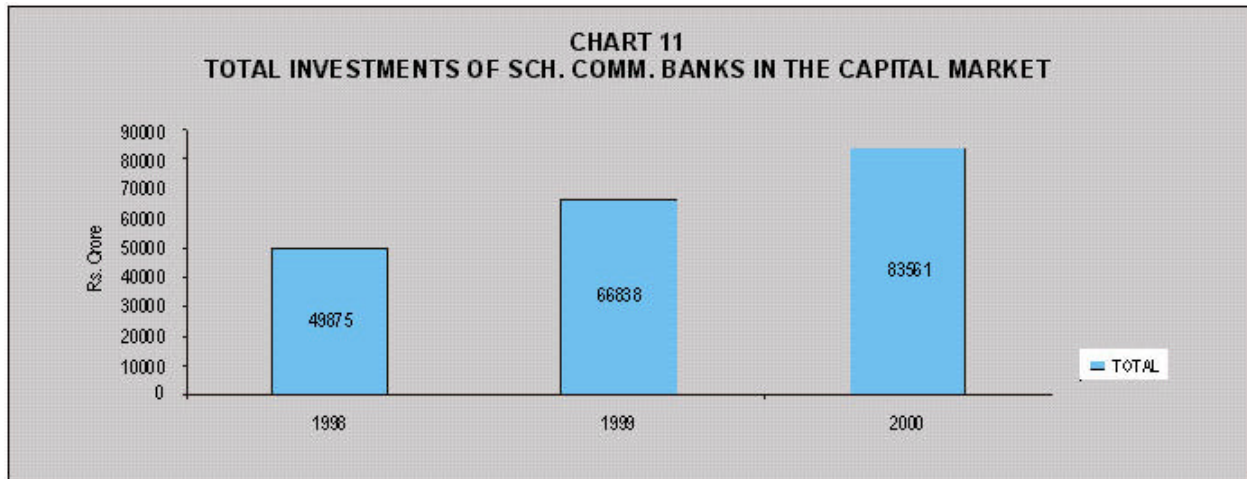


14. Bank Group-wise Investments in Various Trustee Securities

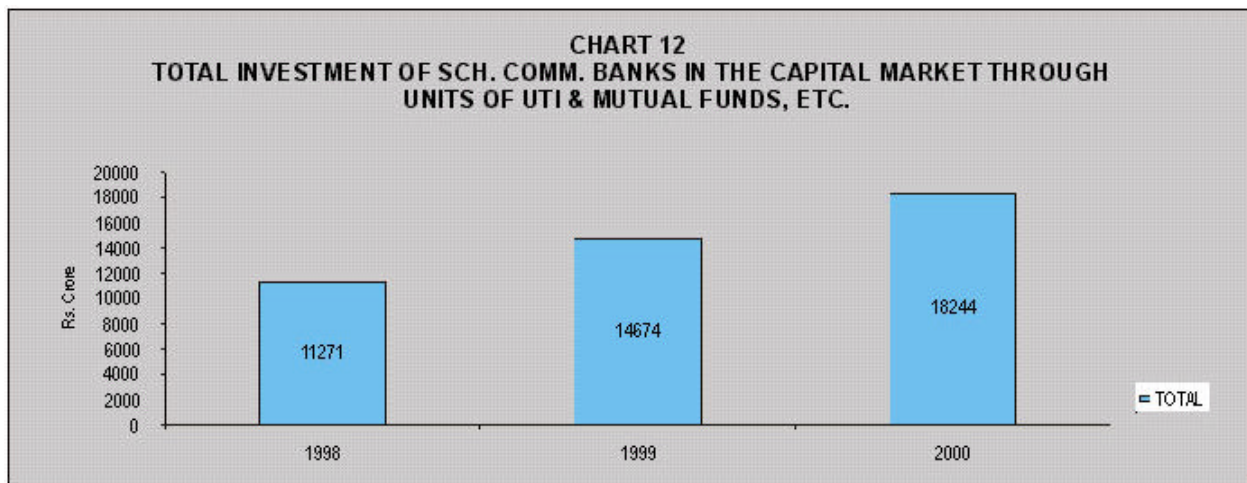
Bank group-wise investments of Scheduled Commercial Banks in major all-India bodies viz., Industrial Development Bank of India, State Electricity Boards, State Financial Corporations, Industrial Finance Corporation of India etc. is presented in [statement 3](#). In the investment portfolio of banks in other trustee securities, Industrial Development Bank of India accounted for the largest share of 20.1 per cent as on 31st March 2000, followed by State Electricity Boards at 19.2 per cent and State Financial Corporations at 12.6 per cent. Out of the total holdings in trustee securities held by banks, Industrial Finance Corporation of India and Industrial Credit and Investment Corporation Of India accounted for 8.6 per cent and 6.8 per cent respectively, in 2000. Banks invested 1.5 per cent of their total investments in trustee securities in the units of Unit Trust of India.

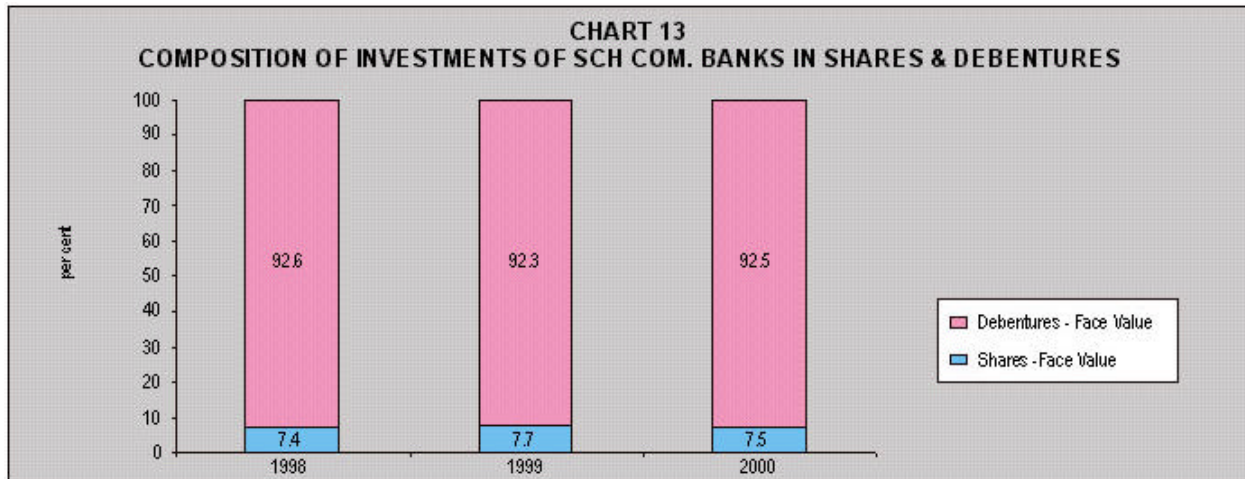
15. Bank Group-wise Pattern of Investments in Instruments of Capital Market

It is observed that all the bank groups increased their investments in the shares and debentures of Joint Stock Companies. The banks' exposure to capital market including the instruments of Unit Trust of India, Mutual Funds etc., increased steadily from Rs. 49,875 crore in 1998 to Rs. 66,838 crore in 1999 and further increased to Rs.83,561 crore in 2000 ([Statement 4](#) and [Chart 11](#)). The Scheduled Commercial Banks' outstanding investments in the units of Unit Trust of India, Mutual Funds etc. increased from Rs. 11,271 crore in 1998 to Rs. 14,674 crore in 1999 and further to Rs.18,244 crore in 2000 ([Chart 12](#)).

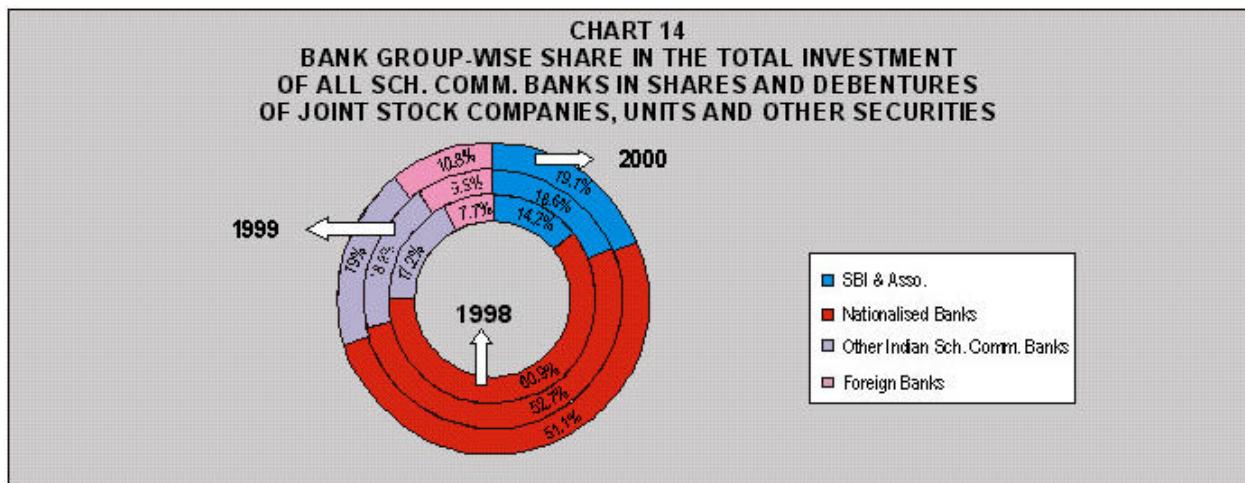


There was an increase in the holdings of shares by banks over the years; from Rs. 2,782 crore as on 31st March 1998 to Rs. 3,972 crore as on 31st March 1999, which further increased to Rs.5,211 crore as on 31st March 2000. The face value of holdings in corporate debentures increased steadily from Rs. 34,731 crore as on 31st March 1998 to Rs. 47,478 crore as on 31st March 1999 and further to Rs.63,991 crore in 2000. It is observed that banks had shown preference for debentures over equity shares ([Chart 13](#)).

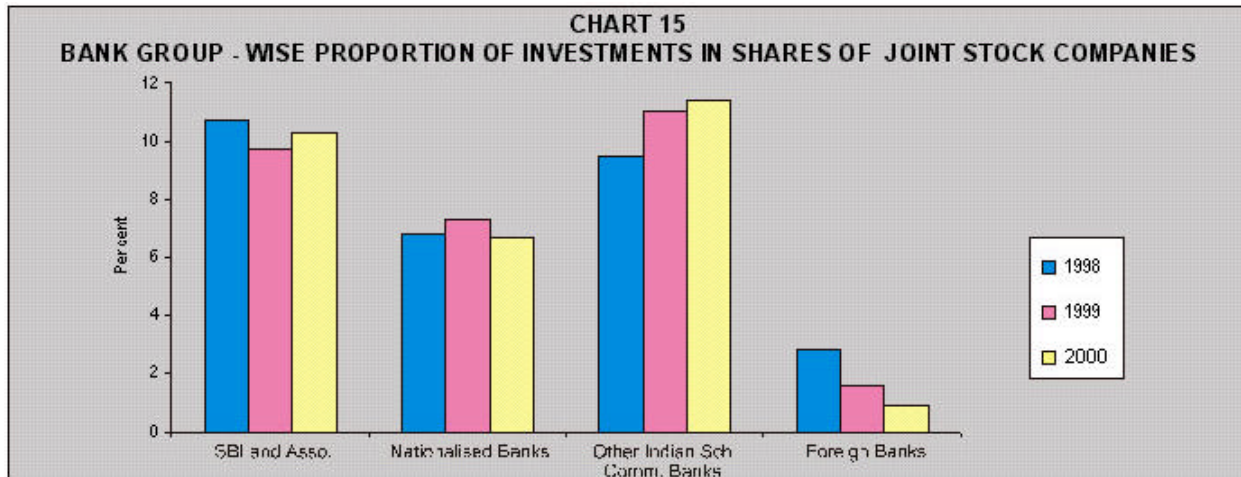




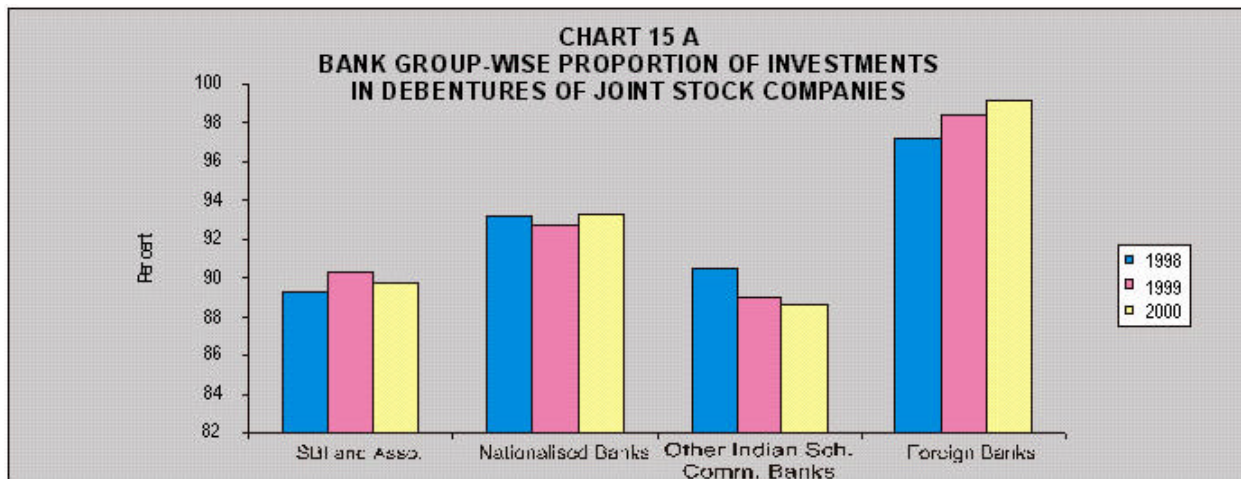
The bank group-wise shares of investments in the shares and debentures of joint stock companies, units and other securities indicate that majority of this category of investments were held by Nationalised Banks. Other Indian Scheduled Commercial Banks had been steadily increasing investments in this category. These banks had outstanding investments of Rs.15,890 crore which is slightly less than Rs.15,970 crore of outstanding investments of State Bank of India and its Associates as at end March 2000 ([Chart 14](#)).



In respect of corporate debentures and equity shares, Foreign Banks' share in debentures had increased from 97.2 per cent as on 31st March 1998 to 98.4 per cent as on 31st March 1999 and further to 99.1 per cent as on 31st March 2000. In the case of Other Indian Scheduled Commercial Banks, proportion of investments in shares had increased from 9.5 per cent as on 31st March 1998 to 11.0 per cent as on 31st March 1999 and 11.4 per cent as on 31st March 2000. Bulk of the investments of Other Scheduled Commercial Banks in corporate shares and debentures continued to be in debentures ([Chart 15](#) and [Chart 15A](#)).



Information on devolvement in shares of private and public sector companies was also collected through this survey. The amount of devolvement for Scheduled Commercial Banks was only Rs. 117 crore during the year 1999-2000 as against total outstanding investment of Rs. 5,211 crore as at end-March 2000. Bank group-wise share of such devolvements were Rs. 46 crore for State Bank of India and its Associates, Rs. 52 crore for Other Indian Scheduled Commercial Banks, Rs. 15 crore for Nationalised Banks and Rs. 4 crore for Foreign Banks. Further, devolvement on account of public sector companies was only Rs. 4 crore.



16. Bank Group-wise Investments in Public Sector Enterprises

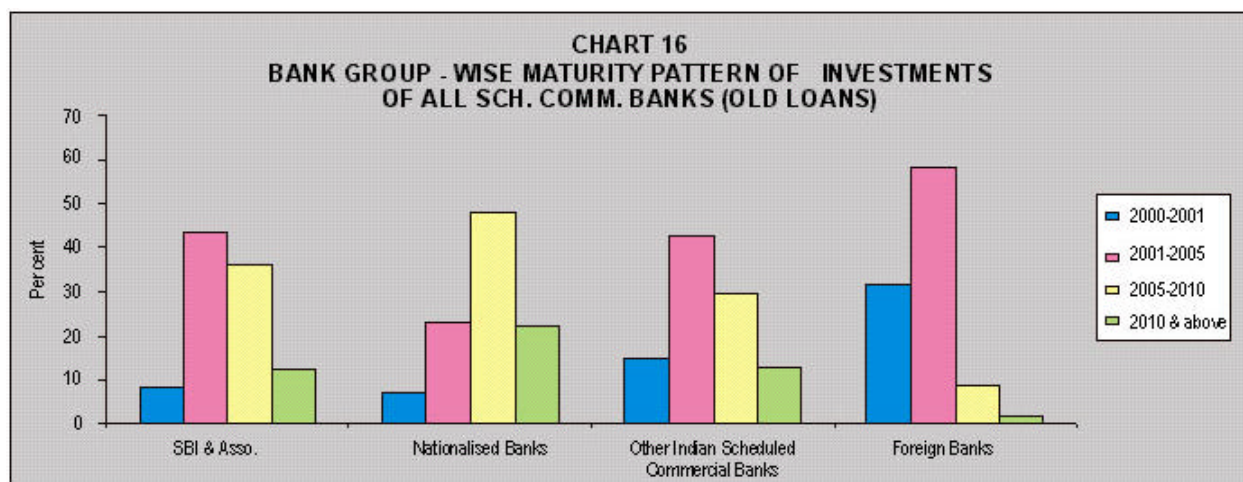
Investments of banks in public sector bonds increased from Rs.10,213 crore as at end March 1999 to Rs.13,677 crore 2000, registering an increase of 33.9 per cent ([statement 5](#)). As regards investments in the various public sector enterprises, banks' investments were the highest in Railway Bonds (22.6 per cent), followed by Housing and Urban Development Corporation (HUDCO) (21.2 per cent), Rural Electrification Corporation bonds (16.6 per cent), Mahanagar Telephone Nigam Limited (13.6 per cent) and Power Finance Corporation (10.3 per cent). The investments made in public sector bonds by State Bank of India and its Associates steadily increased during the period end March 1998 to end March 2000. Nationalised Banks also

registered increase in such type of investments from end March 1999 to end March 2000. In percentage terms, the share of Nationalised Banks holding in such securities increased from 58.0 per cent as at end March 1999 to 58.7 per cent as at end March 2000. In the case of State Bank of India and its Associates, this share increased from 15.1 per cent to 17.8 per cent.

17. Bank Group-wise Maturity Profile of Outstanding Investments

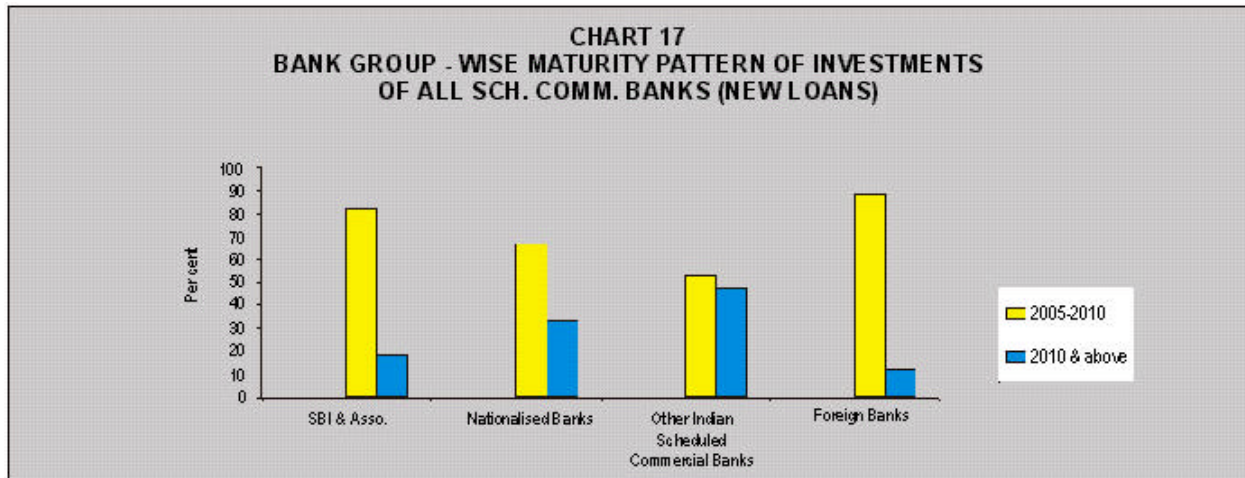
Bank group-wise maturity classification of investments in Government securities excluding postal savings and other obligations are presented in [statement 6](#). The statement shows that while the maturity of old loans were spread over different years, new loans had maturity beyond end March 2005 only. The investments of State Bank of India and its Associates as of end March 2000 indicate that 8.1 per cent of old loans would be maturing within one year and another 43.5 per cent of these holdings in old loans would have maturity upto end March 2005. During the period April 2005 to March 2010, 36.2 per cent of their old loans and 82.0 per cent new loans would be maturing. Maturity period of holdings beyond March 2010 was found to be 12.2 per cent in old loans and 18 per cent in new loans.

The investments of Nationalised Banks as at end March 2000 indicate that 7.1 per cent of old loans would be maturing within one year and another 22.8 per cent of old loans were having maturity upto end March 2005, whereas 48.0 per cent of old loans and 66.7 per cent of new loans were having maturity between April 2005 to March 2010. There were about 22.1 per cent of old loans and 33.3 per cent of new loans in the holdings of Nationalised Banks, which had maturity period beyond April 2010. The maturity pattern of investments of other Indian Scheduled Commercial Banks indicate that 15.0 per cent of their holdings in old loans was due for maturity by March 2001 and another 42.6 per cent of their holdings held in old loans was due for maturity between April 2001 and March 2005. There were about 29.6 per cent holdings in old loans and 52.7 per cent holdings in new loans with maturity period between April 2005 and March 2010. Maturity period of holdings beyond March 2010 is found to be 12.8 per cent in old loans and 47.3 per cent in new loans ([Chart 16](#)).



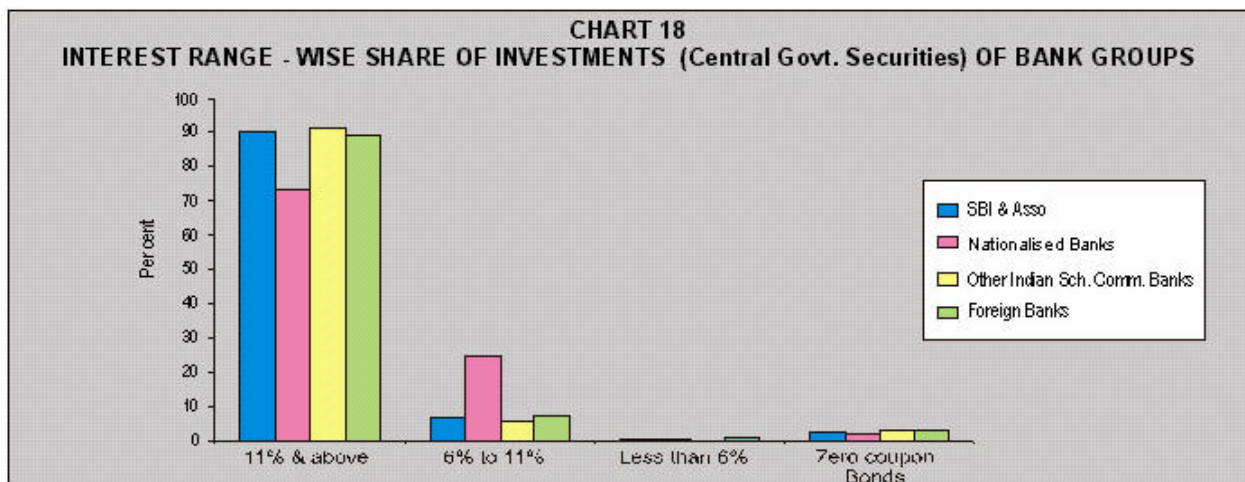
It is observed that the maturity profile was different in case of Foreign Banks. About 31.3 per cent of their holdings in old Government loans were to mature by March 2001. Nearly 58.1 per

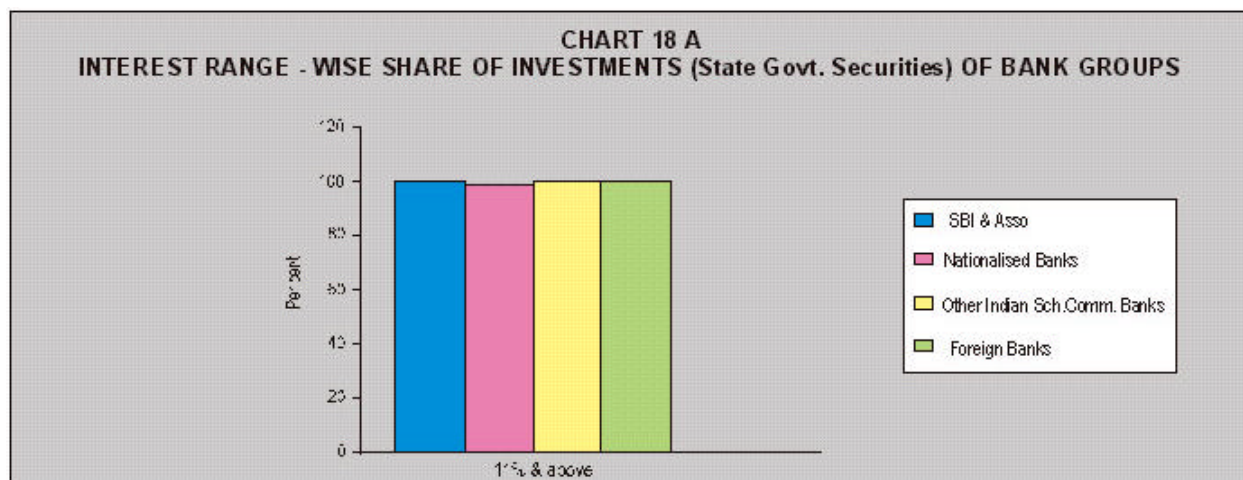
cent of their holdings in old Government securities were having maturity period between April 2001 and March 2005. There were only 8.8 per cent of old Government securities in the holdings of Foreign Banks, which had maturity period between April 2005 and March 2010. The corresponding figure for new Government securities was 88.2 per cent. The percentage of old and new Government securities in the holdings of Foreign Banks, which were due for maturity beyond March 2010, were 1.8 per cent and 11.8 per cent respectively ([Chart 17](#)).



18. Interest Range-wise Analysis of Investments of Bank Groups in Central and State Government Securities (Excluding Treasury Bills, Postal Obligations, etc.)

The distribution of old and new loans alongwith the different interest (coupon) ranges as on 31st March 2000 is set out in [statement 7](#). The Scheduled Commercial Banks' investments in the Central Government and State Government securities had various coupon rates. It may, however, be observed that 82.3 per cent of the holdings of Central Government securities were in interest range of 11 per cent and above ([Chart 18](#)). In case of State Government securities, 99.2 per cent of the holdings were in the interest range of 11 per cent and above.





The State Bank of India and its Associates held 90.6 per cent of the Central Government Securities in the range of 11 per cent and above, the corresponding figure in respect of State Government securities was 99.8 per cent. The holdings of Nationalised Banks, in this interest range was little lower at 73.2 per cent for Central Government securities and 98.8 per cent in case of State Government securities. Investments of Other Scheduled Commercial Banks in the interest range of 11 per cent and above was about 91.5 per cent. The corresponding figure of total investment in such securities for Foreign Banks was 89.1 per cent. As regards State Government securities, the investments of Other Indian Scheduled Commercial Banks and Foreign Banks were generally in the range of 11 per cent and above. Outstanding investments of State Bank of India and its Associates, Nationalised Banks, Other Indian Scheduled Commercial Banks and Foreign Banks as at end March 2000 in the Central Government securities in the interest range of 6 to 11 per cent were 6.5 per cent, 24.5 per cent, 5.4 per cent and 7.3 per cent respectively. The corresponding figures for State Government securities were in the range of zero per cent to 1.2 per cent ([Chart 18A](#)). Outstanding investments of different bank groups in zero coupon bonds varied in the range from 2.0 per cent to 3.1 per cent.

SECTION III

19. Investments of Scheduled Commercial Banks in State-level Securities

Banks invest in various types of state-level securities viz. securities floated by the State Governments, bonds of state-level bodies guaranteed by the State Governments, share capital of Regional Rural Banks and debentures of co-operative institutions. The state-wise investments of Scheduled Commercial Banks as at end March 1998, 1999 and 2000 are presented in [statement 8](#). The outstanding investments of banks in the state level securities as at end March 2000 were mostly in the State Government securities (73.0 per cent) followed by State Electricity Boards (11.0 per cent). Total investment of banks in Government and Quasi-government Bodies were about 6.0 per cent followed by State Financial Corporations (5.6 per cent). Investments in State Industrial Development Corporation were 1.3 per cent whereas in other state level bodies viz. Housing Boards, Municipal Corporations and Port Trusts, Regional Rural Banks, Road Transport Corporation and Cooperative institutions were 1 per cent or less individually. State-wise outstanding investments of banks as at end March 2000 in the State

loans was highest in Uttar Pradesh (Rs. 8,071 crore) followed by Andhra Pradesh (Rs. 4,983 crore), Rajasthan (Rs.3,640 crore), Bihar (Rs.3,515 crore) and West Bengal (Rs.3,271 crore). Such investments in all other states were less than Rs. 3,000 crore. Outstanding investments of banks as at end March 2000 in the bonds of State Electricity Boards was highest in Madhya Pradesh (Rs.1,001 crore) followed by Maharashtra (Rs.891 crore), Tamil Nadu (Rs. 589 crore), Punjab (Rs.515 crore), Uttar Pradesh (Rs.474 crore), West Bengal (Rs.452 crore) and Bihar (Rs.430 crore) and Assam (Rs.400 crore).The outstanding investments in the bonds of State Electricity Boards of all other states were less than Rs.400 crore. Banks Investments in State Financial Corporations was highest in Uttar Pradesh (Rs.445 crore) followed by Karnataka (Rs.432 crore), Andhra Pradesh (Rs.352 crore), Orissa (Rs.285 crore) Gujarat (Rs.276 crore) and Maharashtra (Rs.213 crore). Investments in such securities were below Rs.200 crore in all other states. Investments in the State Industrial Development Corporations were found to be highest in Tamil Nadu (Rs.154 crore) followed by Maharashtra (Rs.143 crore) and Gujarat (Rs.109 crore). Investments of banks in such securities of all other states were less than Rs.100 crore. Investments in the bonds of State Housing Boards were less than Rs. 50 crore in all the states. Investments in the bonds of Municipal Corporation, Municipality and Port Trusts were significant for the states of Maharashtra (Rs. 247 crore), Gujarat (Rs.166 crore) and West Bengal (Rs.118 crore). Investments in other states were below Rs. 20 crore.

The Scheduled Commercial Banks investments in the interest bearing state loans was 62.1 per cent of the total outstanding amount of state loans as at end March 2000 ([statement 9](#)). In the total outstanding state loans the share of Uttar Pradesh was highest at 16.9 per cent followed by Andhra Pradesh (10.4 per cent), Bihar (7.7 per cent), Rajasthan (7.2 per cent). Shares of other states individually were below 7 per cent. The absorption rates of banks were at and above 65 per cent in 5 states viz. Rajasthan (68.3 per cent), Haryana and Orissa (65.9 per cent each), Kerala (65.6 per cent) and West Bengal (65.0 per cent). The absorption rate was between 60 per cent to 65 per cent for Andhra Pradesh and Uttar Pradesh (64.9 per cent each), Madhya Pradesh (64.6 per cent), Punjab (64.1 per cent), Jammu & Kashmir (62.6 per cent), Bihar (62.2 per cent), Himachal Pradesh (61.6 per cent) and Goa (60.9 per cent). Absorption rate of the banks in the interest bearing state loans of all other states remained below 60 per cent for twelve other states.

Bank group-wise pattern of investments in the State Government securities for the years 1998, 1999 and 2000 has been prescribed in [statement 10](#). The outstanding investments of "Foreign Banks" in State Government securities as at end March 2000 was highest in Maharashtra (Rs.149 crore) followed by Tamil Nadu (Rs. 88 crore), Gujarat (Rs.75 crore), Karnataka (Rs.24 crore) and Kerala (Rs.14 crore). Investments of Foreign Banks in the securities of all other states were below Rs.5 crore. The Foreign Banks' total investment of Rs.364 crore in State level securities was not even one per cent of total investment of the Scheduled Commercial Banks.

The Other Indian Scheduled Commercial Banks' outstanding investments as at end March 2000 was to the tune of Rs. 4,208 crore in the state level securities which represents 6.7 per cent of the total investment of Scheduled Commercial Banks. This group of banks invested Rs.741 crore in Maharashtra, followed by Tamil Nadu (Rs. 580 crore), Kerala (Rs. 546 crore), Andhra Pradesh (Rs. 502 crore), Karnataka (Rs. 376 crore), Gujarat (Rs.295 crore) and Uttar Pradesh (Rs.213 crore). Investments in all other states were less than Rs. 200 crore individually.

The outstanding investments of Nationalised Banks as at end March 2000 was Rs. 40,229 crore which represents 64.2 per cent of the total investments of all Scheduled Commercial Banks. Investments of Nationalised Banks was highest in Uttar Pradesh (Rs. 6,672 crore) followed by Andhra Pradesh (Rs. 3,677 crore), West Bengal (Rs. 3,518 crore), Maharashtra (Rs. 3,378 crore), Rajasthan (Rs.2,770 crore), Bihar (Rs. 2,557 crore) and Madhya Pradesh (Rs.2,525 crore). Nationalised Banks' investment in the state-level securities for all other states were below Rs. 2,500 crore.

The investments of State Bank of India and its Associates as at end March 2000 stood at Rs. 17,840 crore in the state-level securities which constituted 28.5 per cent of the total investments of Scheduled Commercial Banks in the state level securities. The State Bank of India and its Associates had investments of Rs. 2,370 crore in the state level securities of Uttar Pradesh whereas there were eight other states viz. Andhra Pradesh, Bihar, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan and West Bengal in each of which State Bank group had an outstanding investment of Rs. 1,000 crore or more in state level securities.

* Prepared in the Banking Statistics Division of the Department of Statistical Analysis and Computer Services. The previous article as at end of March 1998 and 1999 was published in the July 2000 issue of the Reserve Bank of India Bulletin.

\$ As per reported figures of investments of Regional Rural Banks in form -A returns under section 42 (2) of RBI Act 1934 as on last Friday of March 2000.