



PUDUVAI BHARATHIAR GRAMA BANK
(Sponsored by Indian Bank)

DIRECTORS' REPORT 2015-16

The Board of Directors have immense pleasure in presenting the Eighth Annual Report of the Bank with audited Balance sheet and Profit and Loss account for the year ended March 2016.

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 2015-16 under branch expansion plan, the Bank has opened 3 more branches viz. Pandakkal (Semi Urban), Sellipet (Rural) and 45 Feet Road (Urban). With this the total number of Branches has increased to 38.

Branch Network:

Region	Classification of branches			No. of branches
	Urban	Semi-Urban	Rural	
Puducherry	10	2	15	27
Karaikal	-	3	5	8
Mahe	-	2	-	2
Yanam	-	1	-	1
Total	10	8	20	38

Classification of branches based on population:

Tier I	: 10
Tier II	: 2
Tier III	: 4
Tier IV	: 2
Tier V	: 8
Tier VI	: 12

3. SHARE CAPITAL

The issued and subscribed share capital of Rs. 13.50 crore consists of 135.00 lakh shares of Rs.10/- each.

The share holding pattern is as under:

Sl. No	Share holders	No. of shares	(in 000's)	
			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

The Share Capital Deposit of Rs. 12.50 Crores were transferred to Share capital Account vide Govt. Notification as 04th Feb 2016 thus bringing the Share Capital of the Bank to Rs. 13.50 Crores. All the share of face value Rs. 100 are split and converted into shares of face value Rs. 10/- as per RRBs Amendment Act, 2015 and conveyed vide NABARD letter No.NB.IDD.RRCBD/1637/1316(Gen)/2015-16 dated 30 March-2016.

4. DEPOSITS:

The deposit of the Bank reached the level of Rs. 455.28 crores as against the target of Rs. 443.00 crores registering a growth of 25.41% during the year. The break up details are given below:

(in 000's)

Deposits		2015-16	2014-15	YoY Growth%
CA	<i>No. of Accounts</i>	1484	1383	7.30
	<i>Amount</i>	205718	228829	(10.10)
SB	<i>No. of Accounts</i>	188839	168035	12.38
	<i>Amount</i>	1066566	867363	22.97
Low Cost Deposits		1272284	1096192	16.06
% of low cost Deposits		27.95	30.20	
Term Deposits	<i>No. of Accounts</i>	16365	14027	16.67
	<i>Amount</i>	3280530	2534040	29.46
Total deposits		4552814	3630232	25.41
Average cost of Deposit		7.75	7.95	
Per Branch Deposit		119811	103721	15.51
Per Employee Deposit		45988	38619	19.08

5. BORROWINGS:

The Bank has availed certain loans/refinance facilities from the Sponsor Bank and NABARD. The refinance sanctioned by NABARD was fully utilized and the details of which are as under:

SPONSOR BANK:

(in 000's)

Sl. No	Nature of facility	Purpose	2015-16	2014-15
1	Clean OD	On lending for short term seasonal Agricultural Operations	247121	66348
2	Additional clean OD		0.00	0.00
2	Term loan	On lending for other Agricultural purposes		
4	Term Loan	To meet capital Expenditure	13297	13382
TOTAL			260418	79730

NABARD:**(in 000's)**

Purpose	2015-16	2014-15
Refinance for lending to Seasonal Agricultural Operations (ST-SAO)	574801	1150000
Refinance for lending to Short Term Loan (OSAO)	31119	10000
Refinance for schematic lending	105593	69234
Total	711513	1229234

Cost of the borrowing is **4.93%**

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	2015-16	2014-15	2013-14
Cash held by the Bank	32688	19330	21043
Balance in CA with Banks	119189	207884	70210
Balance with RBI	180000	146000	103200
Average Cash	22735	19253	18900
Average Deposits	3947240	3071077	2208899
% of Average Cash to Average Deposit	0.58	0.62	0.86

8. INVESTMENTS:

The investment portfolio of the Bank has increased to Rs. 11639.24 lakhs during the year by purchasing Rs.32.72 crores during the year registering a growth of 8.83%. The details regarding investments of the bank are as under:

(in 000's)

Particulars	2015-16	2014-15
SLR	955134	765755
Non SLR investments	0	140136
Term deposits with Indian Bank	208791	163646
Term Deposit with other Bank	0	0
Total	1163924	1069537
Interest yield on SLR investment	69446	56035
Interest yield on Non-SLR investment	28911	30808

The Yield on Investments is **8.07%**

9. LOANS AND ADVANCES (OUTSTANDING):**(in 000's)**

PRIORITY SECTOR	2015-16	2014-15
Short Term Loans	3082432	2554503
Of which Agri JL Loans	2990217	2482195
Agri/Allied term loan	118130	93891
Total Agri	3200562	2648394
% of Agri Advances to total adv.	73.90	70.46
SME	284224	204687
Others	1765	2006
Total Other Priority sector	285989	206693
Total Priority	3486551	2855087
% of Priority adv to total adv	80.51	75.96
NON PRIORITY SECTOR		
LAD	101278	102421
Non Agri Jewel Loan	152365	290792
Others	590481	510356
Total Non Priority	844124	903569
Total Advances	4330675	3758656
Secured Advances	4099951	3526635
Unsecured Advances	230724	232021
Total Advances	4330675	3758656
SHGs	159784	145062
Weaker Sections	1795418	1583226
SC/ST	216839	193274
Minority	521758	472429
CD Ratio	95.12	103.54

The Bank achieved the advance level of Rs.433.07 crores against March 2015 level of Rs.375.87 crores.

The advances have grown by 15.23% on YoY basis.

The Average rates charged on lending is 9.66%

Sectorwise Achievement

S.No	Parameters	Mandatory Target	Actuals
1	Priority Sector Advances	75%	80.51%
2	Agriculture	18%	73.90%
3	Small and Marginal Farmers	8%	79.43%
4	Micro Enterprises	7.50%	7.56%
5	Weaker Sector	15%	47.76

10. IRAC NORMS

(a) INCOME RECOGNITION AND ASSET CLASSIFICATION:

The Bank Classified 404 accounts involving a total balance of Rs.127.92 lakhs as Sub Standard assets as per prudential norms stipulated by RBI. Cash recovery in NPA during the year is 48.65 lakhs with a reduction of 40.65 lakhs. With this, the total NPA as on 31.03.2016 moved to Rs. 235.44 lakhs and gross NPA level works out to 0.54% 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 3 16 is NIL.

The details of Asset Classification and provisioning are furnished below:

(in 000's)

Details	31.03.2016			31.03.2015		
	Outstanding	% to total advances	Provision	Outstanding	% to total advances	Provision
Standard	4307133	99.46	11277	3740739	99.52	10103
Substandard	12791	0.30	12791	11920	0.31	11920
Doubtful	8791	0.20	8791	5997	0.16	5997
Loss	1962	0.05	1962	0.00	0.00	0.00
Total	4330677		34821	3758656		28020

b) Interest De-recognised

(in 000's)

Details	2015-16	2014-15	2013-14
Derecognised income at the beginning of the year	3554	1672	822
Recovery during the year	800	199	209
Additions during the year	3812	2081	1059
Derecognised income at the end of the year	6566	3554	1672

c) Provisions

(in 000's)

S.No	Particulars	2015-16	2014-15	2013-14
1	Provision on NPA	23544	17917	8716
2	Provision on Standard Assets(Cumulative)	11277	10103	9458
3	Total Provision	34821	28020	18174

(d) NPA Management

(in 000's)

Details	2015-16	2014-15
NPA at the beginning	17917	8716
Addition during the year	9692	11890
Recovery in NPA during the year	4065	2689
NPA at the end of the year	23544	17917

11. DISBURSEMENT:

(in 000's)

Priority Sector	2015-16	2014-15
Short Term Loans including Agri JLs	3917106	3179643
Agri/Allied Term Loans	115320	76477
Total Agri	4032426	3256120
SME	256219	185682
Other priority	26292	64284
Total priority	4314837	3506086
Non Priority	369245	455242
Of which LAD and other Non Priority Loans	192430	141918
Non Agri JL	176815	313324
Total	4684082	3961328
Disbursement made for weaker sections	1687534	1384131
SHGs	142920	110259
SC/ST	179638	158938
Minority	296473	240937

Performance under Annual Credit Plan:

(in 000's)

Sl. No	Indicators	Target Mar 2015	Achievement Mar 2015	% of achievement
1	Agriculture	2078400	4032426	194.02
2	Other Priority Sector	665400	282511	42.46
3	Non Priority Sector	350000	369245	105.50
	Total advances	3093800	4684082	151.40

The Bank achieved the disbursement target set under ACP.

12. RECOVERY OF LOANS:

(in 000's)

RECOVERY PERFORMANCE	2015-16	2014-15
TOTAL		
Demand	2189681	1916881
Recovery	2105437	1833045
Overdues	84244	83836
Recovery %	96.15	95.63
FARM SECTOR		
Demand	1299637	1186138
Recovery	1225824	1109838
Overdues	73813	76300
Recovery %	94.32	93.57
NON-FARM SECTOR		
Demand	83640	66782
Recovery	79048	63421
Overdues	4592	3361
Recovery %	94.51	94.97

13. RISK FUND:

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

14. COMPREHENSIVE CROP INSURANCE:

No claims were lodged for settlements under the scheme.

15. WRITE-OFF OF LOANS

S.No	Particulars	31.03.2016	31.03.2015
1	Loans Written Off	NIL	NIL
2	Recovery in Written off accounts	NIL	NIL

16. INCOME EARNED

(in 000's)

Particulars	2015-16	2014-15
Int. on loans and advances	382191	331367
Int. on investments	69446	56035
Int. on FDs with the Sponsor Bank	18332	9356
Non int. income	78221	51012
Others	10579	21453
Total	558769	469223

17. EXPENDITURE INCURRED

(in 000's)

Type of Expenditure	2015-16	2014-15
Interest paid on deposits	305937	244146
Interest paid on borrowings	63204	62948
Operating expenses	98478	66907
Of which: Salary/Staff expenses	61560	36283
Non int. non Salary expenditure	36918	30624
Provisions and Contingencies	6801	9846
Total	474425	383847

18. FINANCIAL RATIOS

	2015-16	2014-15
Average Working funds	5484287	4501563
(i) Financial Return	8.76	9.29
(ii) Financial cost	6.73	6.82
(iii) Financial Margin (i-ii)	2.03	2.47
(iv) Operating Margin	1.32	1.90
(v) Miscellaneous Income	1.43	1.13
(vi) Operating Profit ((iii+ v)-iv)	2.14	1.70
(vii) Risk cost	0.12	0.22
(viii) Net Margin (vi-vii)	2.02	1.48

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 15	Target March 16	Actuals March 16	% Achievement (Target)
1	Deposit	3630232	4430000	4552814	102.77
2	Low cost Deposit	1096192	1330000	1272284	95.66
3	% Of Low Cost Deposit	30.20	30.02	27.95	93.10
4	Total Advances	3758656	4740000	4330675	91.37
5	Credit Disbursement	3961328	5080000	4684082	92.21
6	Total Borrowings	1308963	1125000	971931	86.39
7	Total Investments (SLR + Non SLR)	1069450	1180000	1163924	98.64
8	CD Ratio	103.54	107.00	95.12	88.91
9	Branch Productivity	211111	241300	233776	96.89
10	Staff Productivity	78605	87300	86247	98.80
11	Gross NPA % to Total advances	0.48%	1.00%	0.54%	
12	Net NPA % to Total Advances	0.00%	0.38%	0.00%	
12	ID Ratio	25.60%	26.64%	25.56%	
13	Net Interest Margin	2.58%	2.77%	2.09%	
14	Operating/Net Profit	54417	65400	54482	
15	CRAR %	11.10	12.20	12.03	

21. TME CELLS:

We have not created any TME cells as on date. Instead we have opened two Financial Literacy Centers one at Puducherry and another at Karaikal with NABARD support. FLCs are undertaking activities in Rural areas to create awareness among the public about Financial Inclusion.

22. SELF HELP GROUPS

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

I. Progress in Savings Linkage of SHGs

In 000's

Particulars	No. of SHGs	Savings Amount
Savings Accounts linked during the year	302	1505
Balance outstanding for SHG as on 31.03.2016	3961	57692

ii. Progress in Credit linkage of SHGs

in 000's

Particulars	No. of SHGs	Credit Amount
Loan disbursed during the year	496	142920
Balance outstanding as on 31.03.2016	1389	159784

iii. Progress in lending to JLGs.

Particulars	No. of JLGs	Credit Amount
SB accounts opened during the year	69	5312
Balance outstanding as on 31.03.2016	89	5489

iv. Progress in Credit linkage of JLGs

Particulars	No. of JLGs	Credit Amount
Loans disbursed during the year	57	9146
Balance outstanding as on 31.03.2016	71	9085

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 interest rate on term deposit are as follows:

Period	Rate
15- 29 days	5.50%
30- 45 days	5.50%
46- 60 days	6.50%
61- 90 days	6.50%
91- 120 days	7.00%
121- 180 days	7.00%
181- 270 days	7.50%
271- 364 days	7.75%
1 yr to less than 2 yrs	7.75%
2 yr to less than 3 yrs	7.75%
3 yr to less than 5 yrs	7.75%
Above 5 years	7.75%

The Bank is offering additional interest rate of 0.50% for senior citizens. As prescribed by RBI for the deposits upto Rs.1.00 lakhs are covered under DICGC.

Interest Rate on Loans and Advances w.e.f. 04.08.2011.

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-0.50 BPLR+TP	14.50 % 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 Upto Rs.2.00 Lakhs Above Rs.2.00 Lakhs	BPLR-0.75 BPLR-0.50	14.25 % 14.50 %
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 %
Educational Loan	BPLR+TP	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 %
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	BPLR+TP-2% BPLR+TP-1.50%	13.50% 14.00%

- Under GOI subvention scheme all advances up to Rs.3.00 lakhs under KCC/AJL will be sanctioned at a concessional rate of interest at 7% p.a.

24. NON-FUND BASED BUSINESS

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 and United India Insurance Co. Ltd. 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 this financial year we have earned a commission of Rs. 6.89 lakhs by selling LIC and UIIC policies, issuing e-stamping papers and Western Union processing.

Customers of the Bank transacted Rs 11908.76 lakhs through RTGS and Rs. 27951.30 lakhs through NEFT resulting in increase of income to the Bank during current year. With this the Bank is not complacent any more in funds transfer in electronic mode and we are edging the competition in attracting the customers with our courteous and speedy services. Our Customer base increased from 183446 to 206688 during this year.

25. OTHER PARTICULARS

IMAGE BUILDING ACTIVITIES:

- Intensive MUDRA loan campaign was launched at our Head Office by Shri. MAHESH KUMAR JAIN MD/CEO of Indian Bank in the presence of Shri.R.Manimaran, General Manager, Indian Bank on 21.09.2015.
- We have launched the MOBILE VAN FACILITY by Shri. K. VENKATESWARA RAO, Chief General Manager, NABARD- Chennai, in the presence of Shri. S. Parthasarathy, DGM/ZM, Indian Bank, Puducherry. During this occasion we have also inaugurated Farmers Club and disbursed loans to JLGs and SHGs.
- Demo ATM is fitted in the van to educate and create awareness among the customers using RuPay Cards.
- FLC Campaigns were conducted by our FLC Bahour on various dates during the year.
- Town Hall meetings were conducted at Karaikal T.R.Pattinam and Ambagarathur on behalf of SLBC Puducherry for popularizing PMJBY, PMSBY and APY schemes among the public.
- Similar Town hall meetings were conducted by our Mahe and Yanam Regions also involving all the bankers and insurance companies.
- We have conducted two literacy camps on e-payments one each at Puducherry and Karaikal under the aegis of NABARD. NPCI officials handled the sessions. The camps were well received by the customers of our bank as well as that of the other banks. Officials from Indian Bank and State Bank of India also participated.
- PMJBY Insurance claim were settled to the Nominees of the deceased customers of our Karaikal Main and Kunichampet Branches and the 1st settlement cheque was handed over to the beneficiary by Hon'ble Chief Minister Sri N RANGASAMY in the presence of our Chairman and LIC Officials.
- PMSBY Insurance claim were settled to the Nominees of the deceased customers of our Murungapakkam Branch.
- We have conducted Coin distribution and Soiled / Multilated notes Exchange Mela on 26.11.2015 and 27.11.2015 at our Puducherry Main Branch

- We have distributed Flood Relief Materials to the people in affected areas of Puducherry (Rajankulam, Amattankulam) and Karaikal (Kalayankatti Madagu, Seniyarkulam, Pudhukulam) on 05.12.2015 and 07.12.2015
- An exclusive Financial Literacy Camp was organised for School Children at Karaikal with the support of NABARD.
- Loans were disbursed under PMMY for the ITI trained customer of our Manaveli Branch
- Our Bank is awarded 1st prize by NABARD for SHG Linkage among all Banks in U.T of Puducherry

MAN POWER:

Staff Strength as on 31.03.2016

Category	Total Strength	Of which Women
Assistant Manager Scale I	54	11
Office Assistant (MP)	45	23

RECRUITMENT

The Bank acted as nodal Bank for conduct of Common Written Exam for Recruitment of Officers in various scales and Office Asst. Multipurpose and also for the conduct of the common interview in the Union Territory of Puducherry.

PROMOTIONS:

We have conducted 1st Promotion process during March 2016 and completed the process in record time. The Promotion list is released on 31st March 2016.

SECURITY ARRANGEMENTS:

Security Burglar alarm has been provided to all our branches. As per RBI guidelines, CC TV camera was also installed in all our branch premises.

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 31-03-2016

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, former 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 16 works out to 12.03%

BOARD MEETING:

Six Board meetings were conducted during the calendar year 2015 and the Bank complied with mandatory requirement. Five meetings of Audit Committee of the Board were also held during the financial year 2015-16.

Board of Directors:

There is no change in the Board of Directors during the year 2015-16.

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 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 its gratitude to the clientele of the Bank for their support, co-operation and patronage.

The Board records its thanks to M/S S KALYANASUNDARAM & CO, Chartered Accountants, Puducherry 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.

For and on behalf of Board of Directors

Chairman

Date : 05.05.2016

Place : Puducherry