ICSSR SPONSORED NATIONAL SEMINAR ON

"CHANGING CONTOURS AND CONTEMPORARY ISSUES IN ACCOUNTING, BANKING AND INSURANCE AND FINANCE."

"DO WE NEED MORE BANKS OR BIGGER BANKS?"

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ABSTRACT

DO WE NEED MORE BANKS OR BIGGER BANKS?

With the existing 173 Commercial Banks in India, it is surprising to note that around 50% of the population still do not have a bank account and 139 districts suffer from massive financial exclusion. Shri Pranab Mukherjee, former Finance Minister in his budget speech 2010-11 has stressed that there is a need to extend the geographical coverage of banks and improve access to banking service. In this regard RBI has spelt out norms for new bank licenses allowing business houses, State-run enterprises and NBFCs to set up banks. That implies financial inclusion has become a buzz word that concerns about those excluded from banking system. The onus will be on RBI to look for innovative proposals to expand financial access among the new applicants. At the same time, there is no reason why the existing banks cannot be given a greater push along with some flexibility to use their existing branch networks more productively to increase inclusion. New banks are not going to be a panacea for financial exclusion. Final choice must reconcile issue of ownership and governance, supervisory capabilities and innovative approach for financial inclusion.

KEY WORDS: RBI; New bank licenses; Financial inclusion; Innovative approach

Introduction

Indian Banking sector has been the nerve centre of the Indian economy over the past few decades, helping it survive various national and worldwide financial crises and meltdowns. It is posing to be one of the healthiest performers in the world banking industry seeing tremendous competitiveness, growth, efficiency, profitability and soundness. India is a bank-dominated financial sector. Commercial banks account for over 60 per cent of the total assets of the financial system comprising banks, insurance companies, non-banking financial companies, cooperatives, mutual funds and other smaller financial entities. Banking expansion as reflected in the growth of total assets of banks was rapid till the intensification of the global financial crisis which affected the Indian economy through trade, finance and confidence channels.

The decade of the 2000s was eventful for the Indian economy. Bank assets as a percentage of gross domestic product (GDP) rose from 60 per cent in 2000-01 to 93 per cent by 2008-09, but there after it has plateaued. Bank credit to GDP ratio more than doubled from 24 per cent to 53 per cent during this period but has remained around that level in the following years. This was accompanied by a sharp increase in savings and investment. At the same time, it had to contend with the fallout of the global financial crisis, the adverse impact of which has been persisting. Economic growth has slowed down over the last two years and inflation remained above the tolerable level. These developments are having an impact on banking towards the higher need for financial inclusion and therefore deciding upon the need for new banks or bigger banks or other possibilities in this regard.

Objective of the paper:

The study of this paper looks at the need for financial inclusion in India at the time when RBI has invited companies to apply for banking licences, nine years after the apex bank last issued new licences. This paper also evaluates the other alternatives in terms of expanding existing banks and adopting innovative approaches for seeking higher financial inclusion. The objectives of this paper are:

- to examine the need for financial inclusion
- to evaluate the scope for existing banks to grow bigger
- to understand the RBI guidelines regarding license for new banks
- to analyse innovative approaches for financial inclusion

Research Methodology:

In the context of need for financial inclusion, RBI spelling out norms for new bank licenses, a study is being made to understand the need for financial inclusion and the need for new banks. This paper also deals in understanding the other alternative of making the present banks grow bigger and it also focusses on the other possibilities leading to bank expansion.

This paper is purely based on secondary data

- Online resources
- Economic Times

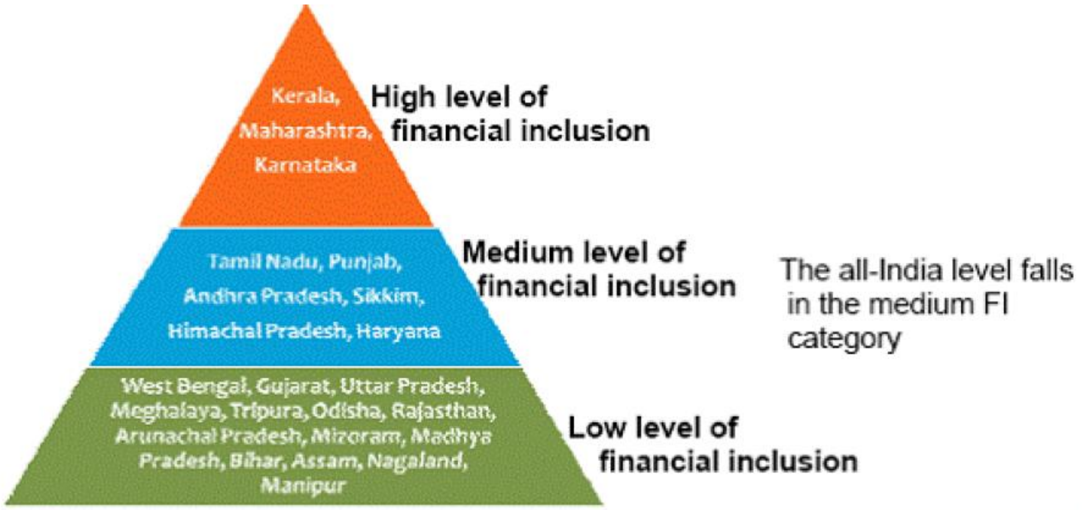
Financial Inclusion – The need of the hour

Financial inclusion has become a buzzword internationally – even in developed financial markets there are concerns about those excluded from the banking system. The barriers to access to formal banking system have been identified as relating to culture, education (especially financial literacy), gender, income and assets, proof of identity, remoteness of residence, and so on. Efforts are being made by the authorities especially banking regulators to improve access to affordable financial services through financial education, leveraging technology and generating awareness in order to create enabling conditions such that markets become more open, more competitive, affordable and inclusive. Limited access to affordable financial services such as savings, loan, remittance and insurance services by the vast majority of the population in the rural areas and unorganized sector is believed to be acting as a constraint to the growth impetus in the various sectors identified for growth in the country.

Access to affordable financial services - especially credit and insurance - enlarges livelihood opportunities and empowers the poor to take charge of their lives. Such empowerment aids social and political stability. Apart from these benefits, inclusion imparts formal identity, provides access to the payments system and to savings safety net like deposit insurance is considered to be critical for achieving inclusive growth; which itself is required for ensuring overall sustainable growth in the country.

One of the measures of the level of financial inclusion is the Financial Inclusion Index. This index is based on three basic dimensions of an inclusive financial system –banking penetration, availability of the banking services and usage of the banking system. Banking penetration is definitely the most critical parameter for measuring the depth of financial inclusion and is measured as a ratio of bank accounts to the total population. The second parameter, availability of banking services provides an indication to the number of bank outlets available per 1000 people to deliver financial services. The bank outlets may include the brick and mortar branches, ATMs, business correspondents, etc. The third parameter seeks to determine the usage of banking services going beyond mere opening of accounts. Therefore, this is evaluated on the basis of outstanding deposits and credits.

Accordingly, the volume of outstanding deposit and credit as proportion on the net district domestic product is used for measuring this dimension. According to the value of the index, Indian States can be classified into three categories, i.e., states having high, low and medium extent of financial exclusion. According to the empirical results, Kerala, Maharashtra and Karnataka are some of the States having wider extent of financial inclusion as compared to other States of India. Tamil Nadu, Punjab, Andhra Pradesh, Himachal Pradesh, Sikkim and Haryana fall under the category of medium financial exclusion.



Financial inclusion or basic banking service for every Indian seems to be the motivating factor for expanding banking reach. To gauge financial inclusion, the Census of India provides useful information on access to banking. It shows that about 59 per cent of households had access to banking services in 2011 as compared with only 35 per cent in 2001. Increase in access for the eastern-region has also gone up significantly from about 29 per cent in 2001 to 47 per cent in 2011, though the region still lags behind the all-India average, as per Census Commissioner of India for population and households' data.

In 2001, the all-India average population per bank branch was 15,600, which has fallen steadily to 12,500 by 2012 again suggesting an increased penetration of the branch network. For the eastern-region population per branch has declined from 19,500 in 2001 to 17,300 in 2012. While the eastern region has witnessed an increase in banking outreach since 2001, its average has remained lower than the all-India average underlining considerable scope for expansion.

Nearly 73,000 habitations, having population of more then 2,000 (as per 2001 census), were identified by the government. Of these, 29,569 were covered under the banking net in the last financial year. The total number of commercial bank branches in the country was 89,396. Of these, 33,463 or 37.4 percent bank branches are in rural areas, 22,526 or 25.2 percent in semi-urban areas, 17,676 or 19.8 percent in urban areas and 15,731 or 17.6 percent are in metropolitan areas, according to the Reserve Bank of India data. All India average population per branch in India was 13,503 as on March 31, 2011.

<u>Financial exclusion:</u>

147 million households in rural areas

89 million are farmer households

51.4% of farm households have no access to formal or informal sources of credit

73% of the farm households have no access to formal sources of credit

41% of the population in India is unbanked

- 40% is unbanked in urban areas
- 61% is unbanked in rural areas
- Higher in Northern Eastern at 63% and Eastern region at 59%

Only 14% of adult population have loan account

- 9.5% in rural areas
- 14% in urban areas
- Northern Eastern at 7% and Eastern region at 8%

Drive for Financial Inclusion

Financial Inclusion benefits to Banks:

- Extend reach to unbanked people
- Increase Deposit base through SHGs
- Earnings from loan disbursements
- Help rural India by providing Micro-credit
- Enables Micro Insurance
- Earnings through money transfer
- Participate in government programme like NREG scheme, Pension disbursement etc.

Financial Inclusion – An Opportunity to Banks to grow Bigger

Welcoming RBI's guidelines for grant of new bank licences, eminent banker Deepak Parekh Chairman of financial services giant HDFC Ltd has said consolidation is a greater need for the Indian banking space to create some large banks of global size and scale. According to The Banker, in 2012, no Indian bank features in the top 10 among the list of top 1,000 banks in the world, whereas China has four banks in the top 10 list. Finance Minister P. Chidambaram states that few among the 26 public sector banks would be better off merging. Indian banks simply do not have large enough balance sheets to meet the needs of rapidly globalising large companies. Some small public sector banks (viz. Dena Bank, Andhra Bank, United Bank of India and others) have not been able to show a healthy performance. They are even hesitant to act as a lead bank and are content with being a consortium member.

The need of the hour is merger of small banks to emerge into large entity (ies). Banks could reap economies of scale by merging and that was the reason why Chidambaram had mooted the idea back in 2005, but there was resistance from managements. As owner of these banks, the government need to become more proactive in nudging them to look at building scale. The Country's largest lender - the State Bank of India (SBI) ranks 60th globally in 2012 in terms of tier I capital (equity + reserves). The second largest bank (in terms of loan book) ICICI Bank’s position is way below at 110. Among top 200, four more banks including HDFC Bank, Bank of Baroda, Canara Bank and Punjab National Bank managed to find their ranks. India needs two or three global-sized banks as it is poised to become one among the five largest economies in the world. These globally competitive banks can then meet the growing demands of cross-border acquisition by Indian companies and take on larger ticket risks on their balance sheets. Even though consolidation has been on RBI’s agenda in the last few years, there have not been many significant mergers in the banking sector. Consolidation has been largely confined to a few mergers in the private sector and among associates of SBI.

Some market considerations for possible mergers as suggested by **BT-KPMG**:-

- SBI, BoI and BoB - projected to be among the largest banks in the world
- Canara Bank, Indian Bank, BoM, IOB and United Bank of India - projected be the second largest bank
- PNB, Vijaya Bank, Andhra Bank and IDBI - projected to be the third largest
- Allahabad Bank, Central Bank, Corporation Bank and P&S Bank - projected to be the fourth largest
- OBC, Syndicate Bank, UCO Bank and Dena Bank - projected to be the fifth largest

BT-KPMG arrived at the composite rank of each bank by combining its ranks on each of the 26 parameters: Deposits (both 1-year growth and 3-year growth); loans and advances (both 1-year growth and 3-year growth); fee income (1-year growth and 3-year growth); operating profit (1-year growth and 3-year growth); increase in market share (deposits and CASA); deposits; operating profit; balance sheet; total NPA growth rate; NPA coverage; Net NPA/Net advances; cost/income ration (%); cost/average asset ratio, operating profit/employee; change in return on assets; increase in operating profit/total income; return on assets; fee income/total income; ROCE; Net interest income/AWF, and capital adequacy ratio.

However, bank size has to be located squarely within the quality of financial regulation and the development of the financial sector. And effective regulation is a must to ensure systemic stability. However no country needs a bank that is too big to fail.

Financial Inclusion – An Opportunity for New Banks:

The objective of financial inclusion has prompted the government to open up the sector. The RBI has spelt out norms for new banking licenses after years of waiting, allowing business houses, State-run enterprises and NBFC to setup banks, in a bid to extend banking services to almost half the population that is excluded from them. The guidelines aim at creating a banking entity which is adequately capitalised, financially inclusive backed by competitive business model and robust corporate governance. It provides tremendous opportunity to the few banks to participate and expand the banking sector. Capital infusion by these new banks will augment the banking system's capacity to meet the credit requirements of the expanding needs. It will add to the aggregate Capital base of this existing structure, allowing more loans to be granted for productive investments and job-creation. Foreign exchange brought in as capital for the new banks and the foreign exchange position they are likely to attract will strengthen the country's balance of payments. Also expatiate management in these banks will hopefully have a helpful demonstrative effect on the local banking sector. Entry of the new banks can therefore be expected to heighten the quality of financial services by increasing competition in the banking sector.

Key factors towards granting licenses as framed by RBI:

- Eligible promoters are defined as entities/groups in the private and public sector with sound credentials, integrity backed by a successful track record of 10 years.
- To improve governance and to enable financial services, new banks are intended to set-up only through a wholly-owned Non-Operative Financial Holding Company ('NOFHC').
- The minimum capital has been pegged at INR 500 crores, with the promoter NOFHC holding not less than 40% of capital, along with a 5 year lock-in period.
- Initial foreign shareholding has been restricted to 49% for the first five years.
- The Board is to have minimum of 50% independent directors.
- Existing NBFCs can promote a new bank or convert themselves into a bank.
- The bank shall open at least 25% of its branches in unbanked rural centres.

In the Race for a New Bank are:-

- Reliance Capital has roped in Sumitomo Mitsui Trust Bank and Nippon Life Insurance of Japan, as minority partners to boost the Anil Ambani Group firm's quest for a banking license.
- Bandhan Financial Services, a Kolkata based microfinance company with 45 branches and a customer base of 2.6 million in the unbanked rural areas , has roped in consulting firm Deloitte to help with the application.
- Bajaj Finserv under Bajaj Finance and Aditya Birla Group are among the largest conglomerates in the country looking to start banking operations.
- India Infoline, Edelweiss, Religare Enterprises and JM Financial are the Brokerage Houses ready to move into banking business.
- Department of Post , an Indian Government Department is also in line for a license.
- L&T Finance, LIC Housing Finance, Sriram Capital, Magma Fincorp, Muthoot Finance, IDFC, IFCI, Tourism Finance Corporation of India, UAE Exchange, Videocon, Tata Sons, Edelweiss, Suryamani Financing Co., Smart Global Venture, INMACS Management Services, Srei Infra Finance, Indiabulls, have decided to seek banking license.

RBI norms prescribe that existing financial service businesses will have to be transferred into a bank. However the mandatory priority sector loan of 40%, statutory liquidity ratio of 23% and cash reserve ratio of 4% may prove a challenge for these applicants.

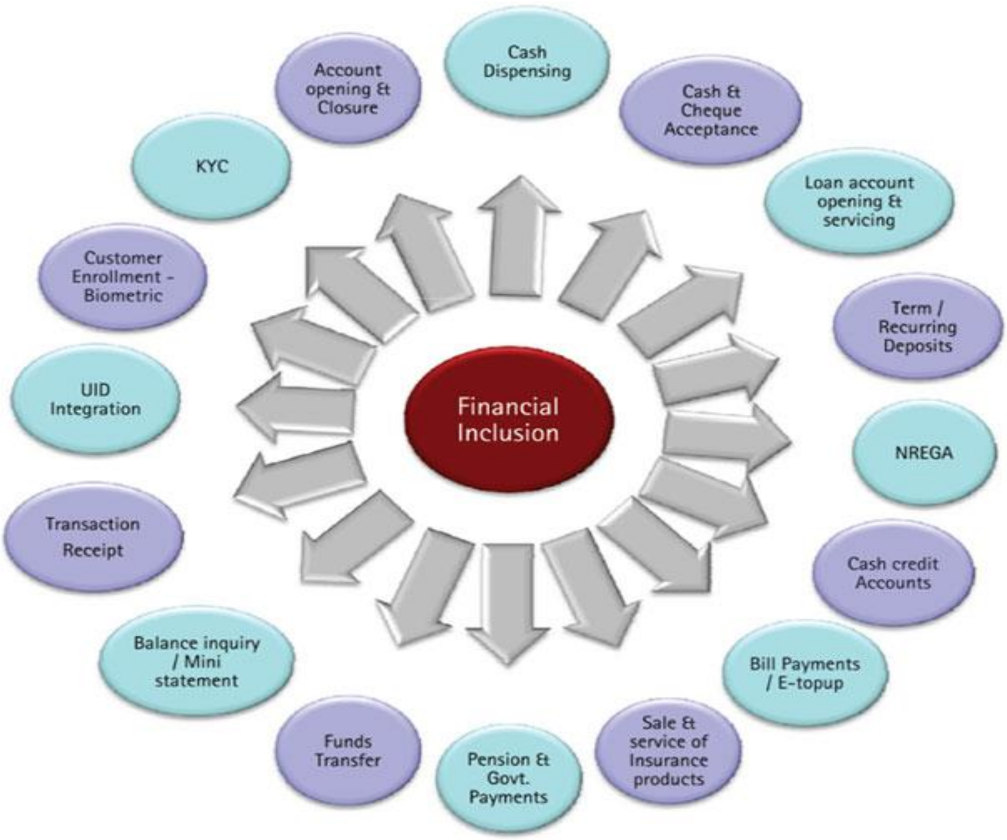
Financial Inclusion – Innovative approaches:-

In order to sustain a higher economic growth, it is important to bring the excluded segment of the society into the fold of the formal financial sector. The following are some of the alternatives for financial inclusion other than going for bigger banks or new banks:

- The business correspondent (BC) model where the BCs provide basic banking functions acting as agents of banks.
- Incentivisation of branch authorisation scheme for banks to open branches in unbanked centres.
- Opening of more No- Frill accounts
- Simplification of Know Your Customer (KYC) norms
- Financial literacy-oriented programmes to increase awareness.
- Secure identification and biometric authentication system
- Local language enabled voice guided system
- Issue a printed slip as proof of transaction
- Enhancing Mobile Banking by a joint venture between public sector bank and a telecom operator.
- Banks to be motivated to work in harsh and diverse rural environment
- Save on Branch Establishment cost
- Ability to extend other services through Cross Selling
- Easy integration into existing core Banking System.

It has been a key objective of financial sector reforms to improve the efficiency and profitability of the banking sector. In this regard, the interest rate structure has been fully deregulated. The statutory pre-emptions of bank resources through statutory liquidity ratio (SLR) and cash reserve ratio (CRR) have been substantially reduced. Banks' access to central bank liquidity through export credit refinance, marginal standing facility (MSF) and liquidity adjustment facility (LAF) has been enhanced. Furthermore, branch licensing norms have been relaxed and prudential norms have been strengthened. In addition, banks are increasingly adopting technology and are according a greater focus to human resource management. These changes are helping to improve efficiency as borne out by various indicators.

The profitability of the Indian banking sector has been maintained at about 1.0 per cent in terms of Return on Assets (RoA), even in the post-crisis period. The banks have also shown significant improvement in other efficiency indicators such as cost to income ratio, business per employee and business per branch. However, net interest margin (NIM) has gone up indicating deterioration in allocative efficiency. The Reserve Bank has taken a number of steps to take formal banking to door steps of habitations with population over 2000 , While the initial impact of these initiatives has been positive, it has created a huge potential for expansion in banking business once the level of activity is scaled up and government social benefit transfers increasingly take place through the banking sector.



<u>Financial Inclusion – The Challenges ahead:</u>

- First, weakening asset quality is an immediate concern for the banking sector. This is more so as the banks' credit composition in the recent years has changed towards longer term assets such as infrastructure and housing. While improvement in macroeconomic policy environment and expected revival in economic growth should help mitigate risks to some extent, banks would have to make concerted efforts to improve asset quality.

- Second, while on many efficiency parameters, Indian banks compare favourably to their global peers, the net interest margin (NIM) remains relatively high. The banks need to further enhance their productivity so that the intermediation cost between depositors and borrowers is minimised. This, coupled with containment of NPAs, will help improve monetary transmission.

- Third, as the Indian economy reverts to its high growth path, the demand for credit will go up. The consequent expansion of the banking sector will require more capital. Additionally, as the Basel III norms are made applicable, the capital requirements would increase further. The preliminary assessment by the Reserve Bank made in June 2012 showed a comfortable position of Indian banks at the aggregate level to meet the higher capital norms. As per the broad estimates from the Reserve Bank, public sector banks would require a common equity of Rs1.4-1.5 trillion in addition to Rs 2.65-2.75 trillion as non-equity capital to meet the full Basel III norms by 2018. Banks, therefore, need to design appropriate strategies for meeting these capital norms.

- Fourth, a key factor that accentuated the global financial crisis was excessive leverage. While the Indian banking system is currently moderately leveraged, according to the guidelines issued by the Reserve Bank, banks should strive to maintain a minimum Tier I leverage ratio of 4.5 per cent pending the final proposal of the Basel Committee. It would be prudent for banks not to dilute their leverage position in the interim period.

- Fifth, there are proposals for expansion of the banking sector with new entrants. The Reserve Bank has already invited applications for new banks. The expansion of the banking sector commensurate with the growth of the economy would not only enhance competition but also facilitate financial inclusion.

- Sixth, the government has told banks to open branches in over 43,000 new rural locations during the current financial year that would bring all habitations with population of over 2,000 under banking net.

- Seventh, a set of new regulations are also desired wherein the regulators should have the powers to secure a commitment from the bank that it will take the necessary rectification measures and subject itself to intense monitoring.

<u>Conclusion:</u>

The issue of financial inclusion has acquired a substantial attention in the Indian context since some time now. The study is an attempt to formally probe the level and casual factors of financial inclusion in India.

From the study we made, it has been identified that financial inclusion would act as a catalyst in the economic growth and progress in India. Reorientation of the banking structure with a view to address various issues such as enhancing competition, financing higher growth, providing specialised services and thus furthering financial inclusion should be the goal. Further we suggest that financial inclusion should adopt the **5 A's** viz; **A**dequacy and **A**vailability of financial services, **A**wareness of such services, **A**ffordability and **A**ccessibility of financial products through a combination of delivery channels and technology enabled services and processes.

Apart from improving financial inclusion in India, we find that new banks can potentially be the game changers in the following ways: one, they can bring in the new processes and technology and will play a significant role in driving competition. It will also encourage existing players to improve efficiency; two, new players with sound financial base will bring in the much needed capital that is required to support the credit needs of the economy and they will generate huge employment opportunities. In this respect, Bank licensing policy will facilitate the expansion of the sector in a more efficient and less complex manner. Such a policy envisages keeping the window open for companies to apply for a banking licence at any time.

Towards ensuring financial stability and providing economies of large scale, which is the present need of the hour, we have suggested mergers of a few banks to grow larger and stronger with domestic and international presence, which need to be done in a systematic manner and on basis of voluntary initiatives.

Further this study also looks at various alternatives as a drive towards financial inclusion. Pursuit of **financial inclusion** by adoption of **innovative products** and processes will help in the growth of the banking services to the unbanked area. However, it poses challenge of managing trade-offs between the objective of financial inclusion and financial stability.

Banking being a highly leveraged business, **license** shall be issued on a very selective basis to those who confirm to the prescribed requirements and have a well-articulated business proportion**. Consolidation** among the banks as suggested will enhance more competition and efficiency leading to cost reduction, risk management, technology up gradation, and economies of large scale and widening of deposit base. Efforts need to be taken by RBI to achieve optimum size, as too large banks leads to diseconomies. To conclude, ultimately it will be the responsibility of **RBI** to wisely put in place measures that will ensure growth and stability in Indian Banking.

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ANNEXURES:

(SOURCE: RBI STATISTICAL REPORTS)

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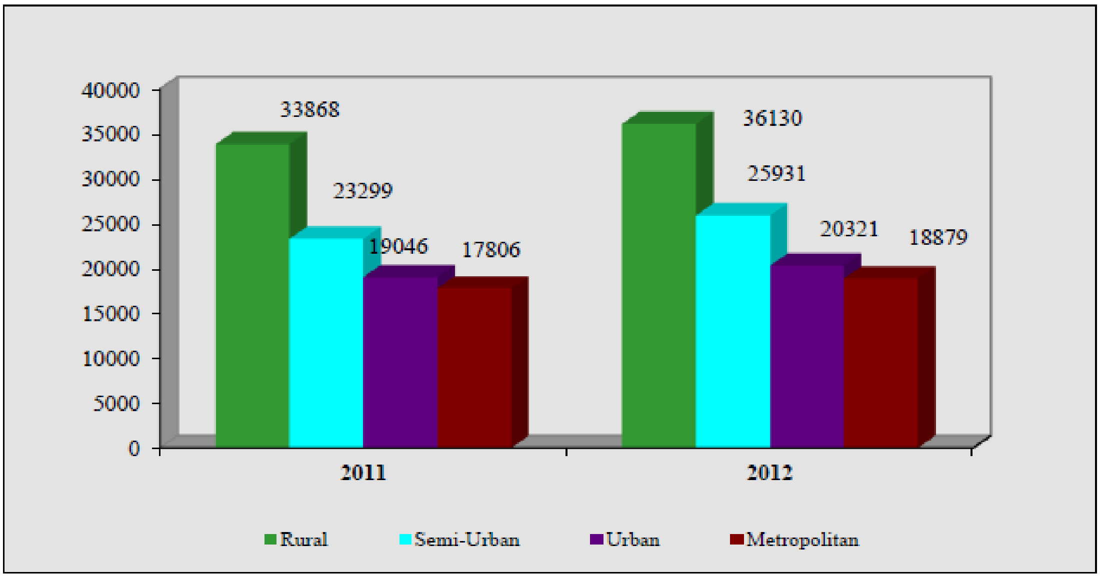
GRAPH - 1 : POPULATION GROUP-WISE DISTRIBUTION OF NUMBER OF OFFICES OF COMMERCIAL BANKS - 2011 AND 2012
(As on March 31)



STATISTICS RELATING TO COMMERCIAL BANKS AT A GLANCE

Indicators	March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012
Number of Commercial Banks	291	288	222	182	173	170	167	167	173
(a) Scheduled Commercial Banks	286	284	218	178	169	166	163	163	169
of which : Regional Rural Banks	196	196	133	96	90	86	82	82	82
(b) Non-Scheduled Commercial Banks	5	4	4	4	4	4	4	4	4
Number of Bank Offices in India	69170	70373	72072	74653	78787	82897	88203	94019	101261
(a) Rural	32227	30790	30251	30409	30927	31598	32529	33868	36130
(b) Semi-Urban	15288	15325	15991	16770	18027	19337	21022	23299	25931
(c) Urban	11806	12419	13232	14202	15566	16726	18288	19046	20321
(d) Metropolitan	9750	11839	12598	13272	14267	15236	16364	17806	18879
Population per Office (in thousands)	16	16	16	15	15	15	14	13	13
Aggregate deposits of Scheduled Commercial Banks in India (Rs. Billion)	15044.16	17001.98	21090.49	26119.34	31969.40	38341.10	44928.26	52079.69	59090.82
(a) Demand deposits	2250.22	2480.28	3646.40	4297.31	5243.10	5230.85	6456.10	6417.05	6253.30
(b) Time deposits	12793.94	14521.71	17444.09	21822.03	26726.30	33110.25	38472.16	45662.64	52837.52
Bank credit of Scheduled Commercial Banks in India (Rs. Billion)	8407.85	11004.28	15070.77	19311.90	23619.13	27755.49	32447.88	39420.83	46118.52
SLR investments of Scheduled Commercial Banks in India (Rs. Billion)	6775.88	7391.54	7174.54	7915.16	9717.14	11664.10	13847.53	15016.19	17377.87
Deposits of Scheduled Commercial Banks per office (Rs. Million)	227	257	305	368	434	498	548	609	643
Credit of Scheduled Commercial Banks per office (Rs. Million)	133	170	221	276	322	362	398	458	502
Per capita Deposit of Scheduled Commercial Banks (Rs.)	14089	16281	19130	23382	28610	33919	39107	45505	51106
Per capita Credit of Scheduled Commercial Banks (Rs.)	8273	10752	13869	17541	21218	24617	28431	34187	39909
Deposits of Scheduled Commercial Banks as percentage to Gross National Product at factor cost (at current prices)	57.8	57.7	62.7	66.6	70.1	72.7	74.2	73.6	72.5
Scheduled Commercial Banks' Advances to Priority Sectors (Rs.Billion)	2766.21	3706.03	5127.90	6553.17	7814.76	9089.29	10915.10	13158.59	14713.3
Share of Priority Sector Advances in Total Advances of Scheduled Commercial Banks (per cent)	32.0	32.2	33.8	33.1	31.6	30.3	31.2	30.6	29
Credit-Deposit Ratio (per cent)	55.9	62.6	70.1	73.5	74.6	73.8	73.7	76.5	78.6
Investment-Deposit Ratio (per cent)	45.0	47.3	40.0	35.3	35.5	35.7	36.4	34.3	34.6
Cash-Deposit Ratio (per cent)	7.2	6.4	6.7	7.2	9.7	7.3	7.7	8.2	5.8

Notes : 1) Number of bank offices includes Administrative Offices.

2) Classification of bank offices according to population, for years upto March 2004 it is based on 1991 census. For March 2005 to March 2012, classification of bank offices are based on 2001 census.

3) Population per office, per capita deposits and per capita credit are based on the estimated population figures as on March 1, supplied by the Office of the Registrar General, India.

4) Aggregate deposits, bank credit and SLR investments of Scheduled Commercial Banks in India are as per "Form-A" return under Section 42(2) of the Reserve Bank of India Act, 1934 and relate to the last Friday of the reference period.

5) Scheduled Commercial Banks' advances to priority sectors and the related ratios are exclusive of Regional Rural Banks.

6) For working out cash-deposit ratio, cash is taken as the total of 'cash in hand' and 'balances with the Reserve Bank of India'.

7) Investments of Scheduled Commercial Banks in India include only investments in government securities and other approved securities.

TABLE 1.4 : STATE AND POPULATION GROUP-WISE DISTRIBUTION OF CENTRES AND OFFICES OF COMMERCIAL BANKS - 2011 AND 2012

Region / State / Union territory	As on March 31, 2012									
	Rural		Semi-urban		Urban		Metropolitan		Total	
	No. of centres	No. of offices	No. of centres	No. of offices	No. of centres	No. of offices	No. of centres	No. of offices	No. of centres	No. of offices
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Northern Region	4761	5939	627	4087	54	3872	5	4089	5447	17987
	(15.6)	(16.4)	(10.3)	(15.7)	(14.0)	(19.0)	(14.7)	(21.7)	(14.7)	(17.8)
Chandigarh	9	16	0	0	1	353	-	-	10	369
Delhi	66	78	25	45	-	-	1	2761	92	2884
Haryana	752	942	142	741	19	1177	1	174	914	3034
Himachal Pradesh	642	856	13	228	1	80	-	-	656	1164
Jammu & Kashmir	488	629	40	258	3	317	-	-	531	1204
Punjab	1097	1456	133	1401	12	901	2	627	1244	4385
Rajasthan	1707	1962	274	1414	18	1044	1	527	2000	4947
North Eastern Region	1122	1281	147	694	11	587			1280	2562
	(3.7)	(3.5)	(2.4)	(2.7)	(2.9)	(2.9)	(0.0)	(0.0)	(3.5)	(2.5)
Arunachal Pradesh	50	54	10	42	-	-	-	-	60	96
Assam	708	817	68	432	5	392	-	-	781	1641
Manipur	39	42	12	23	2	30	-	-	53	95
Meghalaya	120	134	13	40	2	66	-	-	135	240
Mizoram	54	58	8	19	1	34	-	-	63	111
Nagaland	38	41	12	67	-	-	-	-	50	108
Tripura	113	135	24	71	1	65	-	-	138	271
Eastern Region	7029	8094	940	3344	90	3071	4	1925	8063	16434
	(23.1)	(22.4)	(15.5)	(12.9)	(23.4)	(15.1)	(11.8)	(10.2)	(21.8)	(16.2)
Andaman & Nicobar	17	22	2	25	-	-	-	-	19	47
Bihar	2284	2550	445	1142	18	620	1	354	2748	4666
Jharkhand	918	1089	86	512	7	530	1	56	1012	2187
Orissa	1565	1816	103	796	8	712	-	-	1676	3324
Sikkim	38	62	1	29	-	-	-	-	39	91
West Bengal	2207	2555	303	840	57	1209	2	1515	2569	6119
Central Region	7426	8806	1058	4606	80	4023	8	2579	8572	20014
	(24.4)	(24.4)	(17.4)	(17.7)	(20.8)	(19.8)	(23.5)	(13.7)	(23.2)	(19.8)
Chhattisgarh	601	746	74	388	7	472	-	-	682	1606
Madhya Pradesh	1555	1865	276	1311	23	966	2	685	1856	4827
Uttarakhand	536	695	43	440	3	324	-	-	582	1459
Uttar Pradesh	4734	5500	665	2467	47	2261	6	1894	5452	12122
Western Region	3625	4318	791	3674	54	2266	12	5532	4482	15790
	(11.9)	(11.9)	(13.0)	(14.2)	(14.0)	(11.1)	(35.3)	(29.3)	(12.1)	(15.6)
Dadra&nagar Haveli	8	11	2	29	-	-	-	-	10	40
Daman & Diu	2	2	4	32	-	-	-	-	6	34
Goa	135	204	23	320	-	-	-	-	158	524
Gujarat	1424	1720	278	1379	21	788	4	1665	1727	5552
Maharashtra	2056	2381	484	1914	33	1478	8	3867	2581	9640
Southern Region	6499	7698	2515	9554	96	6516	5	4759	9115	28527
	(21.3)	(21.3)	(41.4)	(36.8)	(24.9)	(32.0)	(14.7)	(25.2)	(24.7)	(28.2)
Andhra Pradesh	2402	2849	556	2039	36	1811	3	1726	2997	8425
Karnataka	2081	2420	302	1542	23	1560	1	1685	2407	7207
Kerala	272	352	1055	3343	10	1347	-	-	1337	5042
Lakshadweep	7	8	2	4	-	-	-	-	9	12
Puducherry	27	36	7	44	2	91	-	-	36	171
Tamil Nadu	1710	2033	593	2582	25	1707	1	1348	2329	7670
All India	30462	36136	6078	25959	385	20335	34	18884	36959	101314
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

Notes : 1. Data on number of offices include administrative offices.
2. Data for 2012 are provisional.
3. Population group classification is based on 2001 census.

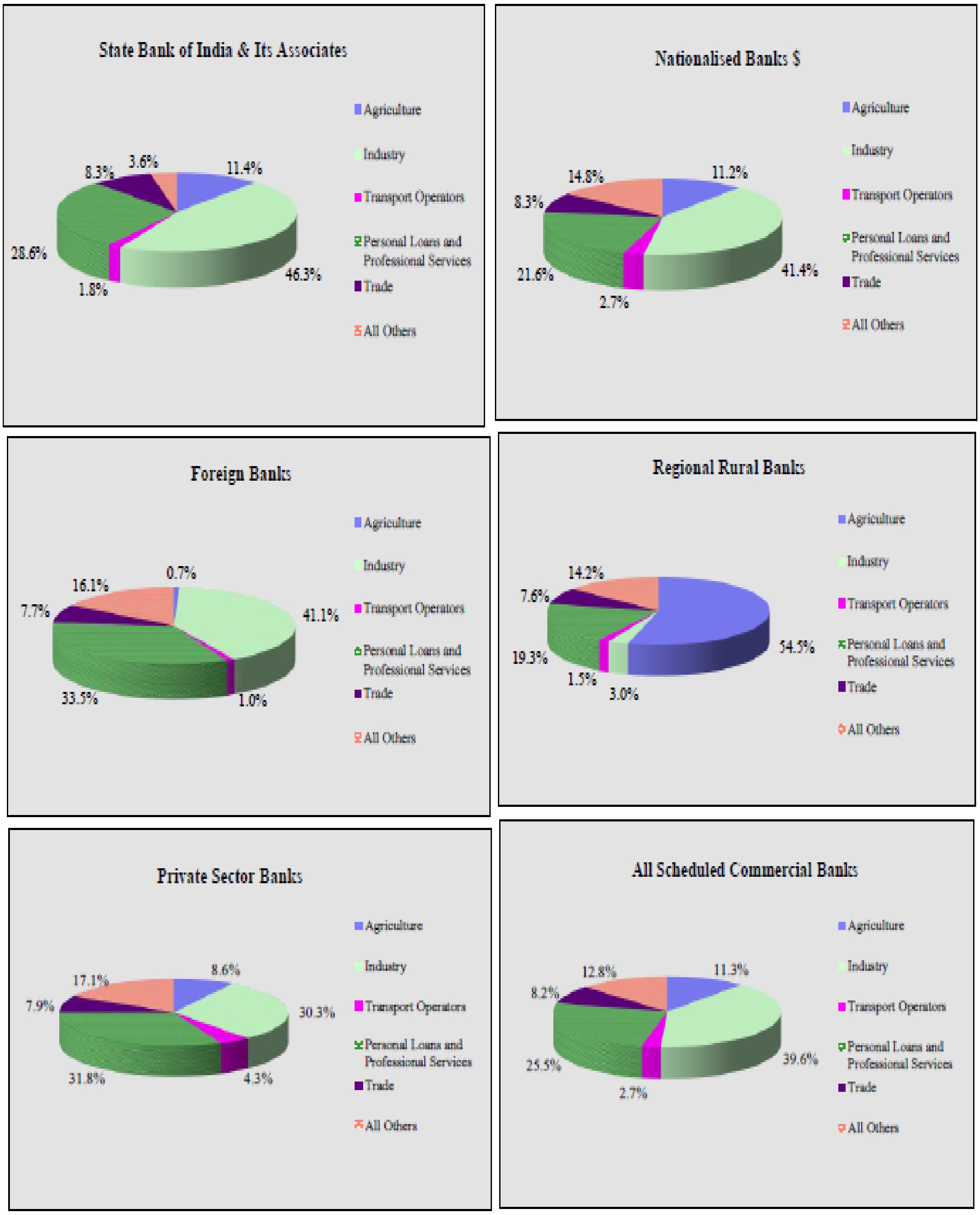
Source : Master Office File (latest updated) on commercial banks, Department of Statistics and Information Management, RBI.

TABLE 1.2 : POPULATION GROUP-WISE DISTRIBUTION OF OFFICES OPENED OR CLOSED BY COMMERCIAL BANKS - 2011 AND 2012 *(Concld.)*

Bank Group	Number of Offices									
	As on March 31, 2012					Opened during April 1, 2011 to March 31, 2012				
	Rural	Semi-urban	Urban	Metropolitan	Total	Rural	Semi-urban	Urban	Metropolitan	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
SBI and its Associates	6588	5711	4008	3480	19787	312	195	159	120	786
Nationalised Banks $	15621	12268	11499	11139	50527	1299	1469	790	587	4145
Public Sector Banks	**22209**	**17979**	**15507**	**14619**	**70314**	**1611**	**1664**	**949**	**707**	**4931**
Old Private Sector Banks	882	2047	1487	1194	5610	115	279	73	86	553
New Private Sector Banks	700	2669	2235	2654	8258	155	595	244	282	1276
Private Sector Banks	**1582**	**4716**	**3722**	**3848**	**13868**	**270**	**874**	**317**	**368**	**1829**
Foreign Banks	7	8	62	247	324	0	0	0	5	5
Regional Rural Banks	12316	3202	1015	165	16698	381	96	28	9	514
Local Area Banks	16	26	15	0	57	2	1	0	0	3
All Commercial Banks	**36130**	**25931**	**20321**	**18879**	**101261**	**2264**	**2635**	**1294**	**1089**	**7282**

OCCUPATION-WISE DISTRIBUTION OF CREDIT BY SCHEDULED COMMERCIAL BANKS ACCORDING TO BANK GROUPS - 2011

(As on March 31)



Note : $ Includes IDBI Bank Ltd.