AN OVERVIEW OF INDIAN BANK

2.1 INTRODUCTION

In the last quarter of 1906, Madras (now Chennai) was hit by the worst financial crisis the city was ever to suffer. Of the three best-known British commercial names in 19th century Madras, one was crashed; a second had to be resurrected by a distress sale; and the third had to be bailed out by a benevolent benefactor. Arbuthnot & Co, which failed, was considered the soundest of the three. Parry's (now EID Parry), may have been the earliest of them and Binny & Co.'s founders may have had the oldest associations with Madras, but it was Arbuthnot, established in 1810, that was the city's strongest commercial organisation in the 19th century. A key figure in the bankruptcy case for Arbuthnot's was the Madras lawyer, V. Krishnaswamy Iyer, went on to organise a group of Chettiars that founded Indian Bank. Annamalai and Ramaswami Chettiar founded Indian Bank (IB) on 5 March 1907, and it commenced is operations from 15 August 1907 with its head office in Parry's building, Parry’s corner, Madras.

Post Independence of India

After the war, in 1948, it reopened its branches in Colombo Burma, Malaysia and Singapore. The Burmese Government nationalised all foreign banks, including Indian Bank's branch, in 1963. In 1960s Indian Bank expanded domestically as it acquired Rayalaseema Bank (est. 1939), Mannargudi Bank (est. 1932), Bank of Alagapuri, Salem Bank (est. 1925), and Trichy United Bank (Trichy United was the result of the 1965 merger of Woraiyur Commercial Bank,
the Palakkarai Bank and the Tennur Bank.) These were all small banks with the result that all the acquisitions added only about 38 branches to IB's network. Trichy United had five branches and its acquisition in 1967 brought the number of IB branches upto 210.

Then on 19 July 1969 the Government of India nationalised 14 top banks, including Indian Bank. One consequence of the nationalisation was that the Malaysian branches of nationalised Indian banks were forbidden to continue to operate as branches of the parent. At the time, Indian Bank had three branches, Indian Overseas Bank, and United Commercial Bank had eight between them. In 1973 the three established United Asian Bank Berhad to amalgamate and take over their Malaysian operations.

**Post Nationalisation**

In 1969 the Government of India nationalised Indian Bank, and thirteen other banks. In 1990, Indian Bank rescued Bank of Tanjore (Bank of Thanjavur; est. 1901), with its 157 branches, based in Tamil Nadu. A multi-crore scam was exposed in 1992, when then chairman M. Gopalakrishnan lent 13 billion to small corporates and exporters from the south, which the borrowers never repaid. Bank of Baroda bought out its partners in IUB International Finance in Hong Kong in 1998. Apparently this was a response to regulatory changes following Hong Kong's reversion to Chinese control. IUB became Bank of Baroda (Hong Kong), a restricted licence bank.¹
Bank Profile

Indian Bank, a premier bank, is owned by the Government of India. It was established on 15th August 1907 as part of the Swadeshi movement. It serves the nation with a team of over 19429 dedicated staff and its total business crossed Rs.4286633 crores as on 31.03.2014. It has domestic, overseas branches, extension counters, satellite offices, banking service centers, ATMs and ultra small branches.

**TABLE 2.1**

Indian Bank’s Branch Network

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Domestic Branches</td>
<td>1500</td>
<td>1541</td>
<td>1642</td>
<td>1756</td>
<td>1860</td>
<td>1955</td>
<td>2059</td>
<td>2089</td>
</tr>
<tr>
<td>2</td>
<td>Overseas Branches</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Extension Counters</td>
<td>83</td>
<td>72</td>
<td>63</td>
<td>1</td>
<td>37</td>
<td>34</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>4</td>
<td>Satellite Offices</td>
<td>37</td>
<td>32</td>
<td>29</td>
<td>26</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>4</td>
<td>ATMs</td>
<td>516</td>
<td>600</td>
<td>755</td>
<td>1005</td>
<td>1128</td>
<td>1280</td>
<td>1322</td>
<td>1322</td>
</tr>
<tr>
<td>5</td>
<td>Banking Service Centers</td>
<td>5</td>
<td>7</td>
<td>13</td>
<td>20</td>
<td>39</td>
<td>65</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>6</td>
<td>Ultra Small Branches</td>
<td>7</td>
<td>12</td>
<td>24</td>
<td>31</td>
<td>41</td>
<td>50</td>
<td>1418</td>
<td>1418</td>
</tr>
</tbody>
</table>

*Source: Financial Results FY 2007 to 2014*
Figure 2.1 exhibits the increase in domestic and overseas branches, ATMs, banking service centers and ultra small branches. It is also observed from the table that there is a tremendous increase in the number of ATMs from 516 to 2123, banking service centers from 5 to 50 and ultra small branches from 7 to 1407 respectively within a period of eight years (i.e. from 2007 – 2014). This shows the progress and growth of Indian Bank’s branch network.

**Category wise Branch Network**

The Indian Bank renders its services in rural, semi-urban, urban and metro cities. According to the guidelines of RBI nationalized banks are directed to
render most of its services in rural area. The category wise function and classification of Indian Bank’s Branch network for the past six years are given in Table 2.2.

**TABLE 2.2**

Category wise Branch Network

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rural</td>
<td>451</td>
<td>480</td>
<td>498</td>
<td>508</td>
<td>520</td>
<td>653</td>
</tr>
<tr>
<td>2</td>
<td>Semi urban</td>
<td>420</td>
<td>447</td>
<td>455</td>
<td>502</td>
<td>549</td>
<td>608</td>
</tr>
<tr>
<td>3</td>
<td>Urban</td>
<td>389</td>
<td>414</td>
<td>441</td>
<td>478</td>
<td>500</td>
<td>563</td>
</tr>
<tr>
<td>4</td>
<td>Metro</td>
<td>296</td>
<td>315</td>
<td>362</td>
<td>372</td>
<td>386</td>
<td>429</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>1556</td>
<td>1656</td>
<td>1756</td>
<td>1860</td>
<td>1955</td>
<td>2253</td>
</tr>
</tbody>
</table>

Source: Financial Year results from 2009 – 2014
Figure 2.2 shows the area wise classification of banks in rural, semi urban, urban and metro area. The number of branches in all the area has been increasing. Now—a—days the RBI is insisting the authorities to open more branches in rural and semi urban area. Accordingly 29 per cent of the Indian Bank’s branches render its services to the rural people.

**International Network**

Overseas branches of Indian Bank are in Singapore, Colombo including a Foreign Currency Banking Unit at Colombo and Jaffna. It has 240 Overseas Correspondent Banks in 70 countries.

**Financial Inclusion**

Special drive in urban and metro areas for opening accounts of migrant labour, street vendors and hawkers who are working within 500 metres of the branches in urban and metro areas and 24,499 accounts have been opened. In Tamil Nadu, under Social Security Scheme Old Age pension is being paid to about 2.11 lakh beneficiaries, in the villages covered under Financial Inclusion through Bank Accounts using Information and Communication Technology (ICT) based Smart Card enabled Business Correspondent (BC) Model. Bank in association with M/s. United India Insurance Company Limited is extending Micro Insurance products to the FI customers in the State of Tamil Nadu and Puducherry through our Field Business Correspondents (FBCs). Bank has implemented the ICT based BC model in Koyambedu market branch, Chennai, wherein a BC has been engaged in the market. 775 vegetable / fruit vendors have been enrolled and issued with smart cards and 1668 transactions amounting Rs. 9.02 lakh have been done by the
BC. Bank has established Urban Financial Literacy Centre in Chennai, Mumbai and New Delhi. Under Financial Inclusion Plan, Indian Bank has been allotted with 5013 villages with population above 2000, all these villages have been provided with banking services as on 31st March 2014. 1425 villages through Smart card based Business Correspondent (BC) Model, 53 villages through Brick and mortar branches /Banking Service Centres (BSCs) and 45 villages through Mobile Branch/Van.

**Self Help Groups**

Indian Bank is the Pioneer in introducing micro finance to Self Help Groups as Financial Inclusion Project in the country. Subsequently the Bank has established 45 specialized exclusive Micro finance branches called "Microsate" across the country to cater the needs of urban poor through SHGs (Self Help Groups) / JLG (Joint Liability Group) concepts. During the year 2012-13 the Indian Bank has disbursed Rs. 1611.36 crore to 57224 SHGs and has linked one crore SHGs so far. The total credit outstanding under SHG portfolio as on 31.03.2013 is Rs. 2315.29 crores. The bank has established 45 MICROSATE branches (Specialized branches for Micro Finance) across the country. The details of number of SHGs, loan disbursed and its growth rate are given in Table 2.3.
### TABLE 2.3

Lending to Self Help Groups

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Period</th>
<th>No. of SHGs Financed During the Year</th>
<th>Amount of Credit Disbursed</th>
<th>Outstanding</th>
<th>YoY growth (%)</th>
<th>Number of new SHGs linked</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2004 - 2005</td>
<td>35355</td>
<td>201</td>
<td>199</td>
<td>45.26</td>
<td>18616</td>
</tr>
<tr>
<td>2</td>
<td>2005 - 2006</td>
<td>53285</td>
<td>393</td>
<td>350</td>
<td>75.88</td>
<td>35168</td>
</tr>
<tr>
<td>3</td>
<td>2006 - 2007</td>
<td>61469</td>
<td>503</td>
<td>575</td>
<td>64.29</td>
<td>36163</td>
</tr>
<tr>
<td>4</td>
<td>2007 - 2008</td>
<td>75381</td>
<td>815</td>
<td>987</td>
<td>71.65</td>
<td>39879</td>
</tr>
<tr>
<td>5</td>
<td>2008 - 2009</td>
<td>90421</td>
<td>1054</td>
<td>1351</td>
<td>36.88</td>
<td>42626</td>
</tr>
<tr>
<td>6</td>
<td>2009 - 2010</td>
<td>112135</td>
<td>1459</td>
<td>1917</td>
<td>41.89</td>
<td>42626</td>
</tr>
<tr>
<td>7</td>
<td>2010 - 2011</td>
<td>79786</td>
<td>1663</td>
<td>2124</td>
<td>10.82</td>
<td>39893</td>
</tr>
<tr>
<td>8</td>
<td>2011 - 2012</td>
<td>72675</td>
<td>1882</td>
<td>2343</td>
<td>10.27</td>
<td>36337</td>
</tr>
<tr>
<td>9</td>
<td>2012 - 2013</td>
<td>57224</td>
<td>1611</td>
<td>2315</td>
<td>-----------</td>
<td>32118</td>
</tr>
<tr>
<td>10</td>
<td>2013 - 2014</td>
<td>56322</td>
<td>1538</td>
<td>2027</td>
<td>-----------</td>
<td>31254</td>
</tr>
</tbody>
</table>

**Source:** Performance of the Bank in 2004 – 2014

### Figure 2.3

Lending to Self Help Groups

![Pie chart showing lending to self help groups from 2004 to 2014](image-url)
Figure 2.3 reveals the banking activity of the Indian Bank to Self Help Groups from 2004 – 2014. The lending policy of the bank to Self Help Groups is at the peak level in 2009 – 2010. Then there is a decreasing trend in the lending activity because of the non-repayment of loans by the members of Self Help Group. Self Help Group members also expect that whenever there is drought, flood, cyclone or depression, their loans will be waived by the Government.

**Educational Loan**

- Educational loan-Non IBA Scheme implemented to help students pursuing courses under management quota and 3 year diploma courses.
- Central scheme to provide interest subsidy for the moratorium period of education loan availed by students from economically weaker section is being implemented.
- Interest concession of 0.50 per cent its applicable on Fresh Education Loan sanctioned to girl students.
- To support the national initiatives on skill development, IBA model loan scheme for vocational education and training.
- Web based online education system.
- Under this facility 198 students were sanctioned loan amounting to 568.75 lakhs.

The education loan sanctioned and the amount of loan outstanding for the past ten years is listed in Table 2.4.
TABLE 2.4

Education Loan

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Period</th>
<th>Number of Students Financed Education Loan</th>
<th>Amount of Credit Disbursed (in crores)</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2004 - 2005</td>
<td>2881</td>
<td>38.72</td>
<td>89.39</td>
</tr>
<tr>
<td>2</td>
<td>2005 - 2006</td>
<td>9552</td>
<td>119.25</td>
<td>161.66</td>
</tr>
<tr>
<td>3</td>
<td>2006 - 2007</td>
<td>24809</td>
<td>260.14</td>
<td>375.86</td>
</tr>
<tr>
<td>4</td>
<td>2007 - 2008</td>
<td>31141</td>
<td>352.25</td>
<td>692.36</td>
</tr>
<tr>
<td>5</td>
<td>2008 - 2009</td>
<td>44710</td>
<td>435.49</td>
<td>1149.33</td>
</tr>
<tr>
<td>6</td>
<td>2009 - 2010</td>
<td>66280</td>
<td>540.17</td>
<td>1695.90</td>
</tr>
<tr>
<td>7</td>
<td>2010 - 2011</td>
<td>96953</td>
<td>621.09</td>
<td>2810.70</td>
</tr>
<tr>
<td>8</td>
<td>2011 - 2012</td>
<td>93215</td>
<td>890</td>
<td>3222.00</td>
</tr>
<tr>
<td>9</td>
<td>2012 - 2013</td>
<td>74078</td>
<td>982</td>
<td>3650.00</td>
</tr>
<tr>
<td>10</td>
<td>2013 - 2014</td>
<td>80150</td>
<td>990</td>
<td>4560.00</td>
</tr>
</tbody>
</table>

Source: Performance of the Bank in 2004 to 2014

**Figure 2.4**

Education Loan

![Education Loan Chart](chart.png)
Figure 2.4 shows the need to promote technical and higher education of youths in the country, the bank has focused on educational loans which grew year by year. It also depicts that there is an increase in the education loan sanctioned and disbursed from 2004 – 2010. During the past three years there is a decreasing trend. It may be due to the fact that the recession crises that affected the information technology sector and the number of students opting technical courses have also decreased there after.

**Latest Technologies**

The following are some of the important technologies introduced by the Indian bank:

- 100% Core Banking Solution(CBS) Branches
- 100% Business Computerisation
- 2121 Automated Teller Machines(ATM)
- 24 x 7 Service through more than 99242 ATMs under shared network
- Internet and Tele Banking services to all Core Banking customers
- e-Payment facility for Corporate customers
- Cash Management Services
- Depository Services
- Reuter Screen, Telerate, Reuter Monitors, Dealing System provided at Overseas Branch, Chennai
- I B Credit Card Launched
- I B Gold Coin
- I B Prepaid Cards Launched (GIFT Card, International Travel Card)
IMAGE

IMAGE which is the acronym for Indian Bank Management Academy for Growth and Excellence is the prestigious Training Academy of Indian Bank. The academy stands at a quiet and peaceful locality of MRC Nagar, Chennai. The Academy caters to the training needs of Indian Bank, its subsidiaries and other members of the banking fraternity².

2.2 SERVICES

The Indian Bank renders a lot of services under one roof. The details are shown in the following figure.

Figure 2.5
Services under one roof – Bank’s mission

**Ind Net Banking**

Customers can use the internet to do their banking at home on their convenience. Customers having savings bank account, current account can avail Ind Net Banking. Customers can view their accounts, get the statement of account, transfer funds to his own accounts, transfer funds to other Indian Bank accounts, remit funds to anyone having account with any bank through RTGS/NEFT, know the cheque details through this service. Indian Bank offers net banking facility without any charge. At present the following payments like AP online, TNEB Payment, IRCTC (Rail ticket) Payment, IBMBS Payment, Income tax/TDS Payment, Service Tax Payment, Central Excise Payment and MCA 21 Payment can be made through net banking.

**Ind Mobile Banking**

Customers can use their mobile phones to do their banking activities. They must have savings bank account, current account with the bank to use Ind Mobile
Banking. Customer can do the balance enquiry, view their last 3 transactions, enquire about the issued/deposited cheque status, get mobile alert if account is debited/credited for minimum of Rs.5000, and if there is a cheque bounce in their account. The Bank offers this facility without any charge.

**Ind Phone Banking**

Customers can call for enquiries anytime, anywhere through telephone. Customers having savings bank, current account with the bank can avail this facility. Customer can do the balance enquiry, have their account details, have the issued cheque status and the deposited cheque status through this facility. This facility is offered at free of cost.

**e-Payment of Indirect Taxes**

Customers can pay taxes like excise duty and service tax through internet. Through on line customers having net banking facility can use this e payment of Indirect Taxes. In case of off line Assesses who want to pay their indirect taxes can use this facility.

**MCA Payment**

Payments for MCA can be made online through internet banking service. Customers having net banking facility can avail this MCA Payment. In case of off line Corporate and other individuals who have to pay charges, fees to Registrar of Companies (ROC) for Ministry of Corporate Affairs can use this facility.
IndJet Remit (RTGS)

Customers can transfer their funds to any account in any bank branch through Real Time Gross Settlement (RTGS) in a fastest way (within hours). Any customer of a CBS branch can avail this service. For remittance of Rs.1 lakh and above customer is required to provide beneficiary's account number, name, address, bank and branch name. The beneficiary's bank account is credited on the same day within two hours of receiving credit by the other bank.

National Electronic Fund Transfer (NEFT)

Customers transfer funds to any account in any bank branch enabled for NEFT within a day. Any customer of a CBS branch for any amount can avail this facility. For non-customers NEFT is available against cash remittance up to Rs.50000/- Any amount can be remitted for this customer is required to provide beneficiary's account number, name, address, bank and branch name. The beneficiary's bank account is credited on the same day.

CMS Plus

This is a bundle of collection and payment services offered for clients. All corporates / PSUs (no turnover stipulation) and other entities with annual turnover of Rs.25 crores, having receivables from / payable to different locations, can avail this facility. The collection services are Local & Outstation cheques, cash, ECS debit, direct debit, Inward RTGS/NEFT, Cash, Cheques and Demand draft can be deposited into collection account at any CBS branch and the payment services are
Multicity cheques, RTGS/NEFT/Issuing of bulk DDs, ECS, Dividend Warrant, Interest warrant, Statutory payments like Government taxes, etc.

**Multicity Cheque Facility**

Customers issue their cheques to beneficiaries all over India through this facility. Customers having savings bank, current account, OD/OCC accounts can avail this facility. Customers may withdraw cash either by self cheque or issue third party cash cheque up to Rs.50000/- per occasion. To avail this facility minimum balance should be maintained by the customers. In case of savings bank, monthly average balance is Rs.10000/- and current account monthly average balance is Rs.50000/-.

**Credit Cards**

VISA cards are available in three variants, namely Gold, Classic and Bharat cards. Gold and Classic cards are offered to Indian Nationals and NRIs in the age group of 18-80 years. Bharat cards are for Indian Nationals in the age group of 25-60 years. Gold and Classic cards are Global cards and Bharat cards are called as domestic cards.

**ATM/Debit Cards**

In Indian Bank, 24 hours Hi-powered, value-added ATM cum Debit cards are available. It is just the size of a visiting card, and is the passport to the facilities available with ATM and for shopping at merchant establishment. Savings bank and current account customers can avail this facility. It can be used in more than 30000 ATMs of various banks. The Maestro Debit Cards are used for
purchase of merchandize/services from commercial establishments/service organisations that display the "Mastercard", "Maestro" and "Cirrus" logo. There are 23 million POS terminals and 1 million ATMs globally that accept Maestro Debit Cards. In India, over 1,50,000 POS terminals and more than 15000 ATMs are available that accept Maestro Debit Cards. Round-the-clock cash withdrawals, 24 hours cash and cheque deposits request for a cheque book can also be made through ATM.

**IB Jeevan Kalyan**

All accountholders are eligible for this service. The nature of this scheme is Term Assurance which covers life (Normal death /death due to accident). The account holder can pay the premium for first year on pro-rata basis depending on the month of entry.

<table>
<thead>
<tr>
<th>Age</th>
<th>Premium in (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 35</td>
<td>180/-</td>
</tr>
<tr>
<td>36 - 45</td>
<td>288/-</td>
</tr>
<tr>
<td>46 - 55</td>
<td>720/-</td>
</tr>
</tbody>
</table>

Sum insured is Rs. 1 lakh and waiting period of this scheme is first 45 days (Not applicable for accident). By arrangement with LIC the bank offers this service to its account holders. Period of cover is one year. Tax benefit U/s 80 C is available to the scheme holders. Renewal premiums paid by debit to the account automatically until the account is revoked.
IB Varishtha

Term deposit customers aged between 56-64 years are eligible to avail this service. Nature of cover of the scheme is Term Assurance. The type of cover is Life Cover (Normal death / death due to accident). Premium of this scheme is Rs. 828/- p.a. (First year on pro-rata basis) and sum assured is Rs. 50000/- (Rs. 1 lakh if death due to accident). By arrangement with LIC the bank offers the scheme to its term deposit customers. Tax benefit U/s.80 C is available for this service. Renewal premiums paid by debit to the account automatic until revoked.

IB Chhatra

All accountholders are eligible to avail this service. Nature of cover of this scheme is Term Assurance. Type of cover of this scheme is Personal Accident Death Cover (Death Due to Accident only). 12-70 years old customers can avail this scheme. Coverage of this scheme offers 1 lakh Personal Accident Death Cover to its customers. The premium amount is Rs. 25/- p.a. and the sum assured is Rs. 1 lakh. By arrangement with United India Insurance Company Ltd., the bank offers this service to its customers. Period of cover is one year. The scheme holders are eligible for Tax Benefit U/s 80 C.

IB Arogyaraksha

Under this scheme there are three plans namely A, B and C. Customers aged from 35 years to 80 years may avail this plan.

Plan A - upto 35 years
Plan B - upto 65 years
Plan C - upto 80 years
Sum assured is Rs.0.50 lakh to Rs.10.00 lakh (Sum Assured at entry level restricted to Rs.3.00 lakh for Plan C) enhancement by only one slab every year (Rs.0.50 lakh per year up to sum assured of Rs.5 lakhs and thereafter at Rs.1 lakh each year). Maximum cover is restricted to Rs.5 lakhs for Plan C. By arrangement with M/s. United India Insurance Co. Ltd., the bank offers this scheme. The scheme holders are eligible for Income Tax Benefit U/s 80 D.

**New IB Jeevan Vidya**

All educational loan borrowers (Student) are eligible for this scheme. Age at entry is 16 – 50 years. Maximum age at exit is 60 years. Sum assured of this scheme is balance outstanding at the time of death or limit sanctioned whichever is less. Coverage of this scheme is upto Rs.15.00 lakh (for studies in India) and coverage upto Rs.25.00 lakh (for studies abroad).

By arrangement with LIC of India the bank offers this scheme. Period of cover is minimum period of 3 years and maximum of 12 years (course period + repayment holiday + repayment period subject to maximum of 12 years). Cover ceases at the age of 60 years or on full adjustment of loan whichever is earlier. Income Tax rebate u/s 80C for the premium paid is available to the scheme holders.

**Money Gram**

Money Gram is a new Internet based remittance product, being introduced in the bank to augment the facilities available to NRIs to remit money to India. Money Gram is one of the money transfer services offered by M/s. Money Gram International Inc. Under the arrangement, money transfers made at any overseas
agent location across the world become available at the destination location in India in the very next instant. The transfer is effected using a Software / Internet based technology. Unlike various types of remittances from abroad, the beneficiary under Money Gram will always be a resident.

**Janashree Bhima Yojan**

This is launched in association with LIC to provide life coverage. Members of SHGs, Joint Liability Group (JLG), Rythu Mithra Group (RMG), Artisans, Farmers Club, Men groups and Youth Club are financed by Indian Bank, to customers aged 18-59 years and below the poverty line. The benefit of the scheme is that in the event of death of the members a sum of Rs.30,000 will become payable.

**Universal Health Care**

This scheme is launched in association with UIIC Ltd. The purpose of the scheme is to provide health coverage for whom regular mediclaim policy is beyond reach. Members of SHGs, Joint Liability Group (JLG), Rythu Mithra Group, Artisans, Farmers Below Poverty Line (BPL) families, who have opened No frills account under FI in both rural and urban areas. Customers aged upto 65 years are eligible for this scheme. The benefit of the scheme is that on the death of the head of the family, nominee will be paid to a maximum of Rs.25,000/-.
**IB Grihajeevan**

It is a group insurance scheme for mortgage borrowers. Home loan borrowers availing loan from 01/10/2009 onwards are eligible for the scheme. Coverage of this scheme is minimum Rs.50,000/- and maximum Rs.50.00 lakhs by having arrangement with LIC of India, the bank offers this scheme. Period of cover is minimum 3 years and maximum 20 years. Income Tax rebate u/s 80C for the premium paid is available to the scheme holders.

**IB Home Suraksha**

Group Insurance Scheme for mortgage borrowers are eligible for this scheme. All new home loan borrowers, existing borrowers as on 30/09/2009, not covered so far are also eligible, within a period of 6 months. Coverage of this scheme is minimum Rs.1.00 lakh and maximum Rs.200 lakhs by making arrangement with Kotak Mahindra Old Mutual Life Insurance Ltd, the bank offers this scheme. Income Tax rebate u/s 80C for the premium paid is available for the scheme holders.

**Xpress Money Inward Remittance – Money Transfer Service Scheme**

“Xpress Money” service is offered in arrangement with M/s. UAE Exchange Financial Services Ltd for remitting money to India. The scheme is operative from 15.02.2006. The remittance facility is available to receive the money through all the branches.

**IB Yatra Suraksha**

All customers can avail this scheme. Minimum five persons and maximum 20 persons per group in the age group of 3 years to 70 years are eligible for this
scheme. Type of cover of this scheme is for domestic travel by road, rail and inland waterways (not Air). By arrangement with M/s. United India Insurance Company Ltd. the bank offers this scheme.

2.3 DEPOSITS

The following are some of the deposit schemes offered by the Indian Bank:

**IB Smart Kid SB a/c**

This account is for the children of age 1 day to less than 18 years. Minimum amount of Rs.100 average monthly balance for non cheque book operated SB accounts and Rs.250 average monthly balance for cheque operated SB accounts. ATM / Debit card eligible for minors of age 10 years or more to those who maintain the prescribed minimum balance and subject to consent by parents / guardian for issue of ATM debit card. Transfer of funds from parents / guardians account to the children’s account allowed at par.

**SB Platinum with Sweep Facility**

This facility is suitable for High Net worth Individual (HNIs) & Corporate Executives. Free remittance is available upto maximum 2 times a year totaling Rs.25,000/- and no charges for intra / inter city transactions.

**SB - Power Account for Achievers (PAFA)**

It is a savings bank account for young individuals who have regular employment or self-employed, professionals or business people. Minimum amount is Rs.5,000/- (monthly average). Free ATM cum International Debit Card and
Global Credit Card with no initial /annual charges and personalized cheque book are given to the account holders. No charges for Intra city transactions.

Savings Bank

ECS/RTGS/NEFT facilities are available to the account holders. Two cheque books of 2x20 leaves free in a calendar year for cheque operated SB accounts are given to the account holders. No charges for intra city transactions. 50 withdrawals are permitted without cost, per half year. Minimum amount of Rs.250/- for non cheque operation and minimum balance of Rs.500/- for cheque operation.

Vikas Savings Khata

It is a no frills savings bank account. A savings bank account meant for people who have been hitherto deprived of banking facility. No initial and minimum balance is required for this account. ATM cum Debit card is issued and 10 transactions per month is allowed at free of charges.

Current Account

Minimum amount of quarterly average balance is Rs.5000. It is suitable for all type of customers. ECS/RTGS/NEFT facilities are also available. Free ATM card cum Debit card is issued to the account holders. No charges for Intra city transactions.

Premium Current A/c with Sweep Facility

It is suitable for corporates, traders, businessmen, entrepreneurs and HNI’s. For MOD (STD) deposits of 7 days to 14 days with minimum deposit amount will
be Rs.1 lakh (in multiples of Rs.1 lakh) for the period of minimum 15 days to 180 days.

**Fixed Deposit**

A time deposit for a fixed period to earn interest with easy liquidity is available to the account holders. Minimum deposit amount is Rs.100/- and no maximum limit. The minimum period is 7 days and maximum period is normally 10 years. Loan, nomination and pre closure facilities are available to the account holders.

**Re-investment Plan**

Minimum amount is Rs.100/- or in multiples of Rs.100/- and no maximum amount. Minimum period is 6 months and the maximum period is normally 10 years.

**Facility Deposit**

A time deposit with built in over draft facility with a limit of 90 per cent of deposit amount is called Facility Deposit. Minimum deposit amount is Rs.10000/- and further in multiples of Rs.1000/-. The minimum period is one year and the maximum period is three years.

**Special Scheme for Senior Citizens**

It is suitable for senior citizens with additional rate of interest and value additions. It offers free funds transfer upto Rs.5000 p.m or interest earned whichever is higher and automatic renewal facility for equal period. Joint accounts are also permitted but first named persons should be a senior citizens.
Recurring Deposit

A regular monthly savings grow into a large sum to meet the financial needs at the end of the agreed period. Minimum amount of monthly installment is Rs.5 and in multiples thereof. Minimum period is 6 months and in multiples of 3 months with a maximum of normally 10 years.

Variable Recurring Deposit

A recurring deposit scheme with the option of varying monthly installments is called the variable recurring deposit scheme. Minimum amount of initial deposit is Rs.25 or in multiples of Rs.25 up to a maximum of Rs. 1 lakh. Minimum period is 12 months and the maximum period is 120 months.

IB Swarna Nidhi RD/IB Swarna Nidhi VRD

A recurring deposit with the option to purchase gold coin of Indian Bank for the maturity value. Minimum amount is Rs.500/- in multiples of Rs.100/- for VRD and maximum is Rs.10 lakhs in a month. Minimum period is 6 months and maximum period is 24 months.

IB Tax Saver Scheme

In order to cater to the needs of depositors who wants to avail tax benefit under section 80C of Income Tax Act 1961, this scheme is launched. Minimum amount is Rs.100 or in multiples of Rs.100. Minimum period is 5 years and maximum 10 years for individuals or HUF having PAN card can invest upto Rs.1,00,000/- in a financial year.
**Capital Gains**

Under this scheme the tax payers can avail the benefit of exemption from capital gains only if the amount of capital gains or the net consideration is deposited in public sector banks on or before their due date of filing a return of income in accordance with the scheme. Minimum amount is same as that of ordinary SB account.

**NRE FD/ RIP/ RD Accounts**

Accounts can be opened by remittances from abroad, deposit of foreign exchange brought into India, transfer from existing self NRE/FCNR accounts. Non-Resident Indians can appoint residents to operate their NRE accounts for local payments through a power of attorney. Benefits of the scheme are the maturity proceeds of deposits as well as interest earned are freely repatriable, loans are permitted against the deposits upto a maximum of Rs.100 lakhs, as per the RBI guidelines and nomination facility is available.

**FCNR (B) Accounts**

Non-Resident Indians / Persons of Indian Origin can open the account. Benefits of this account are no exchange loss to the customers as interest and principal amounts are payable in the same currency in which it is deposited, Loan facility is available upto a maximum of Rs.100 lakhs as per the RBI guidelines and nomination facility is also available.
**IB Tax Savings Certificate**

Individual or Hindu Undivided Family, having Permanent Account Number can open this deposit. The Joint holder type deposit receipt may be issued to two adults or jointly to an adult and a minor payable to either of the holders or to the survivor and provided that in the case of joint holder type deposit, the deduction from income under section 80C of the Income Tax Act 1961 shall be available only to the first holder of the deposit.

**NRE SB Accounts**

Accounts can be opened by remittances from abroad, deposit of foreign exchange brought into India and transfer from existing self NRE/FCNR accounts. Benefits of the scheme are withdrawals for local payments or payments abroad in any convertible currency are allowed as per the RBI guidelines, standing instructions can be undertaken for periodic payments of insurance premia, school fees, etc. and funds from these accounts are freely repatriable\(^4\).

**2.4 LOANS AND ADVANCES**

The prime principle of commercial banks is accepting deposits for the purpose of lending. The Indian Bank grants loan and advances for various purposes. The loans and advances offered by the Indian Bank is shown in Table 2.5.
### TABLE 2.5

Priority Sector Lending (in crores)

<table>
<thead>
<tr>
<th>Priority Sector</th>
<th>31.03.2013</th>
<th>31.03.2014</th>
<th>Y-0-Y Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>17001</td>
<td>19047</td>
<td>12.04%</td>
</tr>
<tr>
<td>Corporate &amp; commercial</td>
<td>54944</td>
<td>65639</td>
<td>17.65%</td>
</tr>
<tr>
<td>Public sector units</td>
<td>18196</td>
<td>22891</td>
<td>25.80%</td>
</tr>
<tr>
<td>Non public sector units</td>
<td>36748</td>
<td>41748</td>
<td>13.61%</td>
</tr>
<tr>
<td>Retail Loans</td>
<td>15439</td>
<td>17068</td>
<td>10.55%</td>
</tr>
<tr>
<td>MSME</td>
<td>13746</td>
<td>16104</td>
<td>17.15%</td>
</tr>
<tr>
<td>Overseas Credit</td>
<td>6026</td>
<td>7500</td>
<td>24.46%</td>
</tr>
<tr>
<td>Total</td>
<td>107156</td>
<td>124359</td>
<td>16.05%</td>
</tr>
</tbody>
</table>

**Source:** Financial results of the years 2013 - 2014.

**Figure 2.6**

Priority Sector Lending

Figure 2.6 shows the Indian Bank’s priority sector lending. First preference is given to agriculture and the MSME.
Social Lending

Social Lending means, the lending policies of the Indian Bank to various sectors like agriculture, MSME, weaker sections, minority, women and ANBC. Social lending is one of the key variables to be studied and analysed. Social lending promotes social cultural and economic upliftment of backward priority sectors. Such type of lending is shown in Table 2.6.

**TABLE 2.6**

**Social Lending Under Priority Sectors (in Crores)**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Mar-13</th>
<th>Mar-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority sector advances</td>
<td>36420.69</td>
<td>41156.84</td>
</tr>
<tr>
<td>Agriculture</td>
<td>17000.56</td>
<td>19047.49</td>
</tr>
<tr>
<td>Direct Agri</td>
<td>15828.37</td>
<td>18350.17</td>
</tr>
<tr>
<td>Indirect Agri</td>
<td>1172.19</td>
<td>697.32</td>
</tr>
<tr>
<td>Micro &amp; small enterprises</td>
<td>11020.22</td>
<td>133222.29</td>
</tr>
<tr>
<td>Other priority sectors</td>
<td>8399.91</td>
<td>8787.06</td>
</tr>
<tr>
<td>Advances to weaker sections</td>
<td>9367.29</td>
<td>11109.58</td>
</tr>
<tr>
<td>Advance to minority</td>
<td>5471.42</td>
<td>6197.99</td>
</tr>
<tr>
<td>Advance to women</td>
<td>7419.33</td>
<td>8823.05</td>
</tr>
<tr>
<td>ANBC level</td>
<td>86511.72</td>
<td>101284.94</td>
</tr>
</tbody>
</table>

*Source: Financial results of the years 2013 & 2014.*
Figure 2.7 shows that advances to priority sector, agriculture and MSME have been increasing between March 2013 and March 2014. Preference is also given to minority and women.

**Agri Clinic and Agri Business Centres**

Graduates in Agriculture and Allied subjects like horticulture, animal husbandry, forestry, dairy, veterinary, poultry farming, pisciculture and other allied activities are eligible to avail this loan⁵.
Gold Loan

Farmers who need loan of Rs.25000/- and above against the pledge of gold ornament alone are entitled for Gold Loan. Amount of loan presently is Rs.1800 per gram (or) 70 per cent of the market value of the jewels to be pledged whichever is lesser.

Agricultural Produce Marketing Loan

All farmers who stored their produce in Central Warhouse Corporation / State Warhouse Corporation (CWC/SWC) or any authorized or approved private godowns are eligible for this loan. The amount of loan is 70 per cent of the wholesale market price of the produce stored or a maximum of Rs.10.00 lakhs.

Financing Agriculturists for Purchase of Tractors

Farmer having minimum of 4 acres of irrigated land or 8 acres of dry land are eligible for this loan. Based on the quotation / invoice submitted for the vehicles and implements the amount of loan will be given.

SHG Bank Linkage Programme – Direct Linkage to SHGs

Member of SHGs are eligible to avail this loan. Upto 4 times of the group savings including interest on savings are given as loan. Loan to SHGs should be extended only in the form of credit limit.

Gramin Mahila Sowbhagya Scheme

Married rural, semi urban and urban women engaged in agriculture or activities allied to agriculture are eligible to avail this loan. Amount of loan is minimum Rs.5000/- and maximum Rs.15000/- (depending upon the land holding).
Joint Liability Group (JLG)

JLGs consist of tenant – farmers and small farmers cultivating land without possessing proper title of their land are eligible to avail this loan. Maximum amount of loan is restricted to Rs.50,000/- per individual.

2.5 PAN INDIA NETWORK

Pan India Network refers the network among the various domestic branches, extension counters, satellite offices, banking service centers, ATMs and ultra small branches of Indian Bank.

Figure 2.8
Pan India Network
The above figure 2.8 shows that there are 2089 domestic branches, 28 extension counters, 23 satellite offices, 52 banking service centres, 1322 ATMs and 1418 ultra small branches in India.

2.6 AWARDS AND ACCOLADES

The Indian Bank has been given lot of Awards and Accolades for its valuable services. Some of them are given below:-

- Ranked first in strength and soundness, second in profitability and efficiency for FY 2010 – 11 by Financial Express and Ernst & Young Survey, overall bank was ranked third best among public sector banks.
- Golden Peacock Innovative product/Service Award in recognition of contribution to the promotion of Self Help Groups.
- Skoch Challenger Award 2012 – Banking for outstanding contribution in providing banking service to the un-reached villages through various financial inclusion initiatives.
- Skoch Financial Inclusion Award – 2012 for completion of 100% financial inclusion in Union Territory of Puducherry.
- Dun & Bradstreet Banking Award 2011 for Best Asset Quality.
- “Best Risk Master Award” for public sector bank category from FIBAC at the FICCI – IBA conference.
- Outlook Money Awards 2011 for best education loan provider.
- CNBC – TV 18 Award for the best public sector bank in mid size category for superior quality of assets, profitability, efficiency and productivity.
• Adjudged Third among the public sector banks as the best service brand by economic times brand equity.
• Listed among 150 Banks for best RoA as per Banker Magazine.
• Sunday Standard Best Banker Award 2013 for best public sector bank – SME.
• Outlook Money Awards for best Educational Loan Provider (2nd Prize).
• Received Best Bank Award (Public Sector) from Banking Financial Services and Insurance (BFSI) on 14th February 2014 at Mumbai.
• Attained the First Rank and was conferred with the coveted National Award for Excellence in Lending to Micro Enterprises for FY 2012 by the Hon’ble President of Indian on 4th April 2013.
• Awarded First Prize for Excellence in Lending to Micro Enterprises for Hon’ble Prime Minister of India on 1st March 2014.
• Awarded first Prize/Best Bank Award for extending Credit to Self Help Groups from Selvi Dr. J Jayalalithaa, Hon’ble Chief Minister of Tamil Nadu on 24th February 2014.

2.7 NEW INITIATES

The following are some of the new initiatives taken by the Indian Bank:

• 123 new ATMs opened during the year 2010 taking the total to 1,128.
• ATM cum Debit card base increased to 57.1 lakh as on 31.3.2011 from 43.5 lakh as on 31.3.2010.
• 79 biometric ATMs are in operation including operations by Self Help Group members.
Launched maestro enabled Debit cards introduced for Senior Citizens and Inter Bank Mobile Payment Services (IMPS)

24 hours e-banking launch at Alwarpet Chennai inaugurated

e-Stamping project was introduced.

Unique Identification Authority of India (UIDAI) enrollment commenced on 2.3.2013.

Introduced Multi utility product for collection of fees from educational institutions.

6 coin vending machines were installed and 18 note exchange melas were conducted.

A unique current account product “Supreme Current Account’ offering health and wealth insurance cover has been introduced.

Jewel loan for senior citizens.

Applications Supported by Blocked Amount (ASBA) has been implemented for all categories of investors including Qualified Institutional Buyers for applying to Public Issues and Rights Issues.

Tie up with Bajaj Auto Ltd. for financing Three Wheelers.

Loan syndication desk set up.

Bank has launched a Health card – Tie-up with Apollo Hospitals – IB Apollo Hospital Health card entitling the customers to discounts on various services at the chain of Apollo hospitals pan India. Customers of Chennai are given this card during the 1st phase and it would be extended to other zones in subsequent phases.
- Bank launched “Card Block Facility” through SMS under which the credit card customers can block their credit cards by sending an SMS (by typing BLOCKCC) to 56767 from their registered mobile number.
- 443 new ATMs are opened during the quarter ended March 2014 and total number of ATMs as on 31.3.2014 is 2123. This includes 511 offsite ATMs.
- More than 1,63,000 ATMs can be accessed by customers under sharing arrangements.
- Seeding of Aadhar number through SMS / Internet banking / ATM has been implemented. Integration of new payment gateway vendor M/s. PAYTM for online payments. Integration of net Banking with New Railway Reservation System – CRIS is completed⁹.

2.8 KANYAKUMARI DISTRICT

Kanyakumari district, named after the Goddess Kanyakumari is the smallest district in Tamil Nadu with a land spread of 1684 Sq. Km. The district has almost all ecosystems, forests, wetland, fresh water resources and marine resources. Agricultural resources like plantation crops (spices, rubber), banana, coconut and paddy are also produced. The district comprises 68 km in length and is studded with 44 coastal fishing villages.¹⁰

Since the district situated at the extreme south of the Indian sub-continent, the coast line is bordered by three seas namely the Arabian Sea, The Indian Ocean and The Bay of Bengal. But the major part of the coast faces the Arabian Sea.
The district came into existence in 1956 as a result of re-organization of states on the basis of language and included in Tamil Nadu. The headquarters of the district is Nagercoil. The district has four taluks (Vilavankode, Kalkulam, Thovalai and Agestheeswaram), four municipalities (Nagercoil, Padmanabapuram, Kuzhithurai and Colachel) two revenue divisions (Nagercoil and Padmanabapuram), nine blocks, 66 town panchayats, 99 Village panchayats and 81 revenue villages.\footnote{11}

Kanyakumari District has the unique advantage of rainfall during the southwest (June to September) and north-east (October – December) monsoons. Because of its proximity to the equator, its geography and climatic factors favoured the growing of various crops. The annual rainfall ranges between 90 cm and 160 cm and the average is 140 cm.\footnote{12}

A warm humid climate prevails in the district. The summer (March – May) is followed by the south-west monsoon, form June to September, whereas October to November contribute to the northwest monsoon with frequent thunderstorms.\footnote{13}

In the study area there are eighteen branches of Indian Bank with the maximum 48,000 account holders in Nagercoil branch and minimum 1500 account holders in Eraniel branch. In the year 1968 the first branch was started at Nagercoil. The newly opened branch at Eraniel has a least number of account holders, because it is started only in August 2014.

In Kanyakumari District, the Indian bank’s ATMs are available in all the branches except Eraniel branch. Locker facilities are available in Azhappapuram,
Kaliakavilai, Marthandam, Muttom, Meenakshipuram, Nagercoil, Parvathipuram and Thuckalay branches. Chenbagaramanputthur, Enayamputhenthrurai, Kurumbani and Thoothoor branches come under rural area. All the other branches belong to the urban area.

**Figure 2.9**

**Indian Bank’s Branches in Kanyakumari District**

The figure 2.9 shows the various branches of Indian Bank in Kanyakumari District.
<table>
<thead>
<tr>
<th>S. No</th>
<th>Name of the Branch</th>
<th>Year of Establishment</th>
<th>Total No. of Account holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Azhagappapuram</td>
<td>1971</td>
<td>31000</td>
</tr>
<tr>
<td>2</td>
<td>Chenbagaramanputthur</td>
<td>2013</td>
<td>7000</td>
</tr>
<tr>
<td>3</td>
<td>Colachel</td>
<td>2008</td>
<td>21000</td>
</tr>
<tr>
<td>4</td>
<td>Edaicode</td>
<td>2013</td>
<td>7000</td>
</tr>
<tr>
<td>5</td>
<td>Enayamputhanthurai</td>
<td>2010</td>
<td>18000</td>
</tr>
<tr>
<td>6</td>
<td>Eraniel</td>
<td>2014</td>
<td>1500</td>
</tr>
<tr>
<td>7</td>
<td>Kaliyakavilai</td>
<td>1970</td>
<td>33000</td>
</tr>
<tr>
<td>8</td>
<td>Kanyakumari</td>
<td>2005</td>
<td>20000</td>
</tr>
<tr>
<td>9</td>
<td>Kurumbanai</td>
<td>2013</td>
<td>6100</td>
</tr>
<tr>
<td>10</td>
<td>Marthandam</td>
<td>2010</td>
<td>24000</td>
</tr>
<tr>
<td>11</td>
<td>Muttam</td>
<td>2008</td>
<td>20500</td>
</tr>
<tr>
<td>12</td>
<td>Meenakshipuram</td>
<td>1989</td>
<td>24000</td>
</tr>
<tr>
<td>13</td>
<td>Nagercoil</td>
<td>1968</td>
<td>48000</td>
</tr>
<tr>
<td>14</td>
<td>Neyyoor</td>
<td>2012</td>
<td>9000</td>
</tr>
<tr>
<td>15</td>
<td>Parvathipuram</td>
<td>2013</td>
<td>4500</td>
</tr>
<tr>
<td>16</td>
<td>Thiruvattar</td>
<td>2012</td>
<td>7000</td>
</tr>
<tr>
<td>17</td>
<td>Thoothur</td>
<td>2010</td>
<td>6500</td>
</tr>
<tr>
<td>18</td>
<td>Thuckalay</td>
<td>2009</td>
<td>13400</td>
</tr>
</tbody>
</table>

**Source:** Indian Bank Records.
The figure 2.10 shows the total number of account holders of various branches of Indian Bank in Kanyakumari District. The Nagercoil and Kaliyakavilai branches have maximum number of customers.

2.9 CONCLUSION

This chapter deals with an overview of Indian Bank. The various services rendered by the bank, the deposits, loans and advances to various sectors are given more importance. Indian bank grant loans and advances mainly for agriculture. It has disbursed a huge amount to Self Help Groups and won many awards. Indian Bank initiates a lot of activities every year. In Kanyakumari District it has eighteen branches to extend its services.
REFERENCES


7. Performance highlights of Indian Bank 2013-14 (Pan India net work)

8. Performance highlights of Indian Bank. 2010 to 2014 (Awards and accolades)


