



PUDUVAI BHARATHIAR GRAMA BANK
(Sponsored by Indian Bank)

DIRECTORS' REPORT 2017-18

The Board of Directors have immense pleasure in presenting the Tenth Annual Report of the Bank with audited Balance sheet and Profit & Loss account for the year ended March 2018.

1. BRIEF INTRODUCTION:

Puduvai Bharathiar Grama Bank (Sponsored by Indian Bank) was established by the Govt. of India vide their notification dated 26.03.2008 with Puducherry as its Head quarters and operating area as Union Territory of Puducherry comprising two districts of the UTP viz. Puducherry and Karaikal. The RRB was inaugurated on 1st June 2008 and this youngest RRB commenced its operation on 02.06.2008. The Bank has its presence felt by people of all walks of life in the entire Union Territory of Puducherry.

2. BRANCH EXPANSION/ NETWORK:

During 2017-18, the Bank has opened 3 more branches viz. Nellithope (Urban), Madukarai (Rural) and Kanakalapet (Semi-Urban). With this the total number of Branches rose to 43.

Branch Network:

Region	Classification of branches			No. of branches
	Urban	Semi-Urban	Rural	
Puducherry	11	2	17	30
Karaikal	-	3	6	9
Mahe	-	2	-	2
Yanam	-	2	-	2
Total	11	9	23	43

Classification of branches based on population:

Tier I (1,00,000 and above)	: 11
Tier II (50,000 to 99,999)	: 3
Tier III (20,000 to 49,999)	: 4
Tier IV (10,000 to 19,999)	: 2
Tier V (5,000 to 9,999)	: 11
Tier VI (Less than 5000)	: 12

3. SHARE CAPITAL

The issued and paid up capital of the Bank as on 31.03.2018 is Rs. 13.50 crore consists of 135.00 lakh shares of Rs.10/- each. The share holding pattern is as under:

(in 000's)				
Sl. No	Share holders	No. of shares	Amount	% of share holding
1	Govt. of India	6750000	67500	50
2	Govt. of Puducherry	2025000	20250	15
3	Indian Bank (Sponsor Bank)	4725000	47250	35
	Total	13500000	135000	100

TOTAL BUSINESS:

The Total Business is Rs.1214.37 Crores of which Deposit Rs. 666.92 Crore and Advance Rs.547.45 Crore.

4. DEPOSITS:

The deposits of the Bank reached the level of Rs. 666.92 crores as against the target of Rs. 668.00 crores registering a growth of 21.83% during the year. The break up details are given below:

Deposits		(in 000's)		
		2017-18	2016-17	YoY Growth%
CA	<i>No. of Accounts</i>	1792	1650	8.61
	<i>Amount</i>	104852	118996	(11.89)
SB	<i>No. of Accounts</i>	227231	207938	9.28
	Amount	1582005	1447042	9.33
Low Cost Deposits		1686857	1566038	7.71
% of low cost Deposits		25.29%	28.61%	(11.60)
Term Deposits	<i>No. of Accounts</i>	18575	18178	2.18
	<i>Amount</i>	4982356	3907981	27.49
Total deposits		6669213	5474019	21.83
Average cost of Deposit		6.26	6.88	(9.01)
Per Branch Deposit		155098	136850	13.33
Per Employee Deposit		59547	55857	6.61

Cost of Deposits 6.26%

5. BORROWINGS:

The Bank has availed loans/refinance facilities from the Sponsor Bank, NABARD and NSFDC. The details are furnished as under:

SPONSOR BANK:

(in 000's)

Sl. No	Nature of facility	Purpose	2017-18	2016-17
1	Clean OD	On lending for short term seasonal Agricultural Operations	-13275*	165563
2	Term loan	On lending for other Agricultural purposes	-	-
3	Term Loan	To meet capital Expenditure	3265	6927
TOTAL			-10010*	172490

* Credit Balance

NABARD:

(in 000's)

Purpose	2017-18	2016-17
Refinance for lending to Seasonal Agricultural Operations (ST-SAO)	728847	931780
Refinance for lending to Short Term Loan (OSAO)	-	50524
Refinance for schematic lending	63368	31823
Total	792215	1014127

NSFDC:

(in 000's)

Purpose	2017-18	2016-17
Refinance for lending to SC/STs	3000	4500
Total	3000	4500

Cost of the borrowing is 5.38%

6. OTHER LIABILITIES - DICGC

There is no claim lodged with the corporation and there is no pending settlement for the past three years.

7. CASH AND BALANCE WITH BANKS:

Details of cash held by the Bank during the year and comparison of last year is

(in 000's)

Cash and Bank balance	2017-18	2016-17	2015-16
Cash held by the Bank	27298	18355	32688
Balance in CA with Banks	25987	329623	119189
Balance with RBI	258700	238012	180000
Average Cash	25450	37506	22735
Average Deposits	5924825	5063953	3947240
% of Average Cash to Average Deposit	0.43	0.74	0.58

8. INVESTMENTS:

The investment portfolio of the Bank has increased to Rs. 19672.95 lakhs during the year with fresh investments by purchase of securities for Rs.15.68 crores during the year registering a growth of 10.84%. The details regarding investments of the bank are as under:

(in 000's)

Particulars	2017-18	2016-17
Total SLR	1264383	1234587
Total Non SLR investments	702912	540330
Of which		
Mutual Funds	45164	132990
Term deposits with Indian Bank	207748	377340
Term Deposit with other Bank	300000	30000
Others (NABARD)	150000	-
Total	1967295	1774917
Interest yield on SLR investment	100599	92182
Interest yield on Non-SLR investment	26581	16264

The Yield on Investments is 7.52%.

9. LOANS AND ADVANCES (OUTSTANDING):

(in 000's)

PRIORITY SECTOR	2017-18	2016-17
Short Term Loans	4294753	3801842
Of which Agri JL Loans	4185897	3701586
Agri/Allied term loan	204992	118474
Total Agri	4499745	3920316
% of Agri Advances to total adv.	82.19%	84.64%
SME	411612	365929
Others	239129	76704
Total Other Priority sector	650741	442633
Total Priority	5150486	4362949
% of Priority adv to total adv	94.08%	94.19%
NON PRIORITY SECTOR		
LAD	76696	65013
Non Agri Jewel Loan	25556	51707
Others	221773	152326
Total Non Priority	324025	269046
Total Advances	5474511	4631995
Secured Advances	4890335	4384134
Unsecured Advances	584176	247861
Total Advances	5474511	4631995
SHGs/JLGs	462116	243036
Weaker Sections	3263438	2856316
SC/ST	307122	228631
Minority	623497	553741
CD Ratio	82.09	84.62

The Bank achieved the advance level of Rs.547.45 crores against March 2017 level of Rs.463.20 crores. The advances have grown by 18.19% on YoY basis.

The Average rates charged on lending is 9.56%

Priority Sector Lending – as on 31.03.2018**(in 000's)**

Sl. No	Indicators	31.03.2018	31.03.2017
1	Total Outstanding Advances (as on previous year)	4631995	4330675
2	Priority Sector Advances (Present year)	5150486*	4362949
3	Agriculture (Present year)	4499745	3920316
4	Micro Enterprises (Present year)	372896	365929
5	Small and Marginal Farmers	3504018*	3014657
6	Weaker Sections	3169264	2856316
	% of Priority Sector to Total Advances	111.19%	100.75%
	% of Agri to Total Advances	97.14%	90.52%
	% of Micro Enterprises to Total Advances	8.05%	8.45%
	% of Small and Marginal Farmers to Total Advances	75.65%	69.61%
	% of Weaker Sections to Total Advances	68.42%	65.96%

*** Rs. 75.00 Crores PSLC issued during the year 2017-18**

The Bank has complied with Priority Sector Lending targets.

10. IRAC NORMS**(a) INCOME RECOGNITION AND ASSET CLASSIFICATION:**

The Bank Classified 147 accounts involving a total balance of Rs.230.20 lakhs as Fresh NPA as per prudential norms stipulated by RBI. Cash recovery in NPA during the year is Rs. 45.04 lakhs and 198 accounts amounting to Rs.29.88 lakhs written off. With this, the Gross NPA as on 31.03.2018 moved to Rs. 547.23 lakhs which works out to 1.00% of total advances.

The Bank has made 100% provision for all the NPA accounts. The percentage of net NPA of the bank as on 31.03.2018 remains NIL.

The details of Asset Classification and provisioning are furnished below:

(in 000's)

Details	31.03.2018			31.03.2017		
	Outstanding	% to total advances	Provision	Outstanding	% to total advances	Provision
Standard	5419788	99.00	14024	4592800	99.15	11875
Substandard	19895	0.36	19895	16812	0.36	16812
Doubtful	34828	0.64	34828	19374	0.42	19374
Loss	0	0	0	3009	0.06	3009
Total	5474511		68747	4631995		51070

b) Interest De-recognised

(in 000's)

Details	2017-18	2016-17	2015-16
Derecognised income at the beginning of the year	12267	6566	3554
Recovery during the year	499	897	800
Additions during the year	2088	6598	3812
Derecognised income at the end of the year	13856	12267	6566

c) Provisions

(in 000's)

S.No	Particulars	2017-18	2016-17	2015-16
1	Provision on NPA	54723	39195	23544
2	Provision on Standard Assets(Cumulative)	14024	11875	11277
3	Total Provision	68747	51070	34821

(d) NPA Management

(in 000's)

Details	2017-18	2016-17
NPA at the beginning	39195	23544
Addition during the year	23020	20298
Recovery in NPA during the year	7492	4647
NPA at the end of the year	54723	39195

11. DISBURSEMENT:

	(in 000's)	
Priority Sector	2017-18	2016-17
Short Term Loans including Agri JLs	4840420	4201270
Agri/Allied Term Loans	186111	100086
Total Agri	5026531	4301356
SME	233122	276863
Other priority	483913	253051
Total priority	5743566	4831270
Non Priority	287861	259972
Of which LAD and other Non Priority Loans	252516	193145
Non Agri JL	35345	66827
Total	6031427	5091242
Disbursement made for weaker sections	2817608	2506778
SHGs/JLGs	434533	197637
SC/ST	306851	189647
Minority	386178	300574

Performance under Annual Credit Plan:

(in 000's)				
Sl. No	Indicators	Target Mar 2018	Achievement Mar 2018	% of achievement
1	Agriculture	2802600	5026531	179.35
2	Non-farm Sector	299200	233122	77.92
3	Other Priority Sector	462000	483913	104.74
	Total Priority	3563800	5743566	161.16
4	Non Priority Sector	540800	287861	53.23
	Total advances	4104600	6031427	146.94

The Bank achieved the disbursement target set under ACP.

12. RECOVERY OF LOANS:

(in 000's)		
RECOVERY PERFORMANCE	2017-18	2016-17
TOTAL		
Demand	3203348	2405617
Recovery	3013172	2290732
Overdues	190176	114885
Recovery %	94.06	95.22
FARM SECTOR		
Demand	2240681	1520896
Recovery	2105634	1443840
Overdues	135047	77056
Recovery %	93.97	94.93
NON-FARM SECTOR		
Demand	109607	96384
Recovery	103674	91576
Overdues	5933	4808
Recovery %	94.59	95.01

13. RISK FUND:

We have not created any such fund during this year. The Bank is maintaining 100% provision for NPAs.

14. COMPREHENSIVE CROP INSURANCE:

No claims were lodged for settlements under the scheme.

15. WRITE-OFF OF LOANS

S.No	Particulars	2017-18	2016-17
1	Loans Written Off	2988	NIL
2	Recovery in Written off accounts	NIL	NIL

16. INCOME EARNED

(in 000's)

Particulars	2017-18	2016-17
Int. on loans and advances	477683	432516
Int. on investments	100599	92182
Int. on FDs with the Sponsor Bank	15457	12853
Non int. income	81205	66215
Total	674944	603766

17. EXPENDITURE INCURRED

(in 000's)

Type of Expenditure	2017-18	2016-17
Interest paid on deposits	370777	348278
Interest paid on borrowings	51551	55156
Operating expenses	133937	98775
Of which: Salary/Staff expenses	74469	57873
Non int. non Salary expenditure	59468	40902
Provisions and Contingencies	17677	16249
Total	573942	518458

18. FINANCIAL RATIOS

(in 000's)

	2017-18	2016-17
Average Working funds	7440258	6470549
(i) Financial Return	7.98	8.36
(ii) Financial cost	5.68	6.23
(iii) Financial Margin	2.30	2.13
(iv) Cost of Management	1.80	1.53
(v) Operating Margin	1.60	1.57
(vi) Miscellaneous Income	1.09	0.97
(vii) Risk cost	0.24	0.25
(viii) Net Margin	0.88	0.86

19. TRANSFER PRICE MECHANISM:

The Bank is arriving Net Profit by the way of Transfer Price mechanism considering the average weekly business, SFVM, interest subvention , Cost of Deposit, Yield on advances, Return, etc., which tallies with our Net Profit of the Bank.

20. ACHIEVEMENTS UNDER DAP/MOU:

(In 000's)

S.No	PARAMETERS	Actuals Mar 17	Target March 18	Actuals March 18	% Achievement (Target)
1	Deposit	5474019	6680000	6669213	99.84
2	Low cost Deposit	1566038	2060000	1686857	81.89
3	% Of Low Cost Deposit	28.61%	30.84%	25.29%	82.00
4	Total Advances	4631995	5560000	5474511	98.47
5	Credit Disbursement	5091241	6005000	6031427	100.44
6	Total Borrowings	1191117	2095000	792215	37.96
7	Total Investments (SLR + Non SLR)	1612199	1770000	1967295	111.25
8	CD Ratio	84.62	83.23	82.09	98.63
9	Branch Productivity	252650	291429	282412	96.91
10	Staff Productivity (Including Sponsor Bank Employees)	103123	105517	108426	102.76
11	Gross NPA % to Total advances	0.85%	0.85%	1.00%	
12	Net NPA % to Total Advances	0.00%	0.00%	0.00%	
12	ID Ratio	29.45%	26.50%	29.50%	111.43
13	Net Interest Margin	2.32%	2.30%	2.55%	110.87
14	Operating/Net Profit	55415	78000	65611	84.12
15	CRAR %	12.21	12.21	11.87	97.22

21. TME CELLS (Technical Monitoring and Evaluation Cells)

We have not created any TME cells as on date.

22. SELF HELP GROUPS and JOINT LIABILITY GROUPS

The Bank has advanced to Self Help Groups and JLGs substantially contributing to the development of the poor especially women entrepreneurs and people below poverty line.

i. Progress in Savings linkage of SHGs

in 000's

Particulars	No. of SHGs	Credit Amount
Savings account opened during the year	515	19790
Balance outstanding as on 31.03.2018	4781	58727

ii. Progress in Credit linkage of SHGs

in 000's

Particulars	No. of SHGs	Credit Amount
Loan disbursed during the year	1145	359031
Balance outstanding as on 31.03.2018	1969	352562

iii. Progress in lending to JLGs.

in 000's

Particulars	No. of JLGs	Credit Amount
SB accounts opened during the year	393	18124
Balance outstanding as on 31.03.2018	592	28818

iv. Progress in Credit linkage of JLGs

in 000's

Particulars	No. of JLGs	Credit Amount
Loans disbursed during the year	372	75502
Balance outstanding as on 31.03.2018	521	109740

23. INTEREST RATES

Considering the Bank's ALM level and Market trends Bank is reviewing the interest rates in its regular Board meetings. During the year the interest rates were revised four times. The present interest rate on term deposit w.e.f. 24.12.2016 are as follows:

Period	Rate
15- 29 days	4.50%
30- 45 days	5.00%
46- 60 days	5.00%
61- 90 days	5.00%
91- 120 days	5.75%
121- 180 days	5.75%
181- 270 days	6.25%
271- 364 days	6.75%
1 Year to less than 2 years	7.00%
2 years to less than 3 years	6.75%
3 years to less than 5 years	6.50%
Above 5 years	6.50%

Interest Rate on Loans and Advances w.e.f.20.01.2018:

Bench Mark Prime Lending Rate 15.00%

Tenor Premium 0.50%

Particulars	Revised Rate	
Crop Loan (including jewel loan for crop production) Up to Rs.50,000 From Rs.50,001 to 2 Lakhs Above Rs2.00 lakhs	BPLR -2 * BPLR-1* BPLR+1*	13.00 % 14.00 % 16.00 %
All Government sponsored programmes (Subsidy linked) Upto 2 lakhs Above 2 lakhs	BPLR-0.50 BPLR+TP	14.50 % 15.50 %
Agri and Allied Term Loans Upto 2 lakhs Above 2 lakhs	BPLR-1.50 BPLR+TP	13.50 % 15.50 %
Agri and Allied Term Loans (Long Term) Upto 2 lakhs Above 2 lakhs	BPLR-1 BPLR+TP	14.00 % 15.50 %
Farm Mechanisation Upto 2 lakhs Above 2 lakhs	BPLR-0.50 BPLR+TP	14.50 % 15.50%
Non Farm Sector/Services/Business/SME Upto 2 lakhs Above 2 lakhs	BPLR-0.50 BPLR+TP	14.50 % 15.50 %
OCC/Secured OD Upto 2 Lakhs Above 2 Lakhs	BPLR-0.50 BPLR	14.50 % 15.00 %
Loan Against Deposit	Deposit Rates+2%	
Non Agri JL	BPLR-2	13.00 %
SHG Upto 2 Lakhs Upto 36 Months Above 36 Months Above 2 Lakhs Upto 36 Months Above 36 Months	BPLR-0.50% BPLR-0.50%+TP BPLR BPLR+TP	14.50 % 15.00 % 15.00 % 15.50 %
Loan against NSC,KVP,LIC,UTI and other government securities/assigned or pledged to the bank Up to 36 months Above 36 months	BPLR+1 BPLR+1+TP	16.00 % 16.50 %
MUDRA	BPLR-2.50	12.50%
Mortgage Loan	BPLR -2 *	13.00%
Other Non Priority Loans Up to 36 months Above 36 Months	BPLR+2% BPLR+2%+TP	17.00 % 17.50%
PBGB Kisan Bike PBGB Vehicle Loan 4 WH PBGB Vehicle Loan 2 WH Bharathi Home Loan Pension Loan Clean Loan	BPLR+TP-2%	13.50% 9.95% 12.50% 8.50% 13.00% 14.50%

- All Crop loans upto Rs.3.00 lakhs covered under Interest Subvention Scheme are lent at the rate of 7.00% p.a

24. NON-FUND BASED BUSINESS

The Bank has not done any non-fund based business during this financial year 2017-18.

25. OTHER PARTICULARS

IMAGE BUILDING ACTIVITIES:

- The Bank in coordination with DRDA Puducherry and IT Department of Govt.of Puducherry is conducting dFLAP Programmes through the Union Territory of Puducherry for popularising Cashless transactions.
- Our Bank has received Skoch Order of Merit Award for the year 2017-18 for effectively imparting Digital Awareness and Digital Literacy in rural areas of UT of Puducherry.
- Our Bank has also received Award for Significant Performance under Financial Inclusion for the year 2017-18 in Puducherry by NABARD
- Aadhaar enabled payments system (AEPS) through Business Correspondents (BCs) have been launched by Sri V Narayanasamy, Honorable Chief Minister of Puducherry on 04.05.2017 and payment for various DBTL like OAP etc. are being paid in the doorstep of the Beneficiaries.
- Inauguration of Aadhaar enrollment center by our Chairman at 45 Feet Road Branch and by Karaikal District Collector at Karaikal Main Branch
- Disbursement of loans under Swachh Bharath Mission for constructing of toilets for the mission "Open Defecation Free Puducherry" for 75 beneficiaries at our Bahour Branch
- We have actively participated in the Mudra Promotion Campaign conducted by GOI on 12.10.2017 at Puducherry and at Karaikal on 17.10.2017.
- Vigilance Awareness week has been followed during the period 30.10.2017 to 04.11.2017 and customer meets were conducted at various centers.

MAN POWER:

Staff Strength as on 31.03.2018

Category	Total Strength	Of which Women
Manager (Scale II)	12	3
Assistant Manager Scale I	54	16
Office Assistant (MP)	42	19
Total	108	38

RECRUITMENT

The Bank acted as nodal Bank for conduct of Common Written Exam for Recruitment of Officers in various scales and Office Asst. Multipurpose in RRBs.

PROMOTIONS:

We have conducted 3rd Promotion process during March 2018 and completed the process in record time. The Promotion list is released on 27th March 2018.

SECURITY ARRANGEMENTS:

In order to

RECONCILIATION

Inter Bank Reconciliation:

The Bank has reconciled all the entries upto date and there is no unreconciled entry.

CAPITAL TO RISK WEIGHTED ASSETS RATIO (CRAR):

Due to the expansion of business by the branches, the risk weighted assets of the Bank gone up to 807.85 Crores from 720.16 crores and our CRAR as on 31.03.2018 works out to 11.88%.

BOARD MEETING:

Six Board meetings were conducted during the calendar year 2017 and the Bank complied with mandatory requirement. Four meetings of Audit Committee of the Board were also held during the financial year 2017-18.

Board of Directors:

Board of Directors during the year 2017-18

Sri Manoranjan Sahu – Chairman – Pudukkottai Bharathiar Grama Bank

Sri G Mahendra – DGM/ZM – Indian Bank, Zonal Office, Coimbatore

Sri S Selvaraj – DGM/ZM – Indian Bank, Cuddalore

Sri S Thyagarajan – AGM (FIDD) – RBI, Chennai

Smt S Vijayalakshmi – DGM – NABARD, Chennai

The Project Director – DRDA, Pudukkottai

The Director – Planning and Research Department, Pudukkottai

Sri Sheriff Marakkar – GOI Nominee Director, Cochin

Sri M S Ramesh Kummar – GOI Nominee Director, Puthoor

ACKNOWLEDGEMENTS

The Board expresses its sincere thanks to the Indian Bank (Sponsor Bank) for the valuable support in administrative and technological matters.

Our sincere thanks to the Dept of Financial Services, Ministry of Finance, GOI, and Reserve Bank of India, National Bank for Agriculture and Rural Development for the valuable support and guidance.

The Board extends sincere thanks to various Govt. Agencies and undertakings for their continued support and patronage.

The Board of Directors further expresses its gratitude to the clientele of the Bank for their support, co-operation and patronage.

The Board records its thanks to M/S G NATESAN & CO (Statutory Central Auditor), Chartered Accountants, Chennai and M/S R CHANDRASEKAR & CO (Statutory Branch Auditor), Chartered Accountants, Puducherry for their valuable suggestions and timely completion of audit and finalisation of accounts.

The Board also records its appreciation to the staff of the Bank for their sincere and dedicated services.

For and on behalf of Board of Directors

Chairperson

Date : 07.05.2018

Place : Puducherry