



PUDUVAI BHARATHIAR GRAMA BANK
(Sponsored by Indian Bank)

Draft for approval

DIRECTORS' REPORT 2016-17

The Board of Directors have immense pleasure in presenting the Ninth Annual Report of the Bank with audited Balance sheet and Profit & Loss account for the year ended March 2017.

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 2016-17, the Bank has opened 2 more branches viz. Thirukkanur (Rural) and Thirunallar (Rural). With this the total number of Branches rose to 40.

Branch Network:

Region	Classification of branches			No. of branches
	Urban	Semi-Urban	Rural	
Puducherry	10	2	16	28
Karaikal	-	3	6	9
Mahe	-	2	-	2
Yanam	-	1	-	1
Total	10	8	22	40

Classification of branches based on population:

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

3. SHARE CAPITAL

The issued and paid up capital of the Bank as on 31.03.2017 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 Bank has achieved another landmark in total business of Rs. 1000 Crores for the current year 2016-17. The Total Business is Rs.1010.60 Crores of which Deposit Rs. 547.40 Crore and Advance Rs.463.20 Crore.

4. DEPOSITS:

The deposit of the Bank reached the level of Rs. 547.40 crores as against the target of Rs. 545.00 crores registering a growth of 20.23% during the year. The break up details are given below:

Deposits		(in 000's)		
		2016-17	2015-16	YoY Growth%
CA	<i>No. of Accounts</i>	1650	1484	11.19
	Amount	118996	205718	(42.16)
SB	<i>No. of Accounts</i>	207938	188839	10.11
	Amount	1447042	1066566	35.67
Low Cost Deposits		1566038	1272284	23.09
% of low cost Deposits		28.61%	27.95%	2.36
Term Deposits	<i>No. of Accounts</i>	18178	16365	11.08
	Amount	3907981	3280530	19.13
Total deposits		5474019	4552814	20.23
Average cost of Deposit		6.88	7.75	11.23
Per Branch Deposit		136850	119811	14.22
Per Employee Deposit		55857	45988	21.46

Cost of Deposits 6.88%

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	2016-17	2015-16
1	Clean OD	On lending for short term seasonal Agricultural Operations	165563	247121
2	Term loan	On lending for other Agricultural purposes	-	-
3	Term Loan	To meet capital Expenditure	6927	13297
TOTAL			172490	260418

NABARD:

(in 000's)

Purpose	2016-17	2015-16
Refinance for lending to Seasonal Agricultural Operations (ST-SAO)	931780	574801
Refinance for lending to Short Term Loan (OSAO)	50524	31119
Refinance for schematic lending	31823	105593
Total	1014127	711513

NSFDC:

(in 000's)

Purpose	2016-17	2015-16
Refinance for lending to SC/STs	4500	-
Total	4500	-

Cost of the borrowing is 5.93%

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	2016-17	2015-16	2014-15
Cash held by the Bank	18355	32688	19330
Balance in CA with Banks	329623	119189	207884
Balance with RBI	238012	180000	146000
Average Cash	37506	22735	19253
Average Deposits	5063953	3947240	3071077
% of Average Cash to Average Deposit	0.74	0.58	0.62

8. INVESTMENTS:

The investment portfolio of the Bank has increased to Rs. 17751.89 lakhs during the year with fresh investments by purchase of securities for Rs.52.00 crores during the year registering a growth of 52.52%. The details regarding investments of the bank are as under:

Particulars	(in 000's)	
	2016-17	2015-16
SLR	1234587	955134
Non SLR investmemts	132990	0
Term deposits with Indian Bank	377340	208791
Term Deposit with other Bank	30000	0
Total	1774917	1163924
Interest yield on SLR investment	92182	69446
Interest yield on Non-SLR investment	16264	28911

The Yield on Investments is 8.37%.

9. LOANS AND ADVANCES (OUTSTANDING):

PRIORITY SECTOR	(in 000's)	
	2016-17	2015-16
Short Term Loans	3801842	3082432
Of which Agri JL Loans	3701586	2990217
Agri/Allied term loan	118474	118130
Total Agri	3920316	3200562
% of Agri Advances to total adv.	84.64%	73.90%
SME	365929	284224
Others	76704	1765
Total Other Priority sector	442633	285989
Total Priority	4362949	3486551
% of Priority adv to total adv	94.19%	80.51%
NON PRIORITY SECTOR		
LAD	65013	101278
Non Agri Jewel Loan	51707	152365
Others	152326	590481
Total Non Priority	269046	844124
Total Advances	4631995	4330675
Secured Advances	4384134	4099951
Unsecured Advances	247861	230724
Total Advances	4631995	4330675
SHGs	243036	159784
Weaker Sections	2856316	1795418
SC/ST	228631	216839
Minority	553741	521758
CD Ratio	84.62	95.12

The Bank achieved the advance level of Rs.463.20 crores against March 2016 level of Rs.433.07 crores. The advances have grown by 6.96% on YoY basis.

The Average rates charged on lending is 9.61%

Priority Sector Lending – as on 31.03.2017

(in 000's)

Sl. No	Indicators	31.03.2017	31.03.2016
1	Total Outstanding Advances (as on previous year)	4330675	3758656
2	Priority Sector Advances (Present year)	4362949	3486551
3	Agriculture (Present year)	3920316	3200562
4	Micro Enterprises (Present year)	365929	284224
5	Small and Marginal Farmers	3014657	2958617
6	Weaker Sections	2856316	1795418
	% of Priority Sector to Total Advances	100.75	92.76
	% of Agri to Total Advances	90.52	85.15
	% of Micro Enterprises to Total Advances	8.45	7.56
	% of Small and Marginal Farmers to Total Advances	69.61	78.71
	% of Weaker Sections to Total Advances	65.96	47.77

The Bank has complied with Priority Sector Lending targets.

10. IRAC NORMS

(a) INCOME RECOGNITION AND ASSET CLASSIFICATION:

The Bank Classified 325 accounts involving a total balance of Rs.202.98 lakhs as Fresh NPA as per prudential norms stipulated by RBI. Cash recovery in NPA during the year is Rs. 46.47 lakhs with a reduction of Rs. 37.51 lakhs. With this, the Gross NPA as on 31.03.2017 moved to Rs. 391.95 lakhs which works out to 0.85% 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 17 is NIL.

The details of Asset Classification and provisioning are furnished below:

(in 000's)

Details	31.03.2017			31.03.2016		
	Outstanding	% to total advances	Provision	Outstanding	% to total advances	Provision
Standard	4592800	99.15	11875	4307131	99.46	11277
Substandard	16812	0.36	16812	12791	0.30	12791
Doubtful	19374	0.42	19374	8791	0.20	8791
Loss	3009	0.06	3009	1962	0.05	1962
Total	4631995		51070	4330675		34821

b) Interest De-recognised

(in 000's)

Details	2016-17	2015-16	2014-15
Derecognised income at the beginning of the year	6566	3554	1672
Recovery during the year	897	800	199
Additions during the year	6598	3812	2081
Derecognised income at the end of the year	12267	6566	3554

c) Provisions

(in 000's)

S.No	Particulars	2016-17	2015-16	2014-15
1	Provision on NPA	39195	23544	17917
2	Provision on Standard Assets(Cumulative)	11875	11277	10103
3	Total Provision	51070	34821	28020

(d) NPA Management

(in 000's)

Details	2016-17	2015-16
NPA at the beginning	23544	17917
Addition during the year	20298	9692
Recovery in NPA during the year	4647	4065
NPA at the end of the year	39195	23544

11. DISBURSEMENT:**(in 000's)**

Priority Sector	2016-17	2015-16
Short Term Loans including Agri JLS	4201270	3917106
Agri/Allied Term Loans	100086	115320
Total Agri	4301356	4032426
SME	276863	256119
Other priority	253051	26292
Total priority	4831270	4314837
Non Priority	259972	369245
Of which LAD and other Non Priority Loans	193145	192430
Non Agri JL	66827	176815
Total	5091242	4684082
Disbursement made for weaker sections	2506778	1687534
SHGs	197637	142920
SC/ST	189647	179638
Minority	300574	296473

Performance under Annual Credit Plan:**(in 000's)**

Sl. No	Indicators	Target Mar 2017	Achievement Mar 2017	% of achievement
1	Agriculture	2114929	4301356	203.38
2	Non-farm Sector	243290	276863	113.80
3	Other Priority Sector	398315	253051	63.53
	Total Priority	2756534	4831270	175.27
4	Non Priority Sector	675987	259972	38.46
	Total advances	3432521	5091242	148.32

The Bank achieved the disbursement target set under ACP.

12. RECOVERY OF LOANS:**(in 000's)**

RECOVERY PERFORMANCE	2016-17	2015-16
TOTAL		
Demand	2405617	2189681
Recovery	2290732	2105437
Overdues	114885	84244
Recovery %	95.22	96.15
FARM SECTOR		
Demand	1520896	1299637
Recovery	1443840	1225824
Overdues	77056	73813
Recovery %	94.93	94.32
NON-FARM SECTOR		
Demand	96384	83640
Recovery	91576	79048
Overdues	4808	4592
Recovery %	95.01	94.51

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	2016-17	2015-16
1	Loans Written Off	NIL	NIL
2	Recovery in Written off accounts	NIL	NIL

16. INCOME EARNED

(in 000's)

Particulars	2016-17	2015-16
Int. on loans and advances	432516	382191
Int. on investments	92182	69446
Int. on FDs with the Sponsor Bank	12853	18332
Non int. income	62804	78221
Others	3411	10579
Total	603766	558769

17. EXPENDITURE INCURRED

(in 000's)

Type of Expenditure	2016-17	2015-16
Interest paid on deposits	348278	305937
Interest paid on borrowings	55156	63204
Operating expenses	98775	98483
Of which: Salary/Staff expenses	57873	61561
Non int. non Salary expenditure	40902	36922
Provisions and Contingencies	16249	6801
Total	518458	474425

18. FINANCIAL RATIOS

(in 000's)

	2016-17	2015-16
Average Working funds	6470549	5484287
(i) Financial Return	8.36	8.76
(ii) Financial cost	6.23	6.73
(iii) Financial Margin	2.13	2.03
(iv) Cost of Management	1.53	1.80
(v) Operating Margin	1.57	1.32
(vi) Miscellaneous Income	0.97	1.43
(vii) Risk cost	0.25	0.12
(viii) Net Margin	0.86	2.02

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 16	Target March 17	Actuals March 17	% Achievement (Target)
1	Deposit	4552814	5450000	5474019	100.44
2	Low cost Deposit	1272284	1692400	1566038	92.53
3	% Of Low Cost Deposit	27.95%	31.05%	28.61%	92.14
4	Total Advances	4330675	5250000	4631995	88.23
5	Credit Disbursement	4684082	5805000	5091241	87.70
6	Total Borrowings	971931	1345000	1191117	88.56
7	Total Investments (SLR + Non SLR)	1163924	1410000	1612199	114.34
8	CD Ratio	95.12	96.33	84.62	87.84
9	Branch Productivity	233776	267500	252650	94.45
10	Staff Productivity (Including Sponsor Bank Employees)	86247	95500	103123	107.98
11	Gross NPA % to Total advances	0.54%	1.00%	0.85%	
12	Net NPA % to Total Advances	0.00%	0.00%	0.00%	
12	ID Ratio	25.56%	25.87%	29.45%	113.84
13	Net Interest Margin	2.09%	2.24%	2.32%	103.57
14	Operating/Net Profit	54482	75600	55415	73.30
15	CRAR %	12.03	12.10	12.21	100.91

21. TME CELLS (Technical Monitoring and Evaluation Cells)

We have not created any TME cells as on date.

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 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	411	3720
Balance outstanding as on 31.03.2017	4381	56410

ii. Progress in Credit linkage of SHGs

in 000's

Particulars	No. of SHGs	Credit Amount
Loan disbursed during the year	690	197637
Balance outstanding as on 31.03.2017	1612	243036

iii. Progress in lending to JLGs.

in 000's

Particulars	No. of JLGs	Credit Amount
SB accounts opened during the year	133	5726
Balance outstanding as on 31.03.2017	216	10527

iv. Progress in Credit linkage of JLGs

in 000's

Particulars	No. of JLGs	Credit Amount
Loans disbursed during the year	156	29568
Balance outstanding as on 31.03.2017	216	37471

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	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%

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 :**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 % 14.50 %
Agri and Allied Term Loans (Long Term) Upto 2 lakhs Above 2 lakhs	BPLR-1 BPLR+TP	14.00 % 14.50 %
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 %
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%
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 Bharathi Home Loan	BPLR+TP-2% BPLR+TP- 1.50%	13.50% 14.00% 9.95%

- 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

The Bank has not done any non-fund based business during this financial year 2016-17.

25. OTHER PARTICULARS

IMAGE BUILDING ACTIVITIES:

- PMSBY Claims settled at our Bahour Branch and awareness camp conducted for the customers and general public at Bahour during the occasion on 26.05.2016 – The Claims were preferred in time and settled to the nominees in time without any delay.
- Farmers Club inaugurated at Kunichampet by Honourable Shri A.Namassivayam Minister for PWD, UT of Puducherry and also ATM demonstration conducted for a larger gathering through Mobile Van on the occasion.
- RD Campaign launched at Kottucherry Branch. Customers were explained about the schemes of our Bank.
- SHG Loan disbursement mela was conducted at our Puducherry Main Branch on 31.08.2016 and at Karaikal on 04.10.2016.
- Young champion camps conducted in 39 Schools and 1007 SB A/Cs opened for Minor students.
- EMV Chip based debit cards facility launched for the customers for secured transactions by Shri R Manimaran, General Manager(RBD/FI), Indian Bank, corporate Office, Chennai.
- Elocution, Poster making and Debate competitions conducted at Bharathidasan Govt. College for Women during Vigilance Awareness Week in Nov 2016. Certificates and Prizes awarded to the winners and consolation prizes awarded to all participants.
- Full time FLC counselors were appointed for both the FLC w.e.f 01.12.2016
- On 05/11/2016, Vigilance awareness week was conducted at Kuruvinatham village organized by FLC Bahour. The meeting was attended by Grama Sabha members, farmers

club, ATMA group, Self Help Group and farmers. The participants were addressed by Chairman, General Manager and Branch Manager, Bahour of our bank about transparency of bank function and educated farming community about evils of corruption. Participants and the members of farmers club expressed their satisfaction about banking services and also on the information provided on transparency of the services

- On 30.11.2016 FLC T.R.Pattinam conducted awareness camp at ITI TR.Pattinam. More than 125 students participated in the program. The program was focused about general banking, mobile banking and about loan products to ITI students and explained about self employment ventures that could be taken up availing MUDRA loans..
- On 17.12.2016 FLC TR.Pattinam conducted awarness program about general Banking, Cashless transaction, Small savings account to students at Aurobindo English school at T.R.Pattinam. More than 35 students and teachers participated in the program.
- The Bank in coordination with DRDA Puducherry and IT Department of Govt.of Puducherry has conducted dFLAP(Digital Financial Literacy Awareness Programme) Programmes in Puducherry and Karaikal Districts to popularize the Cashless transactions. Bank has received an award for this from Government of Puducherry in presence of Smt. Nirmala Sitaraman, Honorable Union Minister for commerce.

MAN POWER:

Staff Strength as on 31.03.2017

Category	Total Strength	Of which Women
Manager (Scale II)	6	1
Assistant Manager Scale I	51	13
Office Assistant (MP)	37	20
Total	94	34

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 2nd Promotion process during March 2017 and completed the process in record time. The Promotion list is released on 29th March 2017.

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.

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 720.16 Crores from 597.99 crores and our CRAR as on 31 03 17 works out to 12.21%.

BOARD MEETING:

Six Board meetings were conducted during the calendar year 2016 and the Bank complied with mandatory requirement. Four meetings of Audit Committee of the Board were also held during the financial year 2016-17.

Board of Directors:***Board of Directors during the year 2016-17***

Sri Manoranjan Sahu – Chairman – Pudukkottai Bharathiar Grama Bank

Sri G Mahendra – DGM (IRV) – Indian Bank, Corporate Office – Chennai

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

During the Year The following Director has retired from our Board:

Shri. J.Vijayakumar AGM FIDD RBI Chennai

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 (Statutory Central Auditor), Chartered Accountants, Puducherry 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

Chairman

Date : 27.04.2017

Place : Puducherry