



**PUDUVAI BHARATHIAR GRAMA BANK**  
(Sponsored by Indian Bank)

**DIRECTORS' REPORT 2012-13**

The Board of Directors have immense pleasure in presenting the fifth Annual Report of the Bank with audited Balance sheet and Profit and Loss account for the year ended March 2013.

**1. Profitability:**

In the fifth year of operations, Bank earned a net profit (before tax) of Rs. 603.38 lakhs as against Rs 297.80 lakhs earned during the previous year registering a growth of 102.61%. The Profit after tax increased from Rs. 206.18 lakhs to Rs. 410.82 lakhs during the year thus showing a year to year (yoy) growth rate of 99.25%.

**2. Branch Expansion/ Network:**

During the year 2012-13, the Bank opened 3 branches, viz. Kattupakkam, Ambagarathur and Lawspet. While the first two branches in Tier 5 centre with a population of less than 5000, the Lawspet Branch is an urban centre in Puducherry Municipality. With this the total branch network has increased to 30. Our Kalitheerthalkuppam branch shifted to the spacious premises in the same block to extend our service.

**Branch Network:**

Region	Classification of branches			No. of branches
	Urban	Semi-Urban	Rural	
Puducherry	8	2	11	21
Karaikal	-	2	5	7
Mahe	-	1	-	1
Yanam	-	1	-	1
<b>Total</b>	<b>8</b>	<b>6</b>	<b>16</b>	<b>30</b>

### 3. Share Capital:

The issued and subscribed share capital of Rs. 1.00 crore consists of one lakh shares of Rs.100/- each. The share holding pattern is as under:

(Rs. in Lakhs)				
Sl. No	Share holders	No. of shares	Amount	% of share holding
1	Govt. of India	50000	50.00	50
2	Govt. of Puducherry	15000	15.00	15
3	Indian Bank (sponsor Bank)	35000	35.00	35
	Total	100000	100.00	100

### Recapitalisation/Share Capital Deposits:

As per the recommendations of the working committee headed by Dr. K.C. Chakrabarty, Deputy Governor, of RBI on recapitalization of RRBs which have been approved by GOI, an additional share capital of Rs. 12.50 crores has to be released in two stages i.e. Rs.9.50 crores during 2010-11 and Rs.3.00 crores during 2011-12 to the Bank by GOI, Sponsor Bank and the Govt of UT of Puducherry in the ratio of 50:35:15 . All the stake holders released their share and the amount of Rs.12.50 crores has been credited in Share Capital account as per details furnished hereunder:

(Rs. in lakhs)		
Sl. No	Share holders	Amount received
1	Govt. of India	625.00
2	Govt. of Puducherry	187.50
3	Indian Bank (sponsor Bank)	437.50
	Total	1250.00

### 4. Deposits:

(Rs in Lakhs)		
Deposits	2012-13	2011-12
CA	808.26	645.24
SB	5281.60	3901.84
Low Cost Deposits	6089.86	4547.08
% of low cost Deposits	28.57	32.79
Term Deposits	15223.99	9318.50
Total deposits	21313.85	13865.58

The deposit growth during the year was 53.72% on yoy basis as against 50.25% during the last financial year.

## 5. Advances Outstanding:

	(Rs in Lakhs)	
<b>PRIORITY SECTOR</b>	<b>2012-13</b>	<b>2011-12</b>
Short Term Loans	12889.22	9338.69
Of which Agri JL Loans	12392.19	8947.68
Agri/Allied term loan	913.70	976.09
<b>Total Agri</b>	<b>13802.92</b>	<b>10314.79</b>
<b>% of Agri Advances to total adv.</b>	<b>58.05</b>	<b>62.02</b>
SME	1530.06	1113.28
Others	11.59	15.50
<b>Total Other Priority sector</b>	<b>1541.65</b>	<b>1128.78</b>
<b>Total Priority</b>	<b>15344.57</b>	<b>11443.57</b>
<b>% of Priority adv to total adv</b>	<b>64.53</b>	<b>68.81</b>
<b>NON PRIORITY SECTOR</b>		
LAD	753.50	369.18
Non Agri Jewel Loan	7507.66	4755.75
Others	170.59	62.23
<b>Total Non Priority</b>	<b>8431.75</b>	<b>5187.16</b>
<b>Total Advances</b>	<b>23776.32</b>	<b>16630.73</b>
Secured Advances	22358.46	15053.50
Unsecured Advances	1417.86	1577.23
<b>Total Advances</b>	<b>23776.32</b>	<b>16630.73</b>
SHGs	1328.62	1503.11
Weaker Sections	8169.22	6752.50
SC/ST	1286.24	905.25
Minority	2236.52	1252.00

The advances have grown by 42.97% on YoY basis. The priority sector advances stand at 64.53% as against the mandatory target of 60%. In addition to the above, the bank has issue Inter Bank Participation Certificate to HDFC Bank Ltd. for Rs.10.00 crores for a period of 180 days. Hence the actual growth in advance was 48.93% over the last year and the priority sector advance composition was 68.74%. The level of advances to weaker section is 34.36% against the mandatory target of 15%.

**Disbursements made:**

(Rs in lakhs)		
Priority Sector	2012-13	2011-12
Short Term Loans including Agri JLs	15533.56	10731.36
Agri/Allied Term Loans	987.65	1187.34
<b>Total Agri</b>	<b>16521.21</b>	<b>11918.70</b>
SME	1070.69	1310.00
Other priority	359.69	27.62
<b>Total priority</b>	<b>17951.59</b>	<b>13256.32</b>
Non Priority	<b>10940.99</b>	<b>7498.25</b>
Of which LAD and other Non Priority Loans	1442.44	463.84
Non Agri JL	9498.55	7034.41
<b>Total</b>	<b>28892.58</b>	<b>20754.57</b>
Disbursement made for weaker sections	6896.22	5825.50
SHGs	1547.54	1917.83
SC/ST	541.22	225.12
Minority	1022.51	412.55

The Bank achieved the disbursement target set under Development Action Plan (DAP/Memorandum of Undertaking (MOU)) in all the sectors vis-à-vis agriculture, total priority sector and the total advances.

**6. BORROWINGS:**

The Bank has availed certain loans/refinance facilities from the Sponsor Bank and NABARD, the details of which are as under:

**Sponsor Bank:**

(Rs. in lakhs)				
Sl. No	Nature of facility	Purpose	2012-13	2011-12
1	Clean OD	On lending for short term seasonal Agricultural Operations	318.21	481.99
2	Additional clean OD		0.00	98.38
2	Term loan	On lending for other Agricultural purposes	0.00	201.94
4	Term Loan	To meet capital Expenditure	186.10	173.47
<b>TOTAL</b>			<b>504.31</b>	<b>955.78</b>

**NABARD:**

(Rs. in lakhs)		
Purpose	2012-13	2011-12
Refinance for lending to Seasonal Agricultural Operations (ST-SAO)	9100.00	4000.00
Refinance for lending to Short Term Loan (OSAO)	-	50.00
Refinance for schematic lending	1519.38	1127.10
Total	10657.41	5177.10*

\* Exclusive of Interest provided upto March 2012 to the tune of Rs. 38.03 lakhs

**7. Cash and Bank balance:**

(Rs in lakhs)				
Cash and Bank balance	Balance As on 31.03.2013	Average During 2012-13	Balance As on 31.03.2012	Average During 2011-12
Cash held by the Bank	221.34	121.36	131.55	95.26
Balance in CA with Banks	47.37	51.86	114.56	52.17
Balance with RBI	803.00	762.92	605.00	615.26

**8. Investments:**

The details regarding investments of the bank are as under:

(Rs in lakhs)		
	2012-13	2011-12
SLR	4241.77	2993.82
Non SLR investments	0	0
Term deposits with Indian Bank	1972.17	529.39
Term Deposits with HDFC Bank	2401.23	0
Total	8615.17	3523.21

**9. Income earned :**

(Rs in lakhs)		
Particulars	2012.13	2011-12
Int on loans and advances	2231.54	1440.53
Int on investments	308.31	188.11
Int on FDs with the Sponsor Bank	66.27	46.86
Non int. income	276.49	190.29
Total	2882.61	1865.79

#### 10. Expenditure incurred:

(Rs in lakhs)		
Type of Expenditure	2012-13	2011-12
Interest paid on deposits	1268.84	738.47
Interest paid on borrowings	494.91	390.26
Operating expenses	467.43	396.20
Of which: Salary/Staff expenses	264.92	208.56
Non int. non Salary expenditure	202.51	187.64
Provisions and Contingencies	48.05	43.06
<b>Total</b>	<b>2279.23</b>	<b>1567.99</b>

#### 11. Fee Based Income

To augment the fee based income, the Bank has DD drawing arrangement with the Sponsor Bank and by this arrangement all the branches of the Bank can draw/ issue DDs on sponsor Bank, payable at 180 select centres all over India. The Bank continues to be a corporate agent of M/S Life Insurance Corporation of India for marketing their policies. The arrangement with M/s Weizmann Forex Ltd. for payment of Western Union Money Transfer remittances has gained momentum and the number of such remittances handled by almost all branches of the bank has increased substantially improving non-interest income from the activity.

During the year the Bank has entered into an agency agreement with M/s Bajaj Allianz Insurance Co. Ltd. for marketing their group insurance products and the response from the clients is encouraging. During the month of March 13 alone the bank has canvassed about 400 policies and the income from such business is around Rs.0.45 lakh.

Yet another avenue to increase non interest income was opened by signing an agreement with M/s Stock Holding Corporation of India to act as their authorised collection centre for E-Stamping where the bank will get a commission of 0.15% on the stamps issued. To begin with, the UT government permitted our Bank to act as ACC for SHCIL in Karaikal, Yanam and Mahe with effect from 18 3 13 and we were expecting that the arrangement will be extended to Puducherry also shortly. The business from this activity is encouraging.

During the year 2012-13 the bank also introduced **Real Time Gross Settlement (RTGS)** facility enabling customers of our bank to remit funds to and from customers through the sponsor bank. This facility is also available among the three RRBs sponsored by Indian Bank as well. Introduction of NEFT and RTGS has been widely appreciated by the customers and the growth in the volume of these NEFT and RTGS transfers has been substantial earning sizable income as commission.

## **12. IRAC (Income Recognition and Asset Classification) norms:**

The Bank has during the year identified 77 accounts involving a total balance of Rs.24.87 lakhs as Sub Standard assets as per prudential norms stipulated by RBI. In the NPAs identified in the last year, the Bank has made a recovery of Rs.13.14 lakhs. With this, the total NPA as on 31 03 .2013 moved to Rs.46.75 lakhs constituting Amount of NPAs identified is Rs 24.87 lakhs and gross NPA level works out to 0.20% of total advances. The Bank has 100% provision for all the NPA accounts and our net NPA as on 31 3 13 is NIL per cent.

## **14. Image Building Activities:**

As a first time in the UT of Puducherry, the Bank has extended bank loan to groups formed by Agricultural Technical Marketing Agency (ATMA) for purchase of combined harvesters, transplanters, etc. to enable the farmers to introduce mechanization in agriculture to bring down the cost of cultivation and to meet the labour shortage.

With the kind assistance of Sponsor Bank, the Bank has made arrangements to install White Label ATMs in three of our branches and the ATMs will be commissioned shortly. This will help the rural population, old age pensioners and NREGA beneficiaries to have access to ATMs.

## **Financial Inclusion- status :**

Under Financial Inclusion 6 panchayat villages ( 9 census villages of which 4 are under the category of Villages with population of 2000 and above and the remaining under the category "with the population below 2000") were allotted to the Bank. Out of 6 Grama panchayats , brick and mortar branches were opened in four villages during 2010-11. One business correspondent was appointed in a village called Melakasakudi. We have encouraged organic farming by actively participating in their meetings. We identified ourselves with all Government Departments / NGOs for their efforts in the development of the State.

To facilitate the beneficiaries to receive the subsidy due to them under various schemes, the Government of India introduced Direct Benefit Transfer scheme to pass on the benefits to the beneficiaries through Aadhaar Based Payment Scheme (ABPS) conducted by National Payment Corporation of India. To commence with GOI has brought 53 schemes under the DBTS and our Bank, having the largest network in the UT of Puducherry, is also participating in the scheme. In addition to the GOI schemes, the local government has brought in their Old Age Pension scheme under ABPS and the bank is handling about 7000 accounts under this particular scheme. Public Sector Oil Companies are introducing payment of subsidy on domestic cylinders through Aadhaar linked accounts of their customers and bank is encouraging its customers to link their accounts with Aadhaar numbers to get all these benefits.

## **15. Staff:**

### **Recruitment:**

During the year recruitment process has undergone a change. IBPS has commenced conducting Common Written Examinations exclusively for RRB and such written tests were held in the month of September 2012. Our Bank is nodal bank for conducting such tests in Puducherry. On release of score cards by IBPS, we have initiated the process of recruitment of 10 officers and 10 multi purpose office assistants (clerical cadre) during the year and completed the same. As on date. 7 officers and 4 clerks have joined the Bank and we expect another two officers to join shortly.

Other training programmes: Officers have been nominated for various training programme conducted by IMAGE (sponsor Bank training college) and other external agencies, RBI, NABARD, CERSAI, BIRD, etc.

## **16. Reconciliation**

### **Inter Bank Reconciliation:**

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

### **Inter Branch Reconciliation**

All the entries have been reconciled till 31-03-2013

## **17. Capital to Risk weighted Assets Ratio(CRAR):**

With the expansion of business by the branches, the assets of the Bank have increased considerably. As per the recommendations of the committee headed by Dr K C Chakrabarty, Deputy Governor of RBI, approved by the GOI, RRBs have been infused with additional capital. Our bank has so far received Rs. 12.50 crores as additional capital. With the improved capital base, our CRAR as on 31 03 13 works out to 11.87% .

## **18. Policies**

The Bank has formulated various policies in compliance with the directions of various authorities such as GOI, NABARD, RBI etc .The new policies evolved during the year are:

1. Loan Policy
2. Purchase Policy
3. Deposit Policy
4. Compensation Policy



5. Disaster Recovery Policy
6. Business Continuity Policy
7. Information Technology Policy
8. Information System Security Policy
9. Depreciation Policy

**19. Board Meeting:**

Six Board meetings were conducted during 2012-13 and the Bank complied with mandatory requirement. Three meetings of Audit Committee of the Board were also held during the financial year.

**21. Board of Directors:**

During the year 2012-13, the following directors have retired from our Board :

- 1 Shri R Manimaran, the then Chairman of the Bank on account of his transfer to Sponsor Bank
- 2 Shri D A Ulagan, GM and Zonal Manager, Indian Bank, Zonal Office Puducherry who had retired from banking service
- 3 Dr S Kanagasabai, State Government nominee on his retirement from service.
- 4 Shri S Pushaparaj, General Manager, Indian Bank on his retirement from Bank.

The following directors have joined the Board during the year :

- 1 Shri D Devaraj, Chairman
- 2 Smt V Shantha, Asst. General Manager/Zonal Manager Indian Bank, Puducherry
- 3 Smt Vijayalakshmi, Director, Planning & Research, Govt. of Puducherry

## **ACKNOWLEDGEMENTS**

The Board places on record its heart felt gratitude to the retired Directors of the Bank for the valuable guidance rendered by them for the efficient functioning of the bank.

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

Our sincere thanks are also due 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 their gratitude to the clientele of the Bank for their support, co-operation and patronage.

The Board records its thanks to M/S Mahalingam & Srivatsan, Chartered Accountants Chennai and M/s S Sadasivam & Associates, Chartered Accountants, Srirangam 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.

**General Manager**

**Chairman**

**Date : 25.04.2013**

**Place : Puducherry**