CHAPTER – II

Adhiyaman Grama Bank in Dharmapuri was established on 27th December, 1985 with a commitment to provide banking service to rural poor and to take rural credit delivery system to the far flung areas of Dharmapuri District.

The district is bounded on the East by Thiruvannamalai District and Villupuram District and on the West Periyar District and North by Bangalore District of Karnataka State and Chittoor District of Andhra Pradesh and South by Salem District.

The geographical area of the district is 9633.24 sq.km. There are 9 taluks namely Denkanikkottah, Dharmapuri, Harur, Hosur, Krishnanagiri, Palacode, Pennagaram, Pochampalli and Uthangarai and 18 blocks. This district is generally cool in places bordering Karnataka and other places it is generally warm and dry. March, April, and May are the hottest months. Between December and February the climate is generally cool.
CONSTITUTION OF THE BANK

The Bank is constituted by a Board consisting of a Chairman and seven other Directors. It monitors the activities/developments of the Bank. Two directors are nominated by the Government of Tamilnadu, one Director is nominated by the Government of India one by RBI and one by NABARD and three by the sponsoring Bank including the chairman. One nominee Director of Government of India remained vacant during the year 1999-2000. Though the sponsoring bank can nominate its own person as a chairman but his appointment as a chairman is made by the Central Government for a period of five years. The chairman is required to devote his whole time to the affairs of the RRB and subject to the superintendence and control, direction of the Board of Directors, he looks after the whole management of RRB.

The strength of the Board can be raised to 15 with the approval of the Government of India. The RRB is free to recruit its own staff but in the initial years the sponsor banks provided staff particularly at the level of branch managers and field officers. The staff of the RRB should be paid on par with the employees of the State Government, and local authorities of comparable level and status in the area of the RRB.
WORKING OF AGB

The Adhiyaman Grama Bank is authorised to carry on and transact the business of banking as per Sec-5 of the Banking Regulation Act 1949. It undertakes the following business:

a) To accept deposits from the public.
b) To grant loans and advances particularly to small and marginal farmers and agricultural labourers whether individually or in groups and to Co-operative societies for agricultural purposes or agricultural operations or for other purposes connected there with.
c) It lends money under the head Agricultural short-term production loans, Agricultural term loan, agricultural allid term loans, small loans and loans under Small Scale Industries, vocational cottage industries.
d) It also lends money to artisans, small entrepreneurs and persons of small means engaged in trade, commerce or industry or other productive activities. The said field of lending covers the Target group, Non-Target group, Minority Community, SC, ST etc.,
e) The Bank has issued Adhiyaman Agriculture cards involving bank credit to the tune of Rs.53.24 lakhs during the year 1998-99.
The Bank has also created TME Cell, a new area based scheme for financing Milch animals (1+1) units under tie-up with a private Dairy Unit. Individual Schemes for one acre Fish Farm Commercial Dairy Unit (10 to10) etc., have been formulated during the current year 1999-2000. The TME cell has organised the base level orientation training programme to the newly formed VVV Clubs of H.Veppampatti and SitheriHills. One more VVV Club has been formed at Mampadi Village through their H.Veppampatti Branch in addition to the existing 7 VVV Clubs. Training programme on Dairy Cattle maintenance as Bee-keeping were also organised by the TME cell for the benefit of VVV club members. (Vikas Volunteer Vahini).

WOMEN DEVELOPMENT CELL

The Bank has been making persistent efforts in the promotion of NABARD’S SHG(Self-Help Groups,) concept in the district. The details of SHG linkage as on March 2000 are as follows:

<table>
<thead>
<tr>
<th>A/c</th>
<th>(Rs in 1000’s Amount)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of groups formed</td>
<td>552</td>
</tr>
<tr>
<td>No of groups credit linked</td>
<td>451</td>
</tr>
<tr>
<td>Credit disbursed during the year 395</td>
<td>9911</td>
</tr>
</tbody>
</table>
During the year the Bank has extended bank lending to the tune of Rs.50 laks to an NGO Integrated Village Development Project (IVDP) for their on landing to women SHGS.

The Women Development cell at HO has organised 5 training programmes to benefit 173 members, representing 33 SHGS with the financial support provided by NABARD. During the year the Bank Staff have organised 7 women SHGS (Self-Help Groups) on their own without the support of any NGO and linked 7 SHGS with the Bank credit to the tune of Rs.2.42 lakhs.

NON-FUND BASED BUSINESS

The Bank has Demand Draft drawing facility with sponsor Bank and 19 Branches are authorized to issue demand drafts. Safe Deposit locker facility is available only at Dharmapuri Branch. The Bank has issued 5 guarantees to the tune of Rs.5,61,600/- during the year. Branches are collecting outstation cheques / bills through sponsor bank’s branches, where they are maintaining accounts.
TRAINING

During the Current Year (1999-2000) 39 officers were nominated for external training programme conducted at various centers such as Regional Training Centre, Mangalore, BIRD, Lucknow, IMAGE, Chennai etc. During the year three inhouse training programmes viz., lending programmes for officers, NPA recovery and branch profitability for clerks and 'customers'services and the role of FSM for FSMS were conducted. The TME cell is headed by a technically qualified person. During the year (1997-98) all officers were given in house training on credit management, NPA recovery and HRD with the help of Sponsor Bank. 18 officers were nominated for external training programmes conducted by NABARD. Besides, all clerks were imparted by training on DD facility and NPA recovery. Adequate and specialised trainings are thus given to all staff members to improve their skills and update their banking knowledge.

SELF-HELP GROUP OF THE BANK

The basic principle of the CDP has been the idea that the motive force improvement should come from the people themselves and that the vast unutilised energy lying dormant in the country side should be
harnessed for constrictive work. In the early stages the advisory committee of the local people were set up to assist the Block Development Officers and other Extension Officers in formulating and implementing the programmes. For any item of work taken up under the programme a certain percentage should be contributed by the people in terms of cash, kind or labour. Now the entire responsibility for the formulation implementation and assessment of the programme has been entrusted to Panchayat Raj institutions which are called as 'Local bodies'.

The self-help programme of Community Development implies the development of the entire Village Community. The movement seeks to extend its benefits to all the families in a village, especially the weaker and the under privileged sections.

The SBI plans to form 600 self-help groups in Salem and Dharmapuri Districts. In these districts, the Bank had already formed 100 such groups. The concept of self-help group originated from Bangladesh.

The vital features of the concept were, compulsory uniform, monthly savings distribution of the savings amount of the group to the needy members as loan at nominal rate of interest, prompt repayment of the same in instalments and frequent meetings of the group members.
The AGB has launched a new scheme for linkage of SHGS under the name of ‘NAMADHU NALA THITTAM’ on 7.11.97 in the presence of Sri. S. Subramaniyam Chief General Manager, NABARD Chennai. The Bank has assisted 7 SHGS involving credit of Rs. 1.38 lakhs under the ‘NAMADHU NALA THITTAM’ during the year 1997-98.

The bank has also assisted the ‘Sivasakthi Mahalir Mandram’ of Bikkampatti Village in Pennagaram Taluk for a 240 spindle silk yarn Twisting Unit involving a bank loan of Rs. 3.17 lakhs under the ARWIND (Assistance SHG is implemented in all the 25 branches of AGB to Rural Women in Non-Farm Development) Scheme of NABARD. AGB Dharmapuri is playing a key role in the promotion of SHG development.

DEVELOPMENT ACTION PLAN AND MOU

With the guidance of Sponsor Bank which oversees the Bank’s performance vis-à-vis MOU obligation, the Bank has achieved the parameters such as a very low cost of funds, return on funds, transaction’s cost as % to working Fund. The bank could not however achieve the MOU obligation of incremental business growth of deposits and advances. During the year 1996-97 the bank has mobilised a deposit amount of Rs. 417.76 lakhs against a District Agricultural Programme target of Rs. 510.09 lakhs. The short fall was mainly due to the failure of major
crops. MOU covers deposit mobilisation, credit dispensation, reduction in gross loss and increase in interest-rate available to the bank.

Under the credit portfolio the bank has disbursed loans to the tune of Rs.2171.49 lakhs against a target of Rs.2300 lakhs. This was mainly due to the good recovery under S.T. Advances particularly jewel loans.

**MEMORANDUM OF UNDERSTANDING (MOU)**

The Bank entered into MOU with a NABARD and sponsor Bank and made significant achievements in certain parameters. They are as follows:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>MOU Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>72.00</td>
<td>133.52</td>
</tr>
<tr>
<td>Cost of funds</td>
<td>8.15</td>
<td>6.41</td>
</tr>
<tr>
<td>Return on Funds</td>
<td>12.69</td>
<td>12.74</td>
</tr>
</tbody>
</table>

**IMAGE BUILDING ACTIVITIES UNDERTAKEN BY THE BANK**

The Bank had organised a ‘Inter School Oratorical Competition’ for the School (children of Dharmapuri town on 01-10-97 on the eve of ‘Gandhi Jayanthi’ celebration and awarded prizes in the form of books to student
winners. The Bank had also proposed to award cash prizes to the first three top rankers in X standard and +2 Examinations in the district.

SPECIAL ACTIVITIES OF THE BANK

The bank has launched a scheme for financing dairy units (HI) under tie-up agreement with a private.

DEVELOPMENT ACTION PLAN AND MOU

With the guidance of Sponsor Bank which oversees the Bank's performance vis-à-vis MOU obligation, the Bank has achieved the parameters such as average cost funds, return on funds, transactions cost as % to working Fund. The bank could not however achieve the MOU obligation of incremental business growth of deposits and advances. During the year 1996-97 the bank has mobilised a deposit amount of Rs.417.76 lakhs as against a District Agricultural Programme target of Rs.510.09 lakhs. The short fall was mainly due to the failure of major crops. MOU covers deposit mobilisation, credit dispensation, reduction in gross loss and increase in interest, spread available to the bank. Under the credit portfolio the bank has disbursed loans to the tune of Rs.2171.49 lakhs against a target of Rs.2300 lakhs. This was mainly due to good recovery under S.T. Advances particularly jewel loans, dairy unit at
Dharmapuri, to promote dairy development in the district. The bank organised a training programme on "Dairy cattle Management" on 02-02-2000 with the assistance of livestock Research and Training Institute, Gundalpatti, Dharmapuri, for the beneficiaries identified for financial assistance in the first phase.

SITHERI HILLS TRIBAL DEVELOPMENT PROJECT

A tribal development project has been formulated by us for benefiting the tribal population of Sitheri Hills Village and its hamlets for implementation during 1999-2001. The project which aims to uplift the village in economic, socio-cultural fronts, envisages to provide Rs.89.90 lakhs as credit apart from providing other non-credit assistance with the help of other developmental agencies.

FARMERS' FORUM

The Bank maintains Vikas Volunteer Vahini (VVV) Club at the following villages from the year 1995-96.
<table>
<thead>
<tr>
<th>Village</th>
<th>Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.Agraharam</td>
<td>B.Agraharam</td>
</tr>
<tr>
<td>Chinnampalli</td>
<td>Chinnampalli</td>
</tr>
<tr>
<td>Mukkalanaickenpatti</td>
<td>Dharmapuri</td>
</tr>
<tr>
<td>Jarugu</td>
<td>Jarugu</td>
</tr>
<tr>
<td>Urigam</td>
<td>Urigam</td>
</tr>
</tbody>
</table>

Some of the useful tasks accomplished through this clubs during the year 1995-96 were,

1) Workshops on Non-Farm sector activities were conducted
2) Awareness campaign an ‘Eye-donation’ organised
3) Seminars on crop protection and cultivation of high income yielding medical plants arranged
4) Farm sector training programme conducted
5) Loan recovery camps and deposit mobilisation camps conducted.
The Regional office, National Bank for Agriculture and Rural Development, Madras has adjudged the B. Agraharam Branch Farmer's club as the third best club for the year 1994-95 among the 177 clubs maintained by various nationalised banks, Co-operative banks and RRB's functioning in Tamilnadu.

The following major and useful counselling services were conducted.

a) The Forums / Clubs are participating in Deposit mobilisation and loan recovery drives.

b) Planting of tree saplings and distributing black boards to Arivoli literacy derive movement through B Agraharam branch farmer's club.

c) Through a new SHG was formed at Kullanur village.

d) Free veterinary, health camp and agricultural seminar and cattle show were organised.

e) Training programme on sericulture ture Non-farm sector conducted.

f) A new veterinary visiting center inaugurated at Jarugu through its VVV club.
**PROGRESS OF ADHIYAMAN GRAMA BANK, DHARMAPURI**

The progress statements of AGB, Dharmapuri is given below.

It would be seen from the above table that over a period of five years, AGB has played a major role in providing Credit and banking services to the rural masses by opening as many as 25 branches, more than 90% of which were opened at neither to unbanked centers, mobilised deposits from these untapped sources and in tune with the national policy have provided credit to the weaker sections and the rural poor to help them in their economic upliftment.


<table>
<thead>
<tr>
<th>S.No</th>
<th>Years</th>
<th>Agri Term</th>
<th>Term</th>
<th>Agri Loan</th>
<th>Field Loan</th>
<th>Small Loan</th>
<th>SSI/VCI</th>
<th>Target Group</th>
<th>Non Target</th>
<th>STPL</th>
<th>SC/ST</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1995-96</td>
<td>449.51</td>
<td>137.98</td>
<td>217.11</td>
<td>79.46</td>
<td>11.67</td>
<td>13689</td>
<td>110722</td>
<td>-</td>
<td>132.43</td>
<td>586.29</td>
</tr>
<tr>
<td>2</td>
<td>1996-97</td>
<td>563.38</td>
<td>164.37</td>
<td>247.57</td>
<td>91.57</td>
<td>12.07</td>
<td>217739</td>
<td>114167</td>
<td>-</td>
<td>149.98</td>
<td>824.53</td>
</tr>
<tr>
<td>3</td>
<td>1997-98</td>
<td>98842</td>
<td>17913</td>
<td>31637</td>
<td>10018</td>
<td>1787</td>
<td>139461</td>
<td>111971</td>
<td>5945</td>
<td>17238</td>
<td>143650</td>
</tr>
<tr>
<td>4</td>
<td>1998-99</td>
<td>111145</td>
<td>17861</td>
<td>37202</td>
<td>12644</td>
<td>2462</td>
<td>118388</td>
<td>128717</td>
<td>6829</td>
<td>21510</td>
<td>158338</td>
</tr>
<tr>
<td>5</td>
<td>1999-2000</td>
<td>129442</td>
<td>22124</td>
<td>39908</td>
<td>22188</td>
<td>3349</td>
<td>149788</td>
<td>155951</td>
<td>9325</td>
<td>23998</td>
<td>169045</td>
</tr>
</tbody>
</table>

Source: Annual Reports of AGB, Dharmapuri
The total deposits of AGB in Dharmapuri with 25 branches aggregated Rs. 40.19 cores as at the end of March '2000 as compared to 12.77 cores in 1994-95. Similarly, advances of AGB rose from Rs.12 cores in 1994-95 to Rs.30.57 cores in 1999-2000. During the period of 5 years from March 95 to March 2000 the three and half times, and two and half times respectively. The rate of growth in the average advances of the bank was uneven. But in the last two years it was significant and on the increase.

The over dues of the Bank increased from Rs.51.84 cores to Rs.52.85 cores a year ago forming steady increase. However it appears no reason for undue concern on this account as increase in the total over dues of AGB is due to increase in Deposits and their total outstanding advances.

The classification of the AGB and its branches as on 31-03-2000 on the basis of their age group-wise break-up is under:-
<table>
<thead>
<tr>
<th>Year of Establishment</th>
<th>No of branches affiliated to AGB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>2</td>
</tr>
<tr>
<td>1986</td>
<td>4</td>
</tr>
<tr>
<td>1987</td>
<td>2</td>
</tr>
<tr>
<td>1988</td>
<td>13</td>
</tr>
<tr>
<td>1989</td>
<td>3</td>
</tr>
<tr>
<td>2001</td>
<td>1</td>
</tr>
</tbody>
</table>

Total No. of Branches 25

Out of 26 branches, one of the branches at Aggondappalli has been merged with Hosur Branch. Hence the total number of branches affiliated to AGB Dharmapuri comes to 25. The above number of branches includes two satellite branches i.e one at Dharmapuri, and the other at Kakkadasam.

The momentum given to the establishment of new branches of AGB in 1988 was maintained. As at the end of March 1988, there were 22 branches with Deposits exceeding Rs.1.50 cores and advances exceeding Rs.2.26 cores.