CHAPTER - II

(A) Profile of Union Bank of India

Union Bank of India was inaugurated by the Father of the Nation, Mahatama Gandhi, on November 11, 1919. Started as a limited company in Mumbai, it was one of the few Financial Commercial banks in India. Until 1947, Union Bank Of India had only 4 branches - 3 in Mumbai and 1 in Saurashtra, all concentrated in key trade centers. Catering to all the sectors of the society, be it agriculture, industry, trade and commerce, services or infrastructure, the bank has also played a major role in rendering service financial needs of every section. Apart from this, the bank also extended financial support to educational, housing and trade sector.

Union Bank of India undertook the task of establishment of village knowledge centers and self-employment training centers. It was in 1975, that the Union Bank of India was nationalized. It was, then, that it merged with the Belgaum Bank, a private sector bank. Another merger was on cards in 1985, this time with the Miraj State Bank. Union Bank is a Public Sector Unit with 55.43% Share Capital held by the Government of India. The Bank came out with its Initial Public Offer (IPO) in August 20, 2002 and Follow
on Public Offer in February 2006. Presently 44.57 % of Share Capital is presently held by institutions, individuals and others.

**Tech-Savvy**

With the age of global banking, Union Bank of India also changed its style, boasting of urbanized and computerized core banking systems. A front runner among public sector banks in modern-day banking, it has all the facilities that a modern bank should have - internet banking and centrally computerized branches. Union Bank of India was one of the pioneer public sector banks, which launched Core Banking Solution in 2002. As of September 2005, more than 670 branches/extension counters of Bank are networked under Core Banking Solution. The Bank has launched multiple Electronic Delivery Channels and has installed nearly 423 networked ATMs.

**History**

- 1919 Union Bank of India was registered on November 11, 1919 as a limited company in Mumbai. It was inaugurated by Mahatma Gandhi.
1947 Union Bank of India had only 4 branches - 3 in Mumbai and 1 in Saurashtra, all concentrated in key trade centers.

1969 The Government nationalized Union Bank of India. At the time of its nationalization, Union Bank of India had 240 branches in 28 states.

- After nationalization, Union Bank of India merged in Belgaum Bank, a private sector bank established in 1930.

1985 Union Bank of India merged in Miraj State Bank, established in 1929.

1999 Union Bank of India acquired Sikkim Bank in a rescue at the request of the Reserve Bank of India after the discovery of extensive irregularities at the non-scheduled bank. Sikkim Bank had eight branches located in the North-east, which was attractive to Union Bank of India.

2007 Union Bank of India opened representative offices in Abu Dhabi, United Arab Emirates, and Shanghai, Peoples Republic of China.

2008 Union Bank of India opened a branch in Hong Kong, its first branch outside India.
Dec 2009 Union Bank of India opened a representative office in Sydney

Corporate Governance Report

Bank’s Philosophy on Corporate Governance

1. Union Bank of India has a tradition of good corporate governance practices. The Bank has laid emphasis on the cardinal values of fairness, transparency and accountability for performance at all levels, thereby enhancing the shareholders’ value and protecting the interest of the stakeholders.

2. The Bank considers itself as trustee of its shareholders and acknowledges its responsibility towards them for creation and safeguarding shareholders’ wealth. During the year under review, the Bank continued its pursuit of achieving these objectives through adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Bank’s business and pursuing policies and procedures to satisfy its legal and ethical responsibilities.

During the year, the Bank has been selected as one of the Top 25 companies in India for Excellence in Corporate Governance practices by
The Institute of Company Secretaries of India partnering with Ministry of Corporate Affairs, Govt. of India. The selection criteria for this award included best Board Systems and Procedures, Board Governance, Transparency and Disclosures, Stakeholder Value Enhancement, Corporate Social Responsibility, Creative and Contributive Capabilities of Top Management, Future Vision and other good corporate governance initiatives.

1. **Business Growth** (Rs. in cores)

   (i) Focused approach towards enhanced customer service, network expansion and new products resulted in increase of Bank’s total business mix by Rs. 57231 cores to Rs.236968 cores as on 31st March, 2009 from Rs.179737 cores in the previous year, recording a growth of 31.84%. The business growth was broad-based with contribution from retail and corporate customers both on assets and liabilities side. Bank’s compounded annual growth rate (CAGR) during the period 2004-05 to 2008-09 has been an impressive 23.18%.

   (ii) The Bank’s Total Deposits increased to Rs.138703 cores as of 31st March, 2009 from Rs.103859 cores in the previous year, showing a
robust growth of 33.55%. This was achieved by focusing on growing retail deposits with an emphasis on low cost current and savings deposits (CASA) along with containing high cost deposits and widening the client base. CASA deposits at the yearend were 30.07% of total deposits.

(iii) During FY 2008-09, as a consequence of the global financial slowdown economic activities decelerated impacting business sentiment to some extent. Growth in bank credit to the commercial sector also slowed down during the fourth quarter, after registering healthy growth up to December 2008. However, in aggregate, during the year, your Bank’s credit portfolio increased by 29.50% to Rs.98265 cores. Your Bank’s twin focus has been the delivery of credit to productive sectors of the economy and rebalancing the credit portfolio to optimize risk-return trade-off on assets. This strategy paid rich dividends as the yield on advances improved substantially by 94 Basis Points (BPS) from 10.12% in 2007-08 to 11.06% in 2008-09.

2. Revenue Analysis

(i) Your Bank’s total income grew by 26.94% to Rs.13372 cores in 2008-09 from Rs.10534 cores in 2007-08. Interest income increased
to Rs.11889 cores—a growth of 29.03% (27.97% in the previous year).

Non-interest income (i.e. other income) grew during the year from Rs.1320 cores to Rs.1483 cores in 2008-09. The Bank’s impressive growth in income was well supported by the Nav-Nirman initiatives.

(ii) The advances portfolio is well-diversified and is focused on productive sectors including Agriculture, Micro, Small and Medium Enterprises (MSME), Infrastructure, etc. This, well-supported by various initiatives such as Lending Automation Solution (LAS) for a reduced Turn-Around Time (TAT), new products and improved customer service, resulted in an increase of 32.13% in interest income from advances to Rs.8893 cores from Rs.6731 cores in the previous year. Additionally, in spite of volatile market conditions during 2008-09, interest income from investments grew by 23.98% to Rs.2831 cores.

(iii) The banking industry witnessed hardening of interest rates during the first-half of FY 2008-09. The interest rates started downward movement after October 2008. Even in the backdrop of two-way movement in the rate of interest during the year, Bank could restrict
the increase in cost of deposits to 31 bps while recording 94 bps jumps in yield on advances. A well-planned strategy thus resulted in 33.64% increase in net interest income to Rs. 3813 cores during the year from Rs. 2854 cores in 2007-08.

(iv) Non-interest income of the Bank increased by 12.35% to Rs.1483 cores during the year. However, core non-interest income (non-interest income less treasury income and income from recovery in written-off accounts) increased by 29.22%. Core non-interest income growth was mainly due to commission & exchange, forex income, processing charges and also supported by new streams of income from syndication of loans, gold business, etc. Due to the volatile and bearish market conditions, income from treasury operations remained subdued. Additionally, income from recovery in written-off accounts was lower due to slowdown in economic activities in general.

(v) A healthy growth in net interest income (33.64%) along with 29.22% growth in core non-interest income resulted in 19.46% growth in the operating profit and 24.51% growth in the net profit.
(vi) The major highlights of the income-expenditure account are depicted in the table below

3 Operating Profit

(i) The various initiatives taken by the Bank resulted in an increase in the operating profit of the Bank to Rs.3082 cores for the year ended March 2009 from Rs. 2580 cores in the previous year - an improvement of Rs.502 cores (19.44%). Bank’s Compounded Annual Growth Rate (CAGR) in operating profit between 2005-06 & 2008-09 has been 28.2%.

4. Net Profit & Dividend

(i) Profit after tax (net profit) increased to Rs.1727 cores during the year (Rs.1387 cores in 2007-08). Buoyancy in the core business operations supported by a healthy growth in Non-Interest Income helped the Bank achieve a 24.48% growth in net profit. The Bank has achieved a CAGR of 36.98% in net profit during 2005-06 to 2008-09.

Net Profit (Rs. in cores)

(i) The Bank’s policy of dividend is to suitably reward the shareholders coupled with plugging back a part of the profit to maintain a healthy
capital adequacy ratio and support future growth. Accordingly, your Directors are pleased to recommend for a full and final dividend of 50% for the year ended 31st March, 2009 as compared to dividend of 40% in the preceding year, subject to approval of the Government of India.

(ii) The dividend for financial year 2008-09 shall be subject to tax on dividend to be paid by the Bank, but will be tax free in the hands of shareholders. The payout ratio works out to 14.63% during FY 2008-09 as compared to 14.56% in the previous year. The total outflow on account of dividend for 2008-09 is Rs. 295.48 cores including dividend tax.

(iii) Out of the net profit of Rs.1727 cores in the FY 2008-09, an amount of Rs.518 cores has been transferred to Statutory Reserve, as against Rs.418 cores in 2007-08.

5. **Profitability Ratios**

(i) Return on Equity improved to 24.79% in this year as compared to 24.70% in the previous year. Earnings per Share increased to Rs.34.18 from Rs.27.46 in the previous year.
(ii) The book value per share on 31st March, 2009 increased to Rs.137.87 from Rs.111.19 in the previous year.

6. **Efficiency Ratios**

(i) Efficient utilization of assets resulted in an improvement on the Return on Average Assets from 1.26% to 1.27% for the year ended 31st March, 2009.

(ii) Cost to Income ratio has increased from 38.17% to 41.81% during the year due to the Bank’s strategic move towards investment in capacity for future earnings.

(iii) Operating Expenses to Average Working Fund has increased from 1.44% in 2007-08 to 1.63% in 2008-09.

7. **Branch Network**

(i) Network expansion has been an important enabler for all-round growth of Bank. The Bank has a well and widely spread network of branches in India. All these branches are under Core Banking Solution (CBS). During 2008-09, the Bank opened 197 branches.
This included upgradation of 48 extension counters. The Bank had at the year end, inclusive of a branch in Hong Kong, 2558 branches.

(ii) The branch network on 31st March, 2009 is detailed below:

<table>
<thead>
<tr>
<th></th>
<th>31st March 2008</th>
<th>31st March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Branches (Domestic)</td>
<td>2361</td>
<td>2557</td>
</tr>
<tr>
<td>Extension Counters (Domestic)</td>
<td>118</td>
<td>67</td>
</tr>
<tr>
<td>Foreign Branch</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

To bring in greater focus on growth in different business segments, the Bank has classified its branch network into following groups:

<table>
<thead>
<tr>
<th>Branch Type</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Corporate</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>Business Banking Branches (for MSME segment)</td>
<td></td>
<td>172</td>
</tr>
<tr>
<td>Personal Banking Branches</td>
<td></td>
<td>800</td>
</tr>
<tr>
<td>Rural and Agri Business</td>
<td></td>
<td>1000</td>
</tr>
<tr>
<td>Union Loan Points (for retail loans)</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>NRI Services</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Cash Management Services (CMS) Branches</td>
<td></td>
<td>11</td>
</tr>
</tbody>
</table>
AREA-WISE DISTRIBUTION OF BRANCHES IN INDIA

Alternate Delivery Channels

(i) During the year, the Bank launched several initiatives to increase the volume of transactions through alternate delivery channels. In 2008-09, the Bank installed 644 ATMs. The Bank had 1790 ATMs as on 31st March, 2009. The Bank proposes to add 1000 more ATMs during FY 2009-10. The ATM sharing arrangement that the Bank enjoys with other banks, provides customers access to more than 38,000 ATMs across the country. Leveraging on 100% networking of branches under CBS and introduction of value-added technology related products, transactions through the electronic mode has increased from 6% in 2007-08 to 21% as of 2008-09. The number of transactions through electronic mode is projected to reach 35% of total transactions by March 2010.

ATM

(ii) As the Bank has integrated NEFT and RTGS with Finacle, all branches can process these transactions directly through CBS. Furthermore, NEFT and RTGS services are also provided through the
Internet thereby enabling the users of Internet Banking to make payments at their convenience.

(iii) During the year, a state-of-the-art 70-seater advanced call centre became operational at Technology Centre, Powai (Mumbai). This is one more delivery channel made available to the customers. Based on IVR (Interactive Voice Response) Technology, it provides a variety of services to the customers. This includes account balance query, statement request, transfer of funds, bill payments, etc.

(iv) The focused efforts of the Bank to provide all channels of delivery have enabled the customers to enjoy anytime anywhere banking with operational efficiency and convenience.

(v) Banking services are also available through Tele-banking and Internet banking. Internet banking services can be availed of by all retail and corporate customers. The customer base of Internet banking has increased from 1,91,000 accounts as on 31st March, 2008 to 3,65,000 accounts as on 31st March, 2009 - a growth of 91.10%. During the year, the Bank has started ‘Umobile’, a mobile payment channel.
NET- BANKING USERS

Information Technology of the Bank

(i) In consonance with the Bank’s long term IT strategy adopted in the year 2000 to address the rapidly changing customer expectations and competition from new generation banks, the Bank has successfully implemented CBS in all branches. Apart from the migration of all branches to CBS, Centralized MIS and other initiatives were developed and implemented. To provide enterprise-wise comprehensive software solution for lending processes, transactions and simultaneously paying heed and attention to important areas such as rating, monitoring, NPA management and MIS in an integrated manner, Lending Automation Solution was implemented at all branches of the Bank.

(ii) The Bank has implemented Information Security Management System for the Data Centre, which is ISO 27001: 2005 certified. This certification is the highest standard of Information Security for data centers. In addition to Centralized Operating System, patch management and Anti-virus management has been implemented to
ensure that individual personal computers (PCs) in the Bank’s network are not compromised. The Network Admission Control (NAC) is in place to monitor, isolate and repair PCs that pose security threat to the Bank’s network.

(iii) The Bank participated in the prestigious Financial Insights Innovation Awards competition conducted by Asian Financial Services Congress, Singapore and was awarded the Special Citation for its 100% Core Banking Initiative.

Coverage of Branch outlets under Core Banking Solution

With 2558 branches on core banking including 48 extension counters, 1790 ATMs, about 3.65 lakh Internet banking users and more than 20,000 SMS banking users, the Bank is a pioneer in extending hi-tech products to customers at metro and rural centers alike.

Strategic Investment

(i) To offer Insurance products to customers, the Bank is a Joint Venture partner in Star Union Dai-ichi Life Insurance Co. with a 23% share. The other stakeholders are Bank of India (51%) and Dai-ichi Mutual
Life, Japan (26%). The Company began operations on 9th February, 2009.

(ii) The Bank is also in the process of forming a joint venture asset management company with KBC group of Belgium. The Shareholder agreement with the KBC has been signed. The Bank will have majority stake of 51% in the proposed venture.

Corporate Governance

The Board of the Bank is committed to good Corporate Governance practices in letter and spirit. A detailed report of the Bank on Corporate Governance is given in a separate section of Annual Report. The Bank was shortlisted amongst 25 reputable corporate by the Institute of Company Secretaries of India for the National Award for excellence in Corporate Governance. You will be pleased to know that there were no audit qualifications in the Corporate Governance report for the year 2008-09.

Corporate Social Responsibility

(i) Your Bank believes in Corporate Social Responsibility and contributing to the society. In this endeavor, the Bank has earmarked
1% of its profit for social projects which can facilitate visible change in the society and environment in which the Bank operates.

(ii) In discharging Corporate Social Responsibility, the Bank is making a conscious effort to address some of the socio-economic deprivations. This is done by identifying new villages and extending banking services to these villages to improve the quality of life. Further, the Bank has adopted branchless banking technology using biometric smart cards to provide Doorstep Banking to 1.5 million rural and urban beneficiaries covering Mumbai, Karaikudi, Delhi, Chahania, Wardha, the beneficiaries of National Rural Employment Guarantee Scheme (NREGS) and Social Security Pension Schemes in 11 districts of Andhra Pradesh, Rewa and Idukki and the milk pourers of Gujarat and Maharashtra. In addition to savings accounts and loan facilities, the Bank is providing micro insurance, micro credit and remittance facility to these areas. The Bank has introduced debt swapping products to free the rural populace from the clutches of moneylenders.
(iii) Union Adarsh Gram (UAG) Yojana is another unique innovative project launched by adopting 101 backward villages to transform them into model villages through integrated visible development and by empowering the rural populace to lead quality life. This, to some extent, would arrest migration from rural areas.

(iv) Financial literacy is the key to building entrepreneurial capabilities amongst the rural populace. 198 Village Knowledge Centres (VKC), 13 Rural Self-Employment Training Institutes (RSETIs) and 90 Union MITR (counseling) centers impart knowledge using information technology. These tools broadly provide financial education, credit counseling and debt management on one-on-one basis and also vocational training for income generating activities.

(v) The Bank has established Union Bank Social Foundation to carry out its Corporate Social Responsibility activities. Through this foundation, the Bank has established chair professorships at major educational institutions enabling them to undertake research for the betterment of mankind. During the year, the Bank has extended funds to the tune of Rs. 4.5 cores to establish chair in Madras School of
Economics, Chennai, Great Lake Institute of Management, Chennai and IIM-Ahmedabad. In the process, the Bank would also benefit from projects and research undertaken relating to banking.

(vi) The Bank donated Rs.21.95 lacs to 3 charitable institutions including the world renowned institution - Bhagawan Mahaveer Vikalang Sahayata Samiti, provider of Jaipur Foot to the poor.

BUSINESS PERFORMANCE OF THE BANK

Nav Nirman - A Transformation Initiative

(i) The Bank has set itself a vision for the year 2012- to emerge as one of the top banks ranked by customer preference. Bank aspires to be a financial supermarket, with leadership in identified spaces and a Bank trusted by Customers, Shareholders and other stakeholders.

(ii) Towards this, the Bank launched a transformation process named “Nav Nirman” in June 2007. During the year 2008-09, the “Nav Nirman” initiative gained momentum with investments in Branding, Technology and People Skills. The whole initiative was directed towards harnessing the combined might of people and technology;
building relationship through people and delivering with speed and efficiency enabled by superior application of technology. People skills were also addressed across all cadres.

(iii) The Bank introduced ‘Sales and Service’ culture in 800 branches to reposition their business focus towards ‘Personal Banking’ segment. The branch sales and service team conducted out-bound sales campaign by organizing 1100 stalls across the country, with the aim of bringing new customers to the Union Bank fold. As a result of these out-bound sales initiatives, the Bank registered excellent growth in new savings accounts mobilization.

(iv) The Bank initiated process of ‘Back Office’ Centralization, whereby many of the jobs which did not require direct customer interaction, were shifted from Branch level to Centralized Back Office, with the objective of total customer focus. These include complete centralization of ‘Inward and Outward Clearing’ in 43 locations, Issuance of Cheque Books for all its customers throughout the country from a single point, Data Capture for Account Opening at 20 locations, Issuance of Statement of Accounts in 22 locations. This
transformation initiative significantly freed branches from Back-Office activities enabling them to focus more on relationship banking. To take the relationship concept further, the Bank provided mobile phone facility to its 5000 front-office officers to remain in touch with 100 customers each. They were also imparted training on soft skills and cross selling capabilities. This has created a unique concept enabling each branch to develop relationship banking benefits to a group of customers based on their customer profile.

(v) As logical extension of Nav Nirman initiatives, the Bank created business verticals to focus on specific business segments both on asset and liability side. This led to creation of business verticals for Large Corporate, Micro Small and Medium Enterprises, Retail Banking, Agri and Rural Banking on the asset side and Personal Banking and Operations on the liability side. Another vertical namely Transaction Banking was introduced to provide a robust payment and settlement system.

(vi) The Bank has put in place a comprehensive Lead Management System, which will enable staff to create relationship value by cross-
selling and lead generation. The system supports online response to lead generated by staff and relays to marketing officers for conversion.

(vii) The Bank has also set up 40 Union Loan Points (ULP) and 7 SME-Sarals to achieve sustained growth in Retail / SME Credit, enhancing Customer Service through quick Turn-around Time (TAT), reducing NPAs and lowering costs through Centralized Processing.

**Total Deposits**
(Rs. in cores)

1. Current and Savings Account (CASA) deposits have grown by 15.21% from Rs.36,204 cores as on 31st March, 2008 to Rs.41,711 cores as on 31st March, 2009. The CASA of the Bank as of 31st March, 2009 stood at 30.07% of the Total Deposits. Current Deposits of the Bank increased by 11.20% to Rs.13,166 cores and Savings Bank deposits increased by 17.14% to Rs.28,545 cores. On an average basis, Savings Bank deposits increased by 20% and Current Deposits increased by 17% during the year.
2. Initiatives taken by the Bank to bring in ‘Sales and Service’ orientation at branches through the “Nav Nirman” enabled the Bank in acquiring appreciable growth of new customers in Savings and Current accounts. Bank added 33.15 lakh new Savings Account and 83,000 new Current Account during the year. These new connections enabled the Bank to mobilize Rs.4296 cores during the year.

3. The Bank on October 31st, 2008 launched an attractive scheme for monthly savings with flexible installment, for systematic investment and secured return under the name of “Union Monthly Plus”. Within five months the Bank mobilized 28.81 lakh accounts, with Rs.147.65 cores of deposits as of 31st March, 2009 under this scheme. The scheme continues to attract household investment in regular streams.

4. The household savings witnessed a strong preference for the Bank deposits due to safety, security and liquidity considerations. The Bank remained in tune with the market opportunities and retained major focus on retail deposits and mobilization of long-term household savings. In line with this objective, the Bank launched two
new schemes—“Union 900-days” and “Union Double” during the year.

5. Overall the Bank has maintained a focused growth strategy on resources mobilization and achieved positive results.

Credit Delivery & Management

1. At Macro level, slowdown in the economy affected the growth of bank credit. Even in midst of slowdown, the Bank continues to provide credit to productive sectors of the economy. The Bank’s Gross Advances recorded a growth of 29.50% so as to reach Rs. 98,265 cores as on 31st March, 2009 from Rs. 75,878 cores as on 31st March, 2008 with incremental growth of Rs. 22,387 cores.

Advances (Rs. in cores)

Lending Automation Solution (LAS)

(i) To strengthen the credit delivery and credit management system in the Bank, an important software support was introduced, known as Lending Automation Solution (LAS). It is designed with the aim of straight through processing of all credit proposals with capabilities to interact / interface with existing data. This will usher in paperless
credit proposals for processing, sanctioning and also to simultaneously take care of areas like credit ratings, monitoring, NPA Management and MIS in an integrated manner.

(ii) The Bank aligned its lending rates with the changing market rates, which resulted in increase in yield on advances by 94 bps from 10.12% as on 31st March, 2008 to 11.06% as on 31st March, 2009.

(iii) All productive sectors viz. Agriculture, Micro, Small and Medium Enterprises (MSME) and retail credit recorded an encouraging growth of 17.84%, 31.91% and 28.79% respectively during 2008-09.

Large Corporate Vertical

(i) Large Corporate Vertical started functioning at Central Office from June 2008, presently covering 19 Large Corporate Branches including 10 Industrial Finance branches and 7 overseas branches. The Corporate Banking is being treated as one of the growth drivers. The new business model envisages institutionalization of account level marketing plan and evaluation of each corporate relationship. The Large Corporate Branches will focus on reduction in Turn
Around Time (TAT) in sanction of credit proposals. The business model also envisages relationship management by appointing Corporate Relationship Managers who will handle 15 to 20 relationships accounts each. This will ensure a 360 degree view of the corporate customers, constant liaisoning and cross selling of different products.

(ii) The performance of the Large Corporate Vertical during Financial Year 2008-09 is as under:

A Loan Syndication and Advisory Department has been set up within the Large Corporate Vertical at Central Office. The department provides specialized products / services like Loan Syndication, Private Equity Syndication, Acquisition Financing, Infrastructure Loans, etc. This initiative also aims at creating brand value in the market.

Medium Small & Micro Enterprises Vertical (MSME)

MSME portfolio of the Bank recorded a growth of 31.91% for the year ended March 2009. The outstanding under MSME Segment as on 31st March, 2009 was Rs.16,149 cores as against Rs.12,242 cores as on 31st
March, 2008. The share of the MSME lending constituted 16.60% of the total advances of the Bank as on 31st March, 2009 as compared to 16.13% in the previous year.

The MSME Credit Growth has been driven by the concentration on assured Turn Around Time (TAT), Credit Delivery at affordable prices, customized products, and enhancing the base of MSME clientele.

The Bank has established 7 SME SARALs (Central Processing Centres) for speedy appraisal and sanction of MSME Loans. These SARALs will be increased to 16 across the country during the year 2009-10.

**Retail Lending Vertical**

The Bank has established Retail Lending Vertical with the intention to achieve the retail lending targets through a focused organization structure and business model, competitive products and structured sales. This will result in more convenient loan delivery process and assured Turn Around Time for the customers.
In addition to the existing 32 Union Loan Points (ULPs) as on 31st March, 2008, 8 more ULPs were opened during the year at Bhubaneshwar, Calicut, Gurgaon, Guwahati, Jabalpur, Jalandhar, Kolhapur and Rajkot taking the total to 40. These outlets are working as the Centralized Processing Cells and manned by skilled marketing and relationship officers.

In order to deliver better and profitable credit to retail segment, several products, initiatives and marketing strategies were adopted. These include, Union Reverse Mortgage Scheme for senior citizens, tie-up with reputed car manufacturers like Maruti Suzuki India Ltd. and Tata Motors India Ltd., special schemes for Earnest Money Deposit for allotment of plots by Urban Development authorities, Campus Loan camps at premier Educational Institutions across the country for on-the-spot sanction of Educational Loans.

The Bank’s retail lending portfolio increased from Rs.7,836 cores as on 31st March, 2008 to Rs.10,092 cores as on 31st March, 2009, up by Rs.2,256 cores or 28.79%. The share of Retail Loans to total advances was 10.27% as of 31st March, 2009.
Rural and Agri Banking Vertical

The Bank has created a separate vertical - Rural & Agriculture Banking Division (RABD), to focus on priority sector lending. The Bank has been actively involved in pursuing the national policies for rural development and empowerment of rural populace through its wide network of rural and semi-urban branches. Priority Sector Advances registered the growth of 21.02% and stood at Rs.36,341 cores as on 31st March, 2009 constituting 48.50% of the Adjusted Net Bank Credit (ANBC), as against the mandatory stipulation of 40% by

PRIORITY SECTOR ADVANCES

Agriculture

Agriculture is one of the thrust areas in the Lending Policy of the Bank. The total agricultural advances increased from Rs.11,472 cr. to Rs.13,519 cr. as on 31st March, 2009 recording a growth of Rs.2,047 cores (17.84%). The share of agricultural advances to Adjusted Net Bank Credit (ANBC) was 16.45% as on 31st March, 2009. The increase in Direct Agricultural advances reached a level of Rs.8,956 cr., up by Rs.1,109 cores.
Total disbursements of Rs.5,128 cores was made Under Special Agriculture Credit Plan (SACP), recording an achievement of 106.17%.

During 2008-09, additional 1,33,304 Kisan Credit Cards were issued with credit facilities of Rs.779 cores.

**Small Enterprises**

Total advances to Small Enterprises stood at Rs.9,434 cores as on 31st March, 2009 as against Rs.7,704 cores in the previous year registering a growth of 22.46%.

**Tertiary Sector**

Tertiary Sector registered an increase of Rs.2,535 cores with the level of advances going up from Rs.10,853 cores to Rs.13,388 cores recording a growth of 23.35%.

**Financial Inclusion- An Integral Part of Banking**

Financial Inclusion continues to be core of our banking activities. The Bank expanded the usage of technology, through biometric smart card based banking services to the doorstep of the poorer sections of financially
excluded. At the end of the financial year, the Bank has covered more than 1.5 million rural/urban poor in the States of Andhra Pradesh, Uttar Pradesh, Maharashtra, Madhya Pradesh, Tamil Nadu and Kerala by providing them with No-Frill Saving Accounts. The Bank also provided micro credit and micro insurance products to inculcate savings habit in them and promote economic activity. The Bank provided biometric card based remittance facilities in select corridors between Mumbai and Eastern Uttar Pradesh.

**The Bank has taken following initiatives for greater financial inclusion**

- Taken up the assignment of making payment of wages under National Rural Employment Guarantee Scheme (NREGS) and payment of pension under Social Security in Andhra Pradesh, Madhya Pradesh and Kerala. The Bank has enrolled 13,35,294 beneficiaries across the country at the end of year

- Opened 8,21,015 “No-Frills” accounts during the current financial year (3,40,858 accounts in the previous year) taking the cumulative number of “No-Frills” accounts opened up to March 2009 to 13,26,275
➢ Set up 198 Village Knowledge Centers (VKCs) throughout the country as core centers for rural development activities and imparting knowledge to the farmers about new developments in methods of cultivation / technologies, proper use of fertilizers, pesticides, etc. for better yield and higher income

➢ Established 90 Union Mitr Centers as a part of our Corporate Social Responsibility initiative to create financial awareness. Union Mitr Centers provide free of cost financial education services and debt counseling to all strata of the society especially the rural population

➢ The Bank has insisted to make the villages under its command area of operation as 100% banking habit villages to provide the banking services to each and every household in the villages. At the end of the financial year, 8,389 villages have been made 100% banking habit villages. 100% Financial Inclusion has been achieved in four lead districts, namely, Ernakulam, Idukki, Azamgarh and Jaunpur

➢ The Bank has 13 Rural Self-Employment Training Institutes (RSETIs) in the lead districts viz. Ernakulam, Idukki, Varanasi, Mau,
Azamgarh, Ghazipur, Jaunpur, Bhadohi, Chandauli, Samastipur, Khagaria, Rewa and Sidhi districts. The main objective of these institutes is to train youths in rural and semi-urban areas to take up self-employment ventures, to conduct various vocational and human resource development training programmes and to provide consultancy services, etc.

**Specific Lending For Social Upliftment**

With a view to encourage entrepreneurs among the women and to make them self-sufficient, the Bank is providing credit to women entrepreneurs. Outstanding loans to women beneficiaries have improved from Rs.3,379 cores to Rs.4,035 cores.

The assistance to weaker section improved from Rs.4,549 cr. to Rs.6,428 cr.- a growth of 41.30%.

Advances to SC/ ST increased from Rs.1,154 cores (3,10,772 beneficiaries) as of 31st March, 2008 to Rs.1,220 cores (2,68,668 beneficiaries) as of 31st March, 2009.
Lending to Minority Communities

In line with Government of India directives on ‘Welfare of Minorities’, the assistance to Minority Communities has improved from Rs.2,724.28 cores to Rs.3,216.20 cores covering 2,54,254 beneficiaries during 2008-09. The share of these advances to total priority sector advances stood at 8.95% as on 31st March, 2009.

Self Help Groups (SHGs)

Micro-financing through SHG formation and credit linkage is a cost effective way to take the banking system to the poor. This also opens up new business opportunities. During the year, 13,650 groups have been formed and 16,203 groups have been linked with financial assistance of Rs.320.05 cores.

The progress in formation of Self Help Groups is mentioned below

With a view to make SHG programme more attractive, the Bank has introduced “Janashree Bima Yojana” of LIC of India for the members of Women SHGs wherein they will get a cover of Rs.50,000 by paying a
nominal premium of Rs.200 to be equally shared by SHG members and GOI.

The Bank has started issuing biometric cards to SHGs which enables SHGs to avail banking facilities at their doorsteps.

**Lead Bank Scheme**

The Bank has the lead responsibility covering 14 districts spread over 4 States viz. Azamgarh, Jaunpur, Varanasi, Ghazipur, Maunath Bhanjan, Bhadohi and Chandauli in Uttar Pradesh, Rewa, Sidhi and Singrauli in Madhya Pradesh,

Ernakulam and Idukki in Kerala and Khagaria and Samastipurin Bihar. The Bank has representation of 391 branches in these districts. The Bank’s deposits and advances in these districts increased to Rs.14,128 cores and Rs.4,137 cores, during the year ended March 2009 as against Rs.11,313 cores and Rs.3,881 cores as of March 2008, respectively.

**Regional Rural Banks (RRBs)**

The Bank has sponsored 2 RRBs, viz. Kashi Gomti Samyukt Gramin Bank (KGSGB), Varanasi, in Uttar Pradesh and Rewa Sidhi Gramin Bank (RSGB), in Madhya Pradesh. Both the RRBs are profit making.
In 2007-08, the Bank was the first large Public Sector Bank to implement Core Banking Solution across all its branches. This year, the Bank has pioneered the roll out of CBS in branches of both its sponsored RRBs with a view to providing better customer service using technology platform.

**Other Initiatives taken during the year 2008-09**

The Bank has embarked on an ambitious project of improving the living conditions in select villages under the project “Union Adarsh Gram Yojana” which was inaugurated on 24th May, 2008. The Bank is playing a catalytic role in roping in the developmental agencies for an all round development in the 101 selected villages.

The Bank extends micro credit through specialized products viz. ‘Bhagya’-clean loan and ‘Saubhagya’- deposit linked loan under branchless banking to meet the needs of hawkers. These micro credit products have an inbuilt micro insurance facility.

The Bank has tied up with National Dairy Development Board (NDDB) for facilitating accurate and prompt payment to the milk pourers/
receivables through biometric card technology. This year the pilot project has been successfully completed in Nanded (Maharashtra), Junagadh (Gujarat), Chittoor Dist. (Andhra Pradesh). The Bank is also providing loans to the milk pourers using biometric card technology.

The Bank is providing top up loans to members of Primary Agricultural Credit Societies (PACS) in tie-up with M/s. Co-options Technologies, a service provider.

The Bank has put in place Micro Credit Policy for on-lending through Micro Finance Institutions (MFI), Non Government Organisations (NGO) and Self Help Promoting Institutions (SHPI) to enlarge client base of rural and under privileged through micro credit.

1. Know your customer and anti-money laundering (KYC-AML Cell)

The Bank has a policy on Know Your Customer and Anti- Money Laundering (KYC-AML) in place as per the guidelines issued by Reserve Bank and IBA. The amendments to the guidelines by RBI and FIU-IND from time to time are suitably incorporated in the framework of the Bank’s policy.
The Bank has set up “KYC-AML Cell” at Corporate Office to monitor KYC and AML requirements. Suspicious transactions surveillance is carried out through monitoring desk, duly equipped with terminals to generate and monitor alerts on suspicious transactions. The monitoring is supported by a best-in-class software specially developed for the purpose. Risk classification of all accounts has been carried out.

1. Data on Terrorist Individuals, Entities and Organizations is updated on an ongoing basis as received from the Ministry of Finance/Reserve Bank of India from time to time.

2. The Bank furnishes Cash Transaction Report (CTRs), Suspicious Transaction Reports (STRs), Counterfeit Currency Reports (CCRs) to the FIU-IND, as per the guidelines.

3. In all its training programmes, the Bank has included a special session on KYC-AML to sensitize the staff on the importance of and adherence to KYC-AML.

4. The Bank is committed to ensure that all the guidelines under Prevention of Money Laundering Act, are implemented and system support to enable the same are in place as expected by the regulator.
5. The Bank has 10 Asset Recovery Branches (ARBs) for focused attention on recovery of high value NPAs. This has given good thrust to our recovery efforts. During the year, ARBs recovered Rs.78.38 cores, of which Rs.42.23 cores were in written-off accounts.

6. The Bank has formulated a special scheme for low value NPAs (i.e. with aggregate outstanding of less than Rs. 1 lac) which was operational during the current year. As on 31st March, 2009, the Bank could recover Rs. 103.92 cores (cumulative) on settlement of 83,518 cases, of which Rs. 47.98 cores were recovered during the current year.

7. The Bank also utilised “Lok Adalat” Forum as an effective tool for recovery during the year. The Bank successfully settled 4399 cases involving Rs.18.22 cores during the period under review. The actual cash recovery through Lok Adalats on the spot was Rs.6.61 crores.

8. The Bank conducted 4163 recovery camps during the financial year where 22941 cases were settled for Rs.129 cores and Rs.102 cores already recovered.
9. NPAs of large amounts are reviewed at regular intervals at the controlling offices. The NPA position of the Bank is also reviewed by the Management Committee of Board of Directors at quarterly intervals.

10. During the year, the Bank could successfully sell 62 NPA accounts for Rs.51 cores with a portfolio security value of Rs.72.97 cores. These accounts were already prudentially written-off.

2. **International Banking**

1. As a fall out of the global crisis, there was slowdown in the world trade volume too. The world trade volume growth declined to 3.3% in the year 2008 from 7.2% in 2007. Against this background, the Bank has recorded growth in international banking business. The foreign exchange turnover increased by 27.31% and reached a level of Rs.73,984 cores as of March 31, 2009 as compared to Rs.58,115 cores registered during the corresponding period of 2007-08.

2. The Bank is having correspondent relationship with 314 leading international banks at all major international centers. The Bank has
Rupee Drawing Arrangement (RDA) with 24 international banks and 17 exchange houses as on 31st March, 2009. The Bank has launched an on-line remittance product for immediate credit to the accounts of the customers.

3. During the year, Indian Exports were of the order of US$ 168 billion as against the target of US$ 200 billion. Export credit of the Bank reached a level of Rs.6,746 cores as of 31st March, 2009 from Rs.6,798 cores as of March 31, 2008. While the average export credit grew by 10%, the export credit was 6.85% of Net Bank Credit.

4. Bullion Business

5. The Bank is one of the leading players in the precious metal market offering range of financial products relating to gold like metal loans to exporters, domestic jewellery manufacture, gold forwards, sale of gold on outright basis, etc. The Bank has been adjudged as “Best Bullion Dealing Bank” by the Bullion Association of Mumbai.

6. During the year, the Bank sold 45,073 kgs of gold with a value of Rs.5365 cores through 12 Bullion Dealing Branches. This activity has
generated Rs.26.93 cores of income for the Bank. The Bank has 150 authorised branches across the country to sell gold coins (24 carats) in the weight denomination of 5, 8 and 10 grams.

3. **Overseas Operations**

1. In line with the Bank’s vision to be a global player with presence in overseas market, bank has drawn its plans for overseas expansion in a phased manner. The Bank’s first Representative Office at Shanghai, People’s Republic of China was opened on 18th May, 2007. Representative Office at Abu Dhabi, UAE was opened on 1st December, 2007. These Representative Offices undertake liaising and advisory services for the Indian customers as well as overseas corporate apart from developing the relationship with Exchange Houses.

2. The Bank opened its first full-fledged overseas branch in Hong Kong on 7th May, 2008. The Branch carries out normal commercial banking operations like acceptance of Deposits, Trade Finances, ECB and Syndicated Loans. As on 31st March, 2009, the deposits of Hong Kong branch stood at US$ 56.05 million (Rs.284.28 cores), advances
at US$ 257.35 million (Rs.1305.27 cores) and it returned a maiden profit US$ 3 million for 2008-09.

3. The Bank has received approval from Australian Prudential Regulatory Authority (APRA) for opening Representative Office in Sydney. The Bank has also received approval from China Banking Regulatory Commission for opening representative office in Beijing, People’s Republic of China (PRC).

4. **Transaction Banking Vertical**

1. The Bank is one of the few Public Sector Banks to establish Transaction Banking Vertical. The vertical is set up with a view to give a thrust to products that involve payment and collection transactions, especially where there is an opportunity to leverage technology to offer new products to customers while reducing the costs of operations. The vertical started functioning w.e.f. 1st June, 2008. The vertical having achieved 21% of total transactions through electronic mode by end - March 2009 is aiming to put 35% of the total transactions through electronic mode by March 2010. This vertical comprises five sub-verticals as under:
2. Alternate Delivery Channels

3. One of the important brand promises of the Bank is to offer choice of channels to its customers. To fulfill this brand promise, the Bank has laid emphasis on providing a bouquet of alternate delivery channels with enhanced value offerings. During the year, the Bank has used alternate delivery channels such as ATMs, Internet Banking, Phone Banking, SMS/Mobile Banking as important tools to optimize the customer satisfaction. The year also saw the launch of new delivery channel in the form of Mobile Banking and 24 X 7 Advanced IVR based call center.

4. The Bank has taken the initiative and offered free of charge cash withdrawals to its customers even from ATMs of other banks, well before the mandatory deadline of 1st April, 2009. This has helped in generating goodwill among the customers.

5. During the year, the Bank witnessed significant jump in transaction volumes in alternate delivery channels compared to total transactions, which increased from 6% as at the end of March 2008 to 21% as at the end of March 2009, underlining the popularity of these channels.
among the Bank’s customers. These channels also generate additional revenue in the form of fee-based income apart from reduction in transaction costs.

6. During the year, the Bank launched new transaction products such as ‘Prepaid Cards’ (Gift and Power Pay cards), ‘Online NEFT’ for funds transfer through Internet Banking in addition to ‘Online RTGS’, thereby adding to the existing array of products to meet customer needs.

7. The Bank added 644 more ATMs during the year, thereby taking the total number of ATMs to 1790. The Bank proposes to take the total number of ATMs to 2500 during the year 2009-10. The number of debit cards issued to customers during the year has increased from 15 lakh to 29 lakh. The bilateral and multilateral sharing arrangements provide our customers, access to over 40,000 ATMs across the country.

8. The Bank offers number of banking services such as Account Information, Funds Transfer, Air and Railway Ticket Booking, Bill Payments, Tax Payments, etc. through its Internet banking channel
for Retail as well as Corporate customers. The number of registered users for Banks’ Internet banking service increased from 1.91 lakh to 3.65 lakh during the year.

9. The Bank is making efforts to position itself as one of the preferred banks for payment services. Bank offers RTGS/ NEFT fund transfer services through all its branches and also through Internet banking. During the year, the ranking of the Bank rose from 11th position to 6th position in terms of number of RTGS transactions handled. The market share also increased from 2.52% to 3.82% during the year.

10. Currency Chest

11. The Bank is adhering completely to the RBI Clean Note Policy circulating clean, unstapled good quality notes to the public. To achieve this objective, the Bank has procured latest ‘High Speed Sorting Machine’ to process the inward cash quickly and accurately, for circulation among the public.

12. The Bank is ensuring efficient cash management through in-house capabilities as well as selective outsourcing of professional cash
handling services by reputed agencies. This has also enabled introduction of doorstep banking services to customers.

13. The facilities at Currency Chest have been upgraded by providing hygiene factors such as masks, aprons, gloves, air purifiers, portable oxygen bottles including Air Conditioners.

5. **Human Resource Management**

1. The Bank is committed to nurturing its human resources in order to attain sustainable higher trajectory growth to match the aspirations enshrined in its vision document by way of well laid out welfare policies and initiatives.

2. The productivity of staff of the Bank has been consistently increasing as depicted in the graph below.

6. **Staff Productivity**

   The Staff Productivity, in view of the various business initiatives taken by the Bank, has gone up from Rs.6.99 cores to Rs. 8.61 crores as of March 2009, while the Net Profit per employee increased to Rs. 6.28 lacs as
of March 2009 from Rs. 5.39 lacks in the previous year, which compares favourably with the performance of peer banks.

7. Manpower

The total manpower of the Bank as on 31st March, 2009 stood at 29014.

Table of Manpower

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Scheduled Castes/ Scheduled Tribes (SC/STs)</th>
<th>Other Backward Classes (OBCs)</th>
<th>Persons With Disability (PWD)</th>
<th>Ex-servicemen</th>
<th>Women</th>
<th>Total Employees</th>
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<td>90</td>
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<td>68</td>
<td>1508</td>
<td>824</td>
<td>7515</td>
</tr>
<tr>
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<td>3189</td>
<td>227</td>
<td>1850</td>
<td>4493</td>
<td>29014</td>
</tr>
</tbody>
</table>

Recruitments

During the year, the Bank initiated fresh recruitment process including Campus Recruitment, through which a total of 1161 Officers’ vacancies in various Grades / Scales were filled up, of which, 596 were
under the Specialist Segment. Further, 925 clerical staff were also inducted during the year. Additionally, 709 officers have been shortlisted in recruitment process who are undergoing joining milities and are expected to join the Bank shortly.

**Campus Recruitments**

With a view to attract the best talents available in the country, the Bank ventured upon Campus Selections in a big way from prestigious IIMs & IITs, besides reputed B-Schools and Agricultural Universities during the year. This recruitment process will have the effect of lowering the average age profile of the Bank.

**Promotions**

In order to give career progression opportunity to eligible employees and to motivate the employees towards further excellence, the Bank conducted a fresh promotion processes within the officers’ cadre. During the year, about 1883 promotions including Fast Track Promotions were effected in various scales.
UNION PARIVAAR PEOPLE SOFT PACKAGE

With the technology support provided through the UNION PARIVAAR PEOPLE SOFT Package, the Personnel Department could effect speedier and timely release of Employee Compensation, Staff Welfare Benefits, Terminal Benefits, Staff Advances, and Reimbursements leading to internal customer delight. The Bank is committed to further technological upgradation for providing better staff services in the days to come.

Industrial Relations

The Industrial Relations Scenario in the Bank continued to be cordial on account of the constant dialogue held with the Trade Unions and resolving all the contentious issues. Cases involving Disciplinary Matters were disposed of speedily in the most judicious manner and with a human face.

Reservation Policy

The Department also continued to have regular dialogues with the various SC/ST and OBC Welfare Associations in the Bank. These platforms
were fully utilized to redress the grievances of the various reserved category employees including issues concerning policy matters.

During February 2009, the Bank successfully hosted the visit of the Chairman of the National Commission for Scheduled Castes as well as the Chairman of National Commission for Safai Karamcharis at Mumbai. In September 2008, the Chief Liaison Officer for SC / ST, Department of Financial Services, Govt. of India, Ministry of Finance, New Delhi undertook an in-depth examination of the Bank’s reservation rosters and found them to be in order.

**Training Initiative**

The Bank is in transformation mode. This requires continuous training of the staff at all the levels for upgradation of skills. The staff college and seven training centers across the country continue to impart training in key areas catering to the needs of a dynamic organization. Further, the Bank has embarked upon repositioning the brand, thereby reflecting the energy and growth the Bank has planned in the years to come.
Accordingly, the brand promise has become the main theme of every training program.

Training is designed and delivered after matching the training needs of staff with organizational requirements.

During the year, all the training programmes were conducted as per approved training calendar. Training needs of Executives, Officers, Clerks and Sub-staff were taken care of. Training programmes were conducted at Staff College, Bangalore and seven training centers-453 in all-covering 8,387 staff members. Additionally 597 locational training programmes and workshops were held covering the needs of 15,785 staff members.

Change initiatives taken by the Bank under Project Nav Nirman have been effectively addressed by programmes like soft skill training programmes, program on managing strategic corporate relationships, training program on CBS / Advanced CBS and e-Products. In addition to the programs scheduled by the training system, special programs / workshops were conducted during the period of review.
Union Bank School of Management

Keeping in view the future leadership requirements of the organization, the Bank has introduced a Management Education Programme (MEP) on the lines of the MBA programme offered by the IIMs. During the year, third batch of 24 officers completed the programme and were given opportunity for getting leadership exposure in the area of their choice.

Incentive Schemes

Performance recognition helps organizations in achieving their strategic goals. It also helps maintaining the morale of employees, thereby linking individual objectives with organizational objectives. Further, encouragement is the key to transform good performers into excellent performers. The aggressive competition in the banking sector calls for performance par excellence from each and every staff and more so from those in the field who are the direct contributors to our business and consequently to the bottom line. Keeping the above in mind, the Bank introduced a number of incentive schemes covering top performing Branches, Branch Managers, Regional / Zonal Heads and their staff members with cash incentives.
The Bank has also launched incentive schemes for Super Achievers, incentive-linked campaign for CRMs, Incentive Scheme for staff members for mobilizing CASA.

**Sports and Cultural Activities**

The Bank actively participated in various sports and cultural events and earned accolades in the process. The Bank has on its roll sportspersons in different disciplines and sponsors them to participate in various tournaments.

**Staff Welfare Measures**

During 2008-09, all-out efforts were made to utilize the maximum permissible amount of Rs.15.00 crores under the various employee friendly Staff Welfare Scheme with an objective to meet the aspirations of our employees and in the process improve their involvement and efficiency.

**Official Language**

During the year, the Bank made progress in respect of implementation of the official language. The Bank hosted official language
Implementation Committee meetings of Financial Services Dept. (Govt. of India) and DBOD, RBI at Bhubaneshwar. The Bank also hosted the All India Hindi Seminar on Customer Service at Bhopal under the aegis of College of Agriculture Banking, (CAB, RBI) Pune. During 2008-09, the Bank has published a number of useful books, booklets, reference materials to create awareness among large section of our employees viz. “Banking-Vividh Ayaam”, “Banking Ke Rang-Cartoonist Ke Sang”, etc.

The Bank was conferred with the honour of “Fourth” prize under Reserve Bank Rajbhasha Shield Yojana for 2007-08 for commendable work in linguistic region “A”. Further, the Bank was also a recipient of prestigious award by the State Level Bankers’ Committee in Maharashtra.

**Union Dhara**

Bank’s in-house journal ‘Union Dhara’ continued to provide excellence in in-house communication, promoting greater understanding and awareness about the Bank and also providing a medium for bringing our creative talents in the Bank. With an excellent lay-out, contents and coverage, the in-house journal bagged 8 all India prestigious awards
including one from Association of Business Communication of India (ABCI) for the 21st year in succession and 3rd prize from Reserve Bank of India for best house journal in bi-lingual house journal category.

**Security**

The Security Division made concerted efforts to enhance the level of Security in the Bank by strengthening the security infrastructure, imparting training and carrying out extensive security inspections to improve the Security Standard of the branches. 1051 inspections were carried out by the security officers. Emphasis was given to create security awareness among the staff members and accordingly short training capsules on Security and Fire Safety were conducted at 924 branches and 1291 Armed Guards underwent refresher training programmes, which included live firing practice.

**Awards and Accolades**

The Bank won a special citation at FIIA Awards 2009, Singapore for its 100% core banking achievement through in-house efforts.
The Institute of Chartered Accountants of India (ICAI) has adjudged the Bank’s Annual Report and Accounts for the year ended 31st March, 2008 as a commendable entry under the category “Banking and Financial Institutions” of the “ICAI Awards for Excellence in Financial Reporting”.

The Bank was ranked 4th by Business Today-KPMG survey of “The Best Banks 2008”, in the large banks category. This was a very significant and defining moment for the Bank, as the Bank moved up 4 places from rank 8th last year (up from 18th place in previous year) to the present position in an independent survey conducted by a prominent rating agency. The Bank was ranked FIRST in the parameters of “Productivity” and “Efficiency” in the large banks category.

In the Business India Survey of the Best Banks 2008, Union Bank of India was amongst the 4 banks shortlisted and ranked 2nd in the overall rankings.

**Nurturing Future Leaders / Expanding Knowledge**

The Bank signed an MOU with Madras School of Economics, Chennai to establish a Special Chair in the Bank’s name to be named
“UNION BANK CHAIR FOR EXCELLENCE IN BANKING” for conducting academic research in banking and Industry oriented dissemination.

The Bank also set up a Research Chair at the prestigious Indian Institute of Management, Ahmedabad. The Chair will fund research in MSME sector and findings will be shared with the Bank.

The Bank signed an MOU with Great Lakes Institute of Management (GLIM), Chennai for setting up a “UNION BANK GREAT LAKES CENTRE FOR BANKING EXCELLENCE (UBGLCBE)” and a Faculty Chair as part of this MOU for conducting research and learning program initiatives in banking, Financial Services Sector and Insurance.

The Year Ahead

The global economic slowdown also opens challenging opportunities. The Bank investment in people, technology and process has come at the right time to gain from the market opportunities and stay ahead in the Industry. The capacity which the Bank has built in will enable it to meet new milestones and stay ahead of industry growth, aiming to improve its
market share year after year. For the year ending 2009-10, the Bank has set its sight on yet another milestone of Rs.3,00,000 crores in total business. To achieve the core objective of being one of the best in the industry in terms of customer experience, the Bank will remain focused on four value propositions which it made as a part of brand promise to its customers; existing and prospective. The following four offerings will remain our guiding principles in our product, pricing and services.

➢ Value for money

➢ Committed turnaround time

➢ Choice of all channels for delivery

➢ Transparency in products offerings and prices

**Outlook, Opportunity & Challenges**

The outlook for banking sector is positive in the medium term. Banks have shown resilience in tough times and played an important catalyst role in smoother and effective transmission of policy measures. Amongst various bank groups, role of public sector banks has been encouraging. A large part of decline in non-bank sources of funding to
commercial sector has been substituted by the increased credit flow from the public sector banks.

Indian economy is expected to register growth rate of near 6% during 2009-10. Banking sector is expected to contribute major share of credit flow to the commercial sector. In view of lower GDP growth and industrial growth, resources mobilization by banks may be a challenge. However, with improved technology, focus on CASA and network expansion in recent times, the Bank has the potential to garner higher share of household savings and credit flow. The Bank is confident of increasing the market share with customized products, improved technology, chain of alternate e-delivery channels like ATMs, Internet Banking, Phone Banking, Mobile Banking, Call Centre, focus on CASA & thrust on Relationship Building. The Bank is well poised to take advantages of the opportunities and create value for all the stakeholders.
Profile Of Karur Vysya Bank

Karur Vysya Bank is a privately held Indian bank, headquartered in Karur in Tamil Nadu. It was set up in 1916 by M.A.Venkatarama Chettiar and Athi Krishna Chettiar. Its current chairman is Mr P.T. Kuppuswamy.

The bank has 322 branches about 45 of them are in rural areas. The bank has installed 275 ATMs across the country so far. All the branches are powered with CBS Core Banking Solution. The bank also offers Internet banking and mobile banking facilities to its customers.

In the latest survey of Best banks in the country conducted by Business Today KPMG Karur Vysya Bank has been rated as THE MOST EFFICIENT BANK (in the balance sheet size less than Rs.20,000cr)

PERFORMANCE OF THE BANK

The highlights of the performance of Karur Vysya Bank bank during the fiscal are given under:

Rs. in cr

1. Deposits : 9340.29
2. Gross Advances : 7194.37
3. Total Income : 986.55
4. Operating Profit : 273.78
5. Net Profit : 160.01

**Appropriations**

Transfer to

1. Statutory Reserve : 78.10
2. General Reserve : 119.25
3. (a) proposed Dividend (100%) : 53.94
   (b) Dividend Tax : 9.17
   (Inclusive of Surcharge & educational less)

Other performance highlights

1. new worth : Rs. 1063.16cr
2. Book value per share : Rs. 197.09
3. Earnings share : Rs. 32.80
4. Capital Adequacy Ratio : 14.51%

**DEPOSITS**

The aggregate deposits of the bank stood at Rs.9340.29cr, an increase of Rs. 1763.45cr (23.27) over the previous fiscal level of Rs.7576.84 cr.
Low cost deposits account for 27.71% and term cost deposits constitute 72.29% of the total deposits. The growth in low cost deposits was 26.93% (25.04%) during the fiscal from Rs.2038.88cr in 2005-06 to Rs.2588.01cr in the fiscal under report. The term deposits registered an increase of Rs.1214.31 cr, a growth in time deposits of commercial blanks.

In the low cost segment, the savings deposits registered an impressive growth of 25%

CREDIT PORTFOLIO

The advances of the bank rose form Rs.5700.89 cr to Rs.7194.37 cr during 2006-07 registering an impressive growth of 26.20%. The yield on advance was 10.00% for the year as against 9.49% in the previous year

The bank has complied with the mandatory norms for advance to priority sector.

RECOVERY

The Bank has employed twin strategies for containing the non-performing assets viz : accelerated recoveries and prevention of fresh additions. Accelerated recovery plans include multipronged strategy like
participation in Lok Adalasts, initiation of action under SARFAESI Act, vigorous follow-up of suit filed accounts and negotiated settlements. The results were fruitful as was evident from the reduction in Gross NPA levels to Rs.202.63 cr during the fiscal under report form Rs.223.15cr in 2005-06. The Net NPA was brought down from Rs.44.83cr to Rs.15.974 cr. The Gross and Net NPA at the end of the fiscal 31’’ March 2007 were at 2.82% and 0.23% as against 3.91% and 0.81% respectively during the earlier fiscal 2005-06.

SHARE CAPITAL

During the year the Bank came out with an issue of Bonus shares to the shareholders in the ratio of 1:1 and the Bonus shares were allotted 28.07.2006. The Bank also came out with a Right issue during the year 2006-07 which was oversubscribed to the tune of 1.43 times. The rights share were allotted on 24.02.2007. The paid up capital as on 31’’ March 2007, after the issue of rights share was Rs.49,48,84,300/- The paid up capital includes 89,05,878partly paid shares of Rs.5/- each. in the said issue as also in our earlier issue, the bank had the good fortune of continuing to enjoy the support of our shareholders who reposed their faith in the
Management. The confidence of the shareholders has been a great source of strength to the Board.

DIVIDEND

The Board of Directors at the meeting held on 23rd May 2007 has recommended a dividend of 100% for the financial year 2007-07 subject to the approval of the shareholders. This is the fourth year in successions the bank has declared 100% dividend. distribution of Tax on the divided will be borne by the bank is the previous years.

CAPITAL ADEQUACY

Karur Vysya Banks net owned funds as on 31rd March 2007 was Rs.1063.16 cr. Your Board is pleased to inform that your Bank is the First old generation private sector Bank in TamilNadu to have crossed Rs.1000cr mark in net owned funds and is the third Bank in the country to attain the feat from among the old private sector banks. The capital adequacy of the bank stood at 14.15% as at the end of the fiscal 2006-07, which is well above the regulator prescription of 9%.
INVESTMENTS

The yield on 10 year Government securities averaged at 7.78% after having touched 8.40% in July 2006. The curve hardened during the year on account of sustained credit demand, tightening of monetary policy in the US and other economies including India, volatile oil prices etc.. Bank has shifted securities form AFS category to HTM category as also brought down excess SLR securities as a prudent risk –management practice During the year, bank had shifted securities form AFS category to HTM category and thus recognized depreciation to the extent of Rs. 45.81 cr on account of such shifting. The Gross and net investments of the bank stood at Rs.2895.54, as against Rs.2873.94 cr, as at the end of the fiscal 31” March 2007, as against Rs.2347.17 cr, and Rs.2298.13 cr respectively as the end yield on investments was 8.24%.

FOREX OPERATION

Forex turnover of the bank for the fiscal 2006+-07 was Rs.5306 cr. Export credit amounted to Rs.483.09 cr constituting 6.71% of the total advances. The banks has now commenced offering derivative products like
foreign currency option and currency swaps to the customers of the bank on a back basis.

**BRACH NETWORK AND EXPANSION**

During the year, your bank widened its network by opening 28 branches. As at the end of the fiscal, your bank had 269 branches spread over 13 Statues and two Union Territories. 62, new ATM were added to the existing ATMs, taking the total of ATM population to 242 as the end of the fiscal 2006-07.

**RISK MANAGEMENT**

Risk is an integral part of the banking business, The bank aims at delivering superior shareholder value by achieving an appropriate trade off between risk and returns. Effective risk management is critical to the banks success. Integrated risk management architecture is in place for identification, measurement, monitoring and management of the risks to mitigate any adverse impact on the financials.
TECHNOLOGY INITIATIVES

Your bank has been a front runner in implementing a host of IT initiatives to effectively compete in the market. With 100% core banking solution implemented two years ago, the bank has introduced the following during the fiscal 2006-07

(a) RTGS transactions in all Branchs
(b) Mobile banking
(c) Bank’s own VISA Access Gateway
(d) Public key infrastructure (PKI) for the financial transactions in internet banking. This product is offered only by a very few banks in the country and your bank is one among them.

Your bank has been identified by RBI as one among the six banks and the only old generation Bank for the pilot runs of cheque truncations systems in New Delhi.

Corporate Governance is a process or set of systems and processes to ensure that company is managed to suit the best interest of all its stakeholders. The system which can ensure this may include structure and
organizational matters. It is not fulfillment of the requirements of law but extends beyond the corporate law. It is a system by which companies are controlled and directed. It is a voluntary ethical code of business of the companies.

The basic objective of the corporate governance is for enhancing the long term shareholder value while at the same time protecting the interest of other stakeholders. Thus a company has to strike a balance between enhancing its shareholders viz. customers, suppliers, employees, creditors, Government and the society at large. The concept hinges on total transparency integrity and accountability of the management.

Karur Vysya Bank has been committed to the best corporate governance practices even before the same was mandated by the SEBI and the stock Exchange under Clause 49 of the listing Agreement. The Bank is proactive in ensuring commitment of the Board in managing the Bank in a transparent manner thus achieving the desired confidence of stakeholders and the goals of the bank.
INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian Banking Industry can be categorized into scheduled and non-scheduled banks. Scheduled banks constitute commercial banks and co-operative banks. There are about 67000 branches of the schedule banks spread across India. The Public Sector banks have a predominant presence accounting for more than 78% of the total banking sector assets. The public sector bank together with the private sector banks, both old and new generation, have traversed a long way in meeting the needs of the economy. The banking system also includes the presences of foreign banks spread across major centers of the country.

The Indian banking sector has undergone many positive and significant transformations and developments since 1990s and these have brought about a sea change in the profile of the banking industry. The reform process was designed in an orderly and sequential manner more suited to our needs, taking into account the objectives and the instruments to be used to achieve the slated objectives. Notable changes in the policies and regulations of the policy makers that helped strengthen the sector include prudential norms, supervisory strengthening, interest rate de-regulation,
gradual lowering or statutory pre-emtion, ushering in of appropriate legal and accounting measures, payment systems, core banking solutions, corporate governance and risk management etc., The Base II regime has come to stay in all the scheduled banks effective from 31st March 2009.

The implementation of reforms has brought about an all round improvement in the financial health of the banking system evidenced by the improvement in capital adequacy ratio, asset quality, profitability and employee productivity.

The technological revolution in the banking arena has been instrumental in achieving benefits arising out of the reforms put in place.

The Economic slowdown during the fiscal 08-09 was the result of knock-on effects of global financial crisis. The shocks were felt in India too as there was decelerated industrial growth, moderation in the service sector which was the prime mover of the economy and decelerated growth in agriculture. But on the whole, Indian economy has done better during these difficult time than any of the emerging markets in the world.
The slowdown has mostly affected the exports and slowdown of investment demand arising out of adverse conditions for access to external capital and the deepening effects of global meltdown have impacted domestic confidence. The Government and the Reserve Bank of India had taken fiscal and monetary measures to address the situation. While the Governments, both at the Centre and the States embarked upon spending through various stimulus packages, tax cuts, the Sixth pay Commission payout etc. RBI took many measures towards monetary easing with the sole aim of injecting ample liquidity into the banking system to augment credit for productive purpose and for restoring the growth momentum. All these stimulants have helped the economy to weather the crisis and kick start the growth process. The economy witnessed sharp decline of headline Wholesale Price index from double digits to near ‘zero’ by end of March’09. However the high food prices have kept the consumer price index elevated levels.

FBI shifted its policy stance from monetary tightening initially adopted in response to the high inflationary pressures in the first half of fiscal 2008-09 to monetary easing following the let up in the inflationary pressures during the second half. Consequently, the banking sector which
experienced severe stress owing to strained liquidity conditions leading to increased cost of deposits during the second and third quarters of fiscal 2008-09 eased considerably in the fourth quarter when there was better liquidity, softening of interest rates on both deposits and advances. Yet there were concerns of falling demand for credit, rising non-performing loans and high incidence of restructuring of loan and advances.

Time Deposits witnessed robust growth during the second half of the fiscal 08-09 after having remained subdued during the first half of FY 08-09 and recoded a higher growth of 22.6% (y-o-y) at the end of March’09 as against 21.9% a year ago. Bank credit flow from scheduled commercial banks was at 17.3% (y-o-y) as at March 2009 compared to 22.3% a year ago. The lower expansion in credit relative to the expansion in deposits resulted in a decline in the incremental credit - deposit ratio of scheduled commercial banks from 73.6% in 2007-08 to 64.4% in 2008-09. Slow down in bank credit in the post global meltdown was evident across all sectors except real estate sector. Personal loans registered sharp decline in outstanding credit.
The total deposits of the bank increased by Rs.2, 551.40cr. from Rs.12, 549.99 cr. as March 31, 2008 to reach Rs.15, 0101.38 cr as at 31st March 2009, registering a growth of 20.33%. The average deposits of the bank was up by Rs.2680.187cr and stood at Rs.13246.74cr as on 31st March 2009 recording a growth of 25.36% over the previous fiscal. The savings bank deposit grew by Rs.135.99cr to reach Rs.1,808.82cr as on March 31, 2009 from Rs.1,672.83cr as on March 31, 2008.

Cost of deposits increased from 7.13% for 2007-08 to 7.66% in 2008-09 owing to the hardening of interest rates during the fiscal under report.

The growth in advances on y-o-y basis was 10.39% during the fiscal ended 31.03.2009. The average advances grew by 26.91% from Rs.7633cr in 2007-08 to Rs.9687 cr. in 2008-09. Yield on advances rose to 11.77% from 11.24% of the previous year.

Pursuant to the guidelines of the RBI on Accounting Standard 17 (Segment Reporting), the bank has identified four business segments viz: treasury, Corporate / wholesale banking, retail banking and other banking operations. The results of the four business segments are furnished elsewhere in the report.
MISSION AND BUSINESS STRATEGY

The bank has an ambitious target of reaching Rs.50,000 cr business and to expand the branch network to 400-500 by the end of Fiscal 2011-12. During the current fiscal your bank has plans to reach a business level of Rs.32,000 cr with deposits of Rs.18,500 cr and advances of Rs.13,500 cr. Bank has plans to add 35 ATMs in FY 09-10 to the existing kitty of 325 ATMs.

KVB bank has embarked upon a number of initiatives to sustain its position in the industry. The initiatives include.

- To offer next of transactional banking services by leveraging the bank ‘s strengths in terms of network and technology.
- Expand the logistical presence across all major centers of the country.
- More focus will be on fee based income to compensate the thin spread.
- Continue to maintain low level of NPA.
- Leveraging technology to the maximum extent possible to tap retail banking business which has immense opportunities in the growing economy like India. To change the business models from seller-
driven to customer – centric and subsequently to buyer-driven, given the growing power of internet.

The bank has plans to improve the para-banking business especially in selling insurance and mutual fund products.

The bank would be taking steps to improve its lending to MSME and agri sectors.

**Financial Performance With Respect To Operational Performance**

The operating profit of the bank during the year under report was at Rs.418.02 cr as against Rs.307.76 cr during the fiscal 2007-08. The Net interest income of the bank, i.e. Net interest income over interest expenses increased by 20.43% i.e. from Rs.339.36cr in FY 2008 to Rs.408.70cr in FY 2009. The net profit of Rs.235.84cr for the year ended 31.03.2009, after making all provisions, was up by 13.21% over the previous fiscal figure of Rs.208.33cr.

**Human Resources And Industrial Relations**

One of the main reasons for the growth of the bank, undoubtedly is the “human resource”. Given the right environment, nurturing that is
provided and the training imparted, the employee exhibit sterling performance. The bank has a work force of 3941 as on 31st March 2009. The employees today, amongst others, include many Computer Professionals, Management graduates, Accountants etc., There is an appropriate bend of youth and experience with approximately 52% of the human resource being below 35 years of age.

KVB bank is aware that training is one of the important sub-systems of HR Management. The process of orientation and training drives employees who have entered the ban with diverse background and orientation into the mainstream of the organizational requirement to accomplish the set tasks enabling the organization to move in the desired direction. In its endeavor to have a team of professionals well equipped with the latest domain knowledge and skills ready to take on the challenges of the emerging banking scenario, the bank has upgraded the skill levels across all cadres through a combination of class room sessions and external programmes. The manpower trained and the man days depended on training programmes during the year 2008-09 were 2022 and 10,767 hours respectively.

The bank continues to have harmonious and cordial industrial relations with its employees.

Both the banks performance were analysed in detail. Some important factors like Deposits, Advances, profitability, Branches, Number of employee Etc., have been taken for comparision. Both the banks Union Bank of India and Karur Vysya Bank are oldest banks among Public and private secotor banks respectively. For the purpose of comparative study last nine years figures have been compiled and analysed. Both the banks are financially sound and in very comfortable position. The immense growth of these two banks reveals high morale among the employees. The over all figure shows that the Karur Vysya bank is edging than the Union Bank of India vis a vis the morale of the Karur Vysya bank is “High” than the Union Bank Of India.
1. BRANCHES GROWTH
If we compare last 9 years Branch net working of Union Bank of India and Karur Vysya Bank we can see significant development and shrinking of the branches. As of 31.3.2000 Union Bank of India was having 2136 branches all over India. However it has been reduced to 2053 as of 31.3.2001. Even though branches have been closed total business has not been declined. Further as of 31.3.2002 another 30 branches have been closed and during 2003 another branches have been closed after that the number of branches have been gradually increased to 2051 and at present Union Bank of India is having 2557 branches as of 31.3.2009.

Contrary to this the Karur Vysya Bank starts with 25 branches as of 31.3.2000 and at present i.e., as of 31.3.2009 the Karur Vysya Bank is having 312 branches not even a single branch has been closed for the last 10 years. It shows the constant and gradual growth of the branches in Karur Vysya Bank.

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<td>231</td>
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2. DEPOSIT

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<td>138703</td>
<td>15101.39</td>
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<tr>
<td>2008-09</td>
<td>103859</td>
<td>12549.99</td>
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<tr>
<td>2006-07</td>
<td>74094</td>
<td>7576.83</td>
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<tr>
<td>2005-06</td>
<td>61831</td>
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</tr>
<tr>
<td>2004-05</td>
<td>50559</td>
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<td>2000-01</td>
<td></td>
<td>3090.61</td>
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<td>99-2000</td>
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The Union Bank of India was having 44,749 Cr. Rupees deposit as of 31.3.2003 and grows to 1,38,703 crores as of 31.3.2009 more than three fold growth for the last six years.

The Karur Vysya Bank’s Deposit was 3090.61 Crores as of 31.3.2000 and grows to 15,101.39 crore as of 31.3.2009 within nine years the bank has achieved fivefold growth which is remarkable.
3. ADVANCES
The Union Bank of India was having total advances as of 31.3.2003 Rs.26,649crs and as of 31.3.2009 the banks total advances is Rs.98,265 crs.

The banks liberal lending policies for various sectors as per the government directives time to time and as per structured policy. The economy of India is growing at a speed of 8% GDP. However china over takes India in growth rate. India need further boosting to accrete the growth.
4. NET PROFIT
Net profit of the banks are the yard stick to measure the performance of the bank. The Union Bank of India as of 31.3.05 was having 0.719 Cr. Rupees as net profit. The profit as of 31.3.2009 is Rs.1729 Crores. The Profit almost doubled within a span of 3 years. This was due to increase in Bank’s Deposit and Recovery of Loans which helped the Bank to achieve the significant growth.

The Karur Vysya Bank as of 31.3.2000 the net profit is 71.14 and was increasing in a jet speed and achieved 235.84 Crore as of 31.3.2009. The morale of the employee is very high in Karur Vysya Bank which result in the highest growth. In the survey report the staff has mentioned that they will “Always” contribute best to achieve the goal. The Union Bank of India survey shows “When ever required in emergency”, staff contributes best. This attitude of the Union Bank of India staff has to be changed by improving the morale of the employee.
5. PROFIT PER EMPLOYEE

![Profit Per Employee Chart]

- **SBI**
  - 2008-09: 3.25
  - 2007-08: 2.66
  - 2006-07: 2.81
  - 2005-06: 2.78
  - 2004-05: 2.15
  - 2003-04: 1.22
  - 2002-03: 0.55
  - 2001-02: 0.33
  - 2000-01: 0.33
  - 99-2000: 0.55

- **KVB**
  - 2008-09: 5.98
  - 2007-08: 5.82
The profit per employee ratio for Union Bank of India as of 31.3.2000 was 0.33 Crore Rupees only. It has increased to 3.25 Crore as of 31.3.2008. The business for employee also increased 10 Fold and the profit per employee also has been increase 10 fold.

The Karur Vysya Bank was having 5.82 Lakhs as of 31.3.2008 as Profit per employee and during 2009 it increases to 5.98 Lakhs.
6. NUMBER OF EMPLOYEES

[Bar chart showing the number of employees for SBI and KVB across different years. The chart includes data from various years, with distinct color codes for each year.]
In any organization Human Assets are the main reason for the growth as well as down fall of its organization. The organization which values human will have different prospects. The number of employee will not be the matter but number of good and dedicated employee matters. Therefore any organization which take care of its employee well being will get back from them the “Good Results” is to achieve the “Goals” of an organization.

It is noticed that the figures of the man power in Union Bank of India was fluctuating. As of 31.3.2000 the Union Bank of India was having 30,376 Employees and after that the number of people have been reduced year after year. The management would have thought that it was having overstaff. Over staff is also a problem which will affect the business ultimately, the profit and performance of the bank will be affected. Trimming is required then and there. However it should be implemented after a careful study the over all business of the bank, Such as business per

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<td>25822</td>
<td>25706</td>
<td>25630</td>
<td>25645</td>
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<td>25969</td>
<td>27536</td>
<td>29014</td>
</tr>
<tr>
<td>KVB</td>
<td>2738</td>
<td>2856</td>
<td>2865</td>
<td>2833</td>
<td>2849</td>
<td>2811</td>
<td>2908</td>
<td>3286</td>
<td>3580</td>
<td>3941</td>
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employee, deposit per employee, Profit per employee as well the negative factors such as Debts, Non Recovery of loans, etc. As of 31.3.2001 the man power has been reduced to 28,044 and up to 2007, the manpower has been gradually decreasing. As of 31.3.2007 the manpower strength is 25,969. Almost five thousand employees have been reduced from 2000 to 2007. However the over all business of the bank has not been affected. The performance and profit of the branch have been doubled during this periods.

The Karur Vysya Bank is having different story. As of 31.3.2000 the total number of employee was 2738 and it was continuously increasing year after year along with the business growth. It shows the healthy trend in the man power planning. The table clearly shows the constant and regular growth in the man power. As of 31.3.2009, the total number is 3941 employees. Only between 2004 and 2005 a meager or insignificant reduction of man power is noticed. Only 38 number of people have been reduced rather we can say “Trimed”.

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7. CAPITAL ADEQUACY RATIO – BASE 1
Capital Adequacy Ratio is the mirror which shows the Health Condition of an Organisation. A Healthy and a strong bank will have means and enough financial means to meet out the challenges. Bank is dealing with currency and finance, Adequate Capital will boost the business of the Bank. The Union Bank of India was having 11.42% as capital adequate ratio as of 31.3.2000 and was growing year after year. Except during 2001 and it was 10.86% which is within the permissible limit. At present the Union Bank of India is having 13.27% as Capital Adequate Ratio which is a health trend.

The Karur Vysya Bank as of 31.3.2000 was having 15.16% and at present as of 31.3.2009 13.08%. Both the banks are in strong financial position.
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