5.1 **P.N.B.'s Vision & Mission:**

**Corporate Vision** – To evolve and position the bank as a world class progressive, cost effective and customer friendly institution providing comprehensive financial and related services, integrating frontiers of technology and serving various segments of society especially the weaker section, committed to excellence in serving the people and also excelling in corporate values.

**Corporate Mission** - To be India's most profitable universal bank. To provide excellent professional services and improve its position as leader in the field of financial and related services, build and maintain a team of motivated and committed work force with high work ethos, use latest technology aimed at customer satisfaction and act as an effective catalyst for socio-economic development.

5.2 **Progress at Glance:-**

Punjab National Bank offers wide variety of banking services, which include corporate and personal banking, Industrial finance, agricultural finance, financing of trade and international banking. Among the clients of bank are multi-national companies, Indian conglomerates, medium and small industrial units, exporters and non-resident Indians. The large presence and vast resource
base have helped the bank to build strong links with trade and industry.

With its long tradition of sound banking and in-depth knowledge of Indian economy, the bank has been able to help its clients in their projects. Punjab National Bank is ranked 416 among the biggest banks in worldwide banker’s Almanac (July, 2002) London.
# Punjab National Bank – Progress at Glance

Table No.5.1

(Rs. In crores)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Last day June '69</th>
<th>Last Friday Mar. '94</th>
<th>Mar. '96</th>
<th>Mar. '98</th>
<th>Mar. '00</th>
<th>Mar. '03</th>
<th>Mar. '04</th>
<th>Progress Index Mar.04 / June 69 *100</th>
<th>Mar.04 / Mar., 03 *100</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of office in India</td>
<td>569</td>
<td>3686</td>
<td>3733</td>
<td>3794</td>
<td>3853</td>
<td>4037</td>
<td>4022</td>
<td>706.85</td>
<td>99.63</td>
</tr>
<tr>
<td>Rural</td>
<td>82</td>
<td>2005</td>
<td>2000</td>
<td>192</td>
<td>1925</td>
<td>1934</td>
<td>1933</td>
<td>2357.32</td>
<td>99.94</td>
</tr>
<tr>
<td>Semi-Urban</td>
<td>270</td>
<td>618</td>
<td>636</td>
<td>667</td>
<td>694</td>
<td>791</td>
<td>788</td>
<td>291.85</td>
<td>99.62</td>
</tr>
<tr>
<td>Urban</td>
<td>134</td>
<td>673</td>
<td>700</td>
<td>689</td>
<td>714</td>
<td>777</td>
<td>770</td>
<td>574.63</td>
<td>99.10</td>
</tr>
<tr>
<td>Metro</td>
<td>83</td>
<td>390</td>
<td>397</td>
<td>512</td>
<td>520</td>
<td>535</td>
<td>531</td>
<td>639.76</td>
<td>99.25</td>
</tr>
<tr>
<td>No. of Employees</td>
<td>12746</td>
<td>72723</td>
<td>71263</td>
<td>66599</td>
<td>64733</td>
<td>58981</td>
<td>58839</td>
<td>461.63</td>
<td>99.76</td>
</tr>
<tr>
<td>Aggregate deposits</td>
<td>355</td>
<td>211.78</td>
<td>26799</td>
<td>35013</td>
<td>47067</td>
<td>75813</td>
<td>87916</td>
<td>24765.07</td>
<td>115.96</td>
</tr>
<tr>
<td>Gross credit</td>
<td>243</td>
<td>108.25</td>
<td>13291</td>
<td>17003</td>
<td>23766</td>
<td>46228</td>
<td>47225</td>
<td>19434.16</td>
<td>117.39</td>
</tr>
<tr>
<td>Ratio (%) Credit – Deposit</td>
<td>68.4</td>
<td>51.1</td>
<td>49.6</td>
<td>48.6</td>
<td>50.5</td>
<td>53.06</td>
<td>53.72</td>
<td>78.54</td>
<td>101.24</td>
</tr>
</tbody>
</table>

Source: PNB zonal office Shimla
Punjab National Bank was nationalized in 1969 along with other 13 major banks. As far as the progress of Punjab National Bank is concerned, table 5.1 depicts the trends. In the table main indications which were considered were, number of officials, number of employees, deposits, credits. The table 5.1 shows the progress index of bank in financial year 2003-04, taking June 1969 as base and March, 2003 as base.

Since nationalization above table shows, there is about 7 times increase in branch offices of the bank, but maximum expansion of branches is in rural sector, the index is 2357.32. The least expansion of offices is in the metro, the indexes 639.76. It means there is about 6 times increase in number of offices in metro cities.

Human resource is the strength of any concern or organization. Human resource development is the basic policy of P.N.B. Table shows on March, 2004, there is 361.63% increase in human force of P.N.B. since nationalization. But, if we have narrow comparison, then the index on March, 2004 taking March, 2003 as base is 99.76 showing a decrease of 0.24% in personnel. It is a result of computerization and installation of Information Technology.
Deposits are termed as blood of any banking institution. Raising deposits for funding the bank lending operations has been a consistent policy of P.N.B. The aggregate deposits of the bank recorded a growth of 24,655.07% since nationalization and 15.96% during the finance year 2003-04. The bank has sufficient funds to cater the needs of potential borrowers.

The gross credit of the bank stood on June, 1996 Rs. 243 crores and Rs. 47225 crores on March, 2004, showing an increase of 19334.16% and which have progress index of 19434.16. After comparing the figure, during the period 1969 to 2004 a trend of continuous increase is there. But, if credit deposit ratio is concerned then it has zig-zag path ultimately showing decrease in credit deposit ratio percent-wise. The progress index of credit ratio is 78.54 on March, 2004 showing a decrease of 21.46% since nationalization. But, taking March, 2003 as base it has index of 101.24 showing an increase of 1.24% over the year 2002-03.

5.3. Branch Expansion of P.N.B.

Incorporated as the Punjab National Bank Ltd. in Lahore in 1894 and started operations in 1895. First bank to have
been started solely with Swadeshi Capital was nationalized in 1969. 7 banks have merged with P.N.B. over the years.

a. Bhagwan Das Bank Ltd. In 1940
d. Universal Bank Ltd. In 1961

Presently, due to amalgamation of erstwhile Nedugarhi Bank Ltd., having 174 branches. The total No. of branches of bank increased to 437 at the end March, 2003. This comprised –

- Rural 1934 branches
- Semi-urban 791 branches
- Urban 777 branches
- Metropolitan 535 branches

During the year 2002-03 the bank opened 25 new branches. With 4473 offices, including 436 extension counter the Bank has the largest branch network among the nationalized banks. To effectively cater to specific client groups, specialized
branches have been setup for trade, finance, small-scale industries, large corporate borrowers and mid corporate borrowers.

5.4 Growth of man power in P.N.B.

In the modern world growth is no longer an option but has become essential for survival because of speed and magnitude of the changes that are taking place. This equally true of the banking industry which can not escape the winds of change.

At the end of March, 2003 the bank had 58981 employees including 1573 employees of erstwhile Nedungarhi Bank Ltd. Of these women employees constituted 12.77%, while SC's and ST's formed 22.47 of total work force.
### STAFF STRENGTH

#### Table – 5.2

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.  %age</td>
<td>No.  %age</td>
<td>No.  %age</td>
<td>No.  %age</td>
<td>No.  %age</td>
<td>No.  %age</td>
</tr>
<tr>
<td>Officers</td>
<td>17270</td>
<td>17173</td>
<td>16821</td>
<td>15045</td>
<td>16591</td>
<td>17716</td>
</tr>
<tr>
<td></td>
<td>25.2</td>
<td>25.8</td>
<td>25.9</td>
<td>26.0</td>
<td>28.2</td>
<td>30.2</td>
</tr>
<tr>
<td>Clerks</td>
<td>37048</td>
<td>35761</td>
<td>34796</td>
<td>31021</td>
<td>30924</td>
<td>29847</td>
</tr>
<tr>
<td></td>
<td>54.0</td>
<td>53.7</td>
<td>53.8</td>
<td>53.6</td>
<td>52.4</td>
<td>50.7</td>
</tr>
<tr>
<td>Sub-Staff</td>
<td>14242</td>
<td>13665</td>
<td>13116</td>
<td>11793</td>
<td>11466</td>
<td>11276</td>
</tr>
<tr>
<td></td>
<td>20.8</td>
<td>20.5</td>
<td>20.3</td>
<td>20.4</td>
<td>19.4</td>
<td>19.1</td>
</tr>
<tr>
<td>Total</td>
<td>68560</td>
<td>66599</td>
<td>64733</td>
<td>57859</td>
<td>58981</td>
<td>58839</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: PNB zonal office Shimla

At the closing of financial year 2003 –04 bank had 58839 employees showing a decrease of 142 employees. Of these officers are 30.2%, clerks are 50.7%. and sub-staff are 19.1%. Somehow it is an impact of computerization that officers are increasing and clerks and sub-staff are in decreasing trend.
5.5 Financial Highlights of P.N.B. as on March, 2003

1. Total business stood at Rs. 116,041 crore in March, 2003 as compared to Rs. 98,492 crore in March, 2002, registering an increase of 17.8%.

2. Total deposits were Rs. 75,813 crore at the end of March, 2003 compared to Rs. 64,123 crore at the end of March, 2002, registering a growth of 18.2%.

3. Operating was Rs. 2317.29 crore at the end March, 2003 as compared to Rs. 1473.80 crore in previous year passing a growth of Rs. 57.2%.

4. Low cost deposits comprising saving and current deposits formed 49.6% of total deposits at the end March, 2003.
5. Total advances grew by 17.0% from Rs. 34369 crore at the end of March, 2002 to Rs. 40228 crore at the end of March, 2003.

6. Priority Sector credit at Rs. 18659 crore was 46.68% of nett credit, surpassing the National goal of 40%.

7. Ratio of net NPA's to net advances declined to 3.86% from 5.32% at the end of March, 2002.

8. Staff productivity measured in terms of business per employee rose to Rs. 1.96 crore from Rs. 1.68 crore at the end of March, 2002.

9. The bank achieved a net profit of Rs. 842.20 crore in March, 2003 as compared to Rs. 562.39 crore in March, 2002 registering a growth 49.8%.
## Financial Performance at a Glance:

### Table – 5.3

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Unit</th>
<th>March, 01</th>
<th>March, 02</th>
<th>March, 03</th>
<th>March, 04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital &amp; Reserve</td>
<td>Rs. Crore</td>
<td>2669</td>
<td>3216</td>
<td>4033</td>
<td>5012</td>
</tr>
<tr>
<td>Deposits</td>
<td>Rs. Crore</td>
<td>56131</td>
<td>64123</td>
<td>75813</td>
<td>87916</td>
</tr>
<tr>
<td>Increase in Amount</td>
<td>Rs. Crore</td>
<td>8648</td>
<td>7992</td>
<td>11690</td>
<td>12103</td>
</tr>
<tr>
<td>%age increase</td>
<td>Percent</td>
<td>18.20</td>
<td>14.23</td>
<td>18.23</td>
<td>15.96</td>
</tr>
<tr>
<td>Advances</td>
<td>Rs. Crore</td>
<td>28029</td>
<td>34369</td>
<td>40228</td>
<td>47225</td>
</tr>
<tr>
<td>Increase in amount</td>
<td>Rs. Crore</td>
<td>5457</td>
<td>6340</td>
<td>5869</td>
<td>6997</td>
</tr>
<tr>
<td>%age increase</td>
<td>Percent</td>
<td>24.20</td>
<td>22.62</td>
<td>17.0</td>
<td>17.39</td>
</tr>
<tr>
<td>Forex turn over</td>
<td>Rs. Crore</td>
<td>18055</td>
<td>22400</td>
<td>26132</td>
<td>30922</td>
</tr>
<tr>
<td>Export Credit</td>
<td>Rs. Crore</td>
<td>2963</td>
<td>3013</td>
<td>3912</td>
<td>3982</td>
</tr>
<tr>
<td>Total Income</td>
<td>Rs. Crore</td>
<td>6642</td>
<td>7626</td>
<td>8735</td>
<td>9647</td>
</tr>
<tr>
<td>Increase in amount</td>
<td>Rs. Crore</td>
<td>760</td>
<td>984</td>
<td>1109</td>
<td>912</td>
</tr>
<tr>
<td>%age increase</td>
<td>Percent</td>
<td>12.92</td>
<td>14.81</td>
<td>14.54</td>
<td>10.44</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>Rs. Crore</td>
<td>5697</td>
<td>6152</td>
<td>6418</td>
<td>6526</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>Rs. Crore</td>
<td>945</td>
<td>1474</td>
<td>2317</td>
<td>3121</td>
</tr>
<tr>
<td>Net Profit</td>
<td>Rs. Crore</td>
<td>464</td>
<td>562</td>
<td>842</td>
<td>1109</td>
</tr>
<tr>
<td>Increase in amount</td>
<td>Rs. Crore</td>
<td>56</td>
<td>98</td>
<td>280</td>
<td>267</td>
</tr>
<tr>
<td>%age increase</td>
<td>Percent</td>
<td>13.73</td>
<td>21.12</td>
<td>49.82</td>
<td>31.71</td>
</tr>
<tr>
<td>Profit per Employee</td>
<td>Rs. Lacs</td>
<td>0.80</td>
<td>0.97</td>
<td>1.43</td>
<td>1.88</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>%age</td>
<td>0.73</td>
<td>0.7</td>
<td>0.98</td>
<td>1.08</td>
</tr>
<tr>
<td>Net NPA to Net Credit</td>
<td>%age</td>
<td>6.69</td>
<td>5.32</td>
<td>3.86</td>
<td>0.98</td>
</tr>
</tbody>
</table>

Source: PNB Zonal Office Shimla

- 147 -
As far as the financial performance of the bank is concerned table - 5.3 indicate the trends. In the table main indications which were considered were capital and reserves, deposits, advances, forex turnover, export credit, income, net profit, profit per employee, return on assets and net NPA to net credit. The table 5.3 shows the trends in financial performance of the bank from the year 2000-01 to 2003-04.

Started with the net worth of Rs. 2669 crore it has reached to Rs. 5012 crore in the year 2003-04. It is a era of cheap banking services, ultimately resulting in low profit margins but, Punjab National Bank has still almost doubled its net worth in short span of 4 financial year.

Deposits act as reservoirs for banking lending operations. The aggregate deposits of the bank recorded a growth of 15.96% in the year 2003-04. In year of 2004 the total deposits were Rs. 87916 crore in comparison to Rs. 75813 crore in 2003. which shows the increase of Rs. 12103 crore during the period one financial year. Highest increase in deposits is in the financial year 2003-04 and least increase is in the year 201-02.

The table 5.3 throws the light on advances of the bank given to different parties. Advance were Rs. 28029 crore in 2000-
01 to Rs. 47225 crore in 2003-04, almost double in short span of 4 years. After comparing the figure during the above period, a trend of continuous increase is there. Highest increase in percentage wise is seen in the year 2000-01 that is 24.20%.

Forex turnover of the bank services was Rs. 18055 crore in the year 2000-01 to Rs. 30922 crore in the year 2003-04. There is continuous increase in the forex turnover of the bank.

Export credit of the bank stood Rs. 2963 crore in the year 2000-01 in comparison to Rs. 3982 crore in the year 2003-04. There is continuous increase in the export credit of the bank since the financial year 2000-01. Highest increase in the export credit is during the year 2002-03 which is Rs. 899 crore.

Table 5.3 shows that in the head of income, interest earned and other income has been included. It is very clear that with the increase of income there is also increase in net profit. But, increase in net profit, percentage wise is more in comparison to increase in total income. It means bank has been able to reduce its costs to earn more profits. Highest increase in income of the bank is in the year 2001-02 whereas highest increase in the net profit of the bank is during the year 2002-03.
If we compare the profit of last 4 years during the period 2000-01 to 2003-04, it shows that every year there is substantially increase in the profit. The bank posted substantially higher net profit of Rs. 842 crores during 2002-03. In comparison to Rs. 562 crore in 2001-02, reflecting a rise of 49.82%. Again in the year 2003-04 bank earned net profit of Rs. 1109 crore against Rs. 842 crore during the period 2002-03, registered an increase of 31.71%. The major contributing factors for improved net profit were higher interest income from varieties of advances as well as investment operations, lower operating cost and better performance of foreign offices. P.N.B. is one of the cost effective operating banks of the world.

Profit per employee is Rs. 80 thousands in the year 2000-01 whereas it is Rs. 1.88 Lac during the year 2003-04. It is due to decrease in number of employees and increase in profits during the said periods.

Return on assets is 0.73% during 2000-01 and 1.08% during 2003-04. With increase in operational efficiency of the bank management it is increasing every financial year. With the effective management techniques bank can further increase its return on assets ratio percentage wise.
Non performing assets (NPA) is a hurdle in the progress of bank. It is the amount of advances given which is not being returned by the borrower. It should be minimum. If we compare the net NPA to net credit ratio in the table 5.3 it shows decrease in every financial year. It was very high in the financial year 2000-01, which is 6.69% but, substantially reduced to 0.98% during financial year 2003-04. Major contributory factors to reduce NPA were, debt recovery camps, close follow up with defaulting borrowers, negotiated settlement and compromises keeping in view the guidelines issued by RBI and recourse to debt recovery tribunals and Lok Adalts.

5.6 Business Area of P.N.B.:-

The banks operation are classified in to two primary business segments

i) Treasury Operations

ii) Banking Operations

i) Treasury Operations: PNB has centralized treasury operation at Delhi. It has three additional forex dealing rooms at Mumbai, Chennai and Kolkata. Treasury operations of PNB are one of the largest and most diversified with integrated rupee and forex operations. Treasury operations improved during the year
2002-03 with an increase in turnover from Rs. 38,168 crore in year 2001-02 to Rs. 2,72,843 crore in the year 2002-03. Profit on sale of investments increased from Rs. 438 crore in 2001-02 to Rs. 672 crores in 2002-03. Asset-liability management committee (ALCo) reviews liquidity and interest rate sensitivity position.

ii) **Banking operations:** Bank directed its efforts at improving profitability further and implemented various strategies towards this end. Among the focus areas were reducing cost of deposits through a more favourable deposit mix, increasing recovery in NPA's, improving non-interest incomes. Revenue from banking operations increased from Rs. 4051 crore at the end of March, 2002 to Rs. 4672 crore at the end of March, 2003.

5.6.1 **International Operations:** In order to facilitate foreign exchange transactions, the bank has 134 authorised branches across the country to handle foreign exchange business independently including nine position maintaining offices which maintain Nostro Accounts in various currencies. The bank has established eleven International Banking Branches (IBBs) at important centers for the benefit of exporters/importers clients, out of which ten IBBs have been certified with ISO 9002 Certification. For providing efficient service to its clients, bank has provided (SWIFT) Society for World Wide Inter Bank Financier
Telecommunication, Connectivity to 112 authorised offices. The bank is having correspondent relationship with over 200 International Banks and has entered in to Rupee Drawing Arrangement with 10 exchange houses in the middle countries and Singapore to facilitate easy and quick remittances from non-resident Indians.

The bank has joint venture agreement with Everest Bank Ltd., Nepal with 20% equity participation and technical services agreement to provide professional management. With the managerial support of PNB, Everest Bank Ltd. Has become one of the leading banks in Nepal. The bank is also having a representative office at Almaty, Kazakhstan to support export-import trade of India with Central Asian Countries.

Export turnover of the bank increased from Rs. 12968 crore in 2001-02 to Rs. 16557 crore in 2002-03 registering a growth of 27.7%. Total export-import turnover of the Bank increased from Rs. 22400 crore in 2001-02 to Rs. 26132 crore in 2002-03 registering a growth 16.7%.

5.6.2 **Priority Sector Credit:** The bank has consistently supported the task of development of rural economy and poverty alleviation. The bank's financing schemes targeted at Rural
Population aim at improving their economic status besides generating self-employment. The bank is also actively involved with various self-help groups for micro finance.
### Priority Sector Credit

**Table – 5.4**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>March, 02</th>
<th>March, 03</th>
<th>Increase / Decrease</th>
<th>%age Increase Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Sector Credit</td>
<td>15179</td>
<td>18659</td>
<td>3480</td>
<td>22.93</td>
</tr>
<tr>
<td>Of Which:-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Agriculture Sector</td>
<td>5256</td>
<td>7084</td>
<td>1828</td>
<td>34.78</td>
</tr>
<tr>
<td>- Direct</td>
<td>3796</td>
<td>4770</td>
<td>974</td>
<td>25.66</td>
</tr>
<tr>
<td>- Indirect</td>
<td>1460</td>
<td>2314</td>
<td>854</td>
<td>58.49</td>
</tr>
<tr>
<td>(b) Small Scale Sector</td>
<td>4309</td>
<td>4793</td>
<td>484</td>
<td>11.23</td>
</tr>
<tr>
<td>(c) Others</td>
<td>5614</td>
<td>6782</td>
<td>1168</td>
<td>20.81</td>
</tr>
<tr>
<td>Credit to weaker Sector</td>
<td>3349</td>
<td>4175</td>
<td>826</td>
<td>24.66</td>
</tr>
<tr>
<td>Credit to SC/ST Beneficiaries</td>
<td>854</td>
<td>1114</td>
<td>260</td>
<td>30.44</td>
</tr>
<tr>
<td>Credit to Women beneficiaries</td>
<td>914</td>
<td>1790</td>
<td>876</td>
<td>95.84</td>
</tr>
</tbody>
</table>

Source: PNB Annual Reports.
A. **Credit to Agriculture**: With a view to meeting the aspiration of rural masses added emphasis is laid on augmenting the flow of credit to agriculture sector. Credit to agriculture sector increase by Rs. 1828 crore from 5256 crore at the end of March, 2002 to Rs. 7084 crore at the end of March, 2003 showing an increase of 34.8%. The share of agriculture credit in net bank credit increased from 15.76% in 2001-02 to 16.43% in 2002-03 as compared to National Goal of 18%.

As an alternate channel of credit delivery through Kissan Credit Card (KCC), the bank issued 2.52 Lac KCC against the target of 1.50 Lac KCC during 2002-03.

B. **PNB Farmers Welfare Trust**: In its earnest endeavour towards prosperity and welfare of the farming community, the bank has formed ‘PNB Farmers’ Welfare Trust’. The trust imparts training in different states to disseminate knowledge about technological developments, better cultivation, animal husbandry, plant protection, storage & marketing practices, etc.

C. **Credit SSI Sector**: The bank efforts in supporting rural industrialization were duly recognized and the bank born the “Prime minister Recognition” for outstanding contribution to Khadi,
Village and Cottage Industries”. Credit to small scale industries increased by Rs. 484 crore from 4309 crore at end of March, 2002 to Rs. 4793 crore at the end of March 2003, showing an increase of 11.2 % and accounting for 12% of Net Bank Credit.

D. Credit to Weaker Sector: Credit to weaker sector increased by Rs. 826 crore from Rs. 3349 crore at the end of March, 2002 to Rs. 4175 crore at the end of March, 2003 posting an increase of 24.7%. Credit to SC/ST beneficiaries increased by Rs. 260 crore from Rs. 854 crore to Rs. 1114 crore, showing an increase of 30.4 %. The ratio of weaker sector advances to net bank credit was 10.45% in 2002-03 against the National Goal of 10%.

E. Credit to Women Beneficiaries: Credit to women beneficiaries increased from Rs. 914 crore in March 2002 to Rs. 1790 crore in March 2003 showing a growth of Rs. 876 crore or 96%. Thus ratio of credit to women beneficiaries to net bank credit increased from 2.74% in March, 2002 to 4.48 % as on March, 2003.
5.6.3 **Golden Jubilee Rural Housing Scheme** :-

Compare to 4459 dwelling units financed during year 2001-02, the bank financed 6521 dwelling units during the year 2002-03 as against the target of 6500 units.

5.6.4 **Regional Rural Banks** :-

The bank has sponsored 19 Regional Rural Banks. All 19 RRBs sponsored by the bank were in profit. Combined Net Profit of RRBs during the year 2002-03 was 130 crore. In Himachal PNB sponsored Regional Rural Bank is Himachal Gramin Bank (HGB), head quarter at Mandi.

5.6.5 **Credit Card Business** :-

PNB International Credit Card is co-branded with the Hong Kong and Shanghai Banking Corporation Ltd. (HSBC) and nearly 38500 cards have so far been issued. The bank has also launched maestro brand of Debit Card, for the customers for use at merchant establishments which have tied up with the Master Card.

5.6.6 **Bancassurance** :-

Bancassurance refers to the marriage of Banking and insurance. With the recent trend of emergence of Financial Conglomerates capable of providing complete range of financial services, distinction between banking and insurance is getting blurred. Banks are eager to enter insurance business. In Europe
the Synergy between Banking and Insurance gave rise to the concept of Bancassurance- A package of financial services that can fulfill both banking and insurance needs. In France for example over half of the insurance product are sold through banks. In the US banks lease space to ensure and retail product of multiple insurers, in the way the shops sell the product.

The bank entered into an MOU with the New India Assurance Company Ltd. on April 16, 2003 to act as its corporate agent for distributing its non-life insurance products. By the end of 2003-04 bank procure 1,58,761 polices and collected premium of Rs. 2711 lac and earned Rs. 223 lac as insurance commission.

5.6.7 **Dematerialisation & Depository Services:**

The unprecedented boom in stock markets which started with the decade of 90’s led to very high levels of trades and substantial increase in investor population. The growth though welcome, brought out a number of problems in the way trade in securities was being conducted. Conventional system of transfer of ownership of securities through execution of transfer deeds and submission in shares in physical form led to the problem of bad deliveries, risks of loss due to theft, mutilation of securities in the process of transfer and problem associated with the handling of huge volumes of paper which threatened the very survival of capital.
market in long run. Following the example of developed capital markets scrip less trading and electronic settlements were introduced in India in 1996 with the passage of Depository Act 1996. The system of paper less trading and settlements through electronic book entries with the help of depositories is referred to as De-materialisation. The Dematerialisation process works with in the ambit of rules framed under SEBI Regulations, 1996, Bye Laws and Rules framed by NSDL / CDSL and Depository Act.

PNB is also one of the depository participant with NSDL, and Depository services were started in December, 1998 through branch office, Sansad Marg, New-Delhi. In December 1999, 10 Delhi Branches were authorized to provide depositories services as agent of branch office Sansad Marg, New-Delhi. Branch office Brandi House, Mumbai was also authorized to work independently as depository participant w.e.f., June 2000. Services provided by the bank are as follows –

1. Maintenance of Beneficial Holdings through Depository Participant.

2. Dematerialization of securities and creating an electronic entry in the depository system.
3. Re-materialization i.e. the electronic entry is debited and physical certificated are printed and sent to the client directly by the company.

4. Pledge, hypothecation, if the client intends to raise advance against demat securities, the same can be done by pledging the securities in the favour of bank.

5. Trading in de-mat Securities.

6. Freezing, Defreezing of De-mat account.

7. Transmission, in case of joint account, the share can be transferred in the name share holders by depository participant.

5.7 Information Technology and Communication Network of Punjab National Bank :-

With technology emerging as a key driver of business growth, the bank continued its efforts towards technology upgradation. As a recognition of its efforts, the bank was conferred the “Best Bank Award for Excellence in Banking Technology” by the Institute for Development and Research in Banking Technology (IDRBT), Hyderabad for the year 2001-02.

The bank has computerized 3035 branches constituting more than 75% of total branches. Geographically, 98%
of metro, 96% of Urban, 89% of Semi-urban and 58% of rural branches of the bank are either totally or partially computerized. Thus 87.3% of bank's total business is captured through computerization. The bank has installed 242 ATMs out of which 174 are interconnected to provide anywhere, any time banking service to ATM card holders.

In order to have a well co-ordinated information transmission system, the bank is implementing a system for computerization of management information system (MIS) asset classification and credit monitoring. This system is known as LADDER (Loans and Advances Data Desk for Evaluation Reports System)

5.8 Customer care of PNB:

With a view to achieving excellence and providing quality service to the customers the bank initiated a quality movement. The ISO 9002 certification of offices is a milestone in the banks efforts for better customer care. 296 offices of bank are ISO 9002 certified, it include 5 Zonal Offices, 20 Regional Offices, 10 International Banking Branches, 2 Foreign Exchange Offices, 4 Specialised SSI branches, 39 other branches.
Further the bank has implemented a customer grievance redressal system called "Chief Host" in all the Zonal and regional offices. This provides a quick means for addressing customer grievances and has received encouraging response. To provide a better customer service in issuing demand drafts / pay orders, the concept of "Express Service Counter" has been introduced. The bank has also issued "Citizen Charter" highlighting the services of the bank including mechanism for redressal of complaints. The bank also maintain a website www.pnbindia.com containing the details about the bank and the services offered.

5.9 **Industrial Relation and Welfare Scheme**

Industrial relations of the bank continued to remain cordial and harmonious. There had been regular exchange of views with employers' representatives. The bank continued with the existing welfare scheme for the benefit of employees, which are given below –

1. Memento to employees on retirement
2. Scholarship scheme to provide financial assistance to one talented child of the employee.
3. Financial compensation to the family of an employee who dies while in service of the bank.
4. Silver Jubilee award on completion of 25 years of service.
5. Holiday home at various stations throughout the country.
6. Library facilities at the branches/offices.
7. Canteen facilities for staff.
8. Facility of part-time medical consultant.
9. PNB Employees Contributing Benevolent Fund Schemes.
10. PNB Hospitalisation Contributory Schemes for Officers.
11. PNB Employees Relief Fund.
12. Self Financed Group Insurance Scheme for Staff & Officers.

5.10 **Corporate Governance:**

Recognizing the importance of corporate Governance, the bank has been making efforts towards adoption of Best Practices. The bank has an Audit Committee of the Board (ACB) which provide direction and oversees the operation of total audit function of the bank, in particular, the system of internal inspection-audit, its quality, effectiveness, etc. Besides, the bank has implemented risk management systems to mitigate market and credit risks. In recognition of its corporate governance initiatives the bank was adjudged “Runner-up” in the Golden Pea-cock Award for Excellence in Corporate Governance by the Institute of Directors. The bank has implemented the requirements of the code of
Corporate Governance formulated by Securities Exchange Board of India.

5.11 **Corporate Social Responsibility** :-

The bank continued to discharge its social obligations and addressed environmental concern with vigour. During the year 2002-03 bank donated a sum of Rs. 126.18 lac to various charitable Institutions and organizations engaged in the upliftment of poor and socially deprived children/ women, destitute senior citizens and those dedicated to social causes such as basic education for all, health, environment, sports and cultural activities. The bank has adopted 70 schools for imparting education to tribals.

5.12 **Training Activities** :-

Recognizing that training is one of the key for foundation in ensuring overall human development, the bank is laying greater emphasis on developing human capital. The has an apex Training college at Delhi, one IT Centre at Faridabad, three regional staff colleges at Panchkula, Mumbai and Lukhnow and six zonal Training centers at Patna, ludhina, Jaipur, Kolkatta, Delhi and Dehradun. The bank has also established PNB IT, an autonomous Institute of Excellence at Lukhnow as an advanced
academic, research and application center for information technology.

5.13 **NPA Management** :-

The bank has a well defined Recovery Management Policy, which regularly reviewed. Due to initiatives at all level and special emphasis on recovery management, at the end of March 2003, the ratio of net NPAs to net advances declined to 3.86% from 5.32% at the end of March 2002. Among the measures taken to bring down the level of NPAs are holding of recovery camps, close follow up with defaulting borrowers, negotiated settlement and compromises keeping in view guidelines issued by RBI and recourse to debt recovery tribunals and Lok Adalats.