CHAPTER-IV
PROFILE OF REGIONAL RURAL BANKS

4.0 PROFILE OF GULBARGA DIVISION

In this section a brief profile of Gulbarga division which is also known as Hyderabad Karnataka Region (H.K. Region) is given. This region is called H.K region because once upon the time this area was a part of erstwhile Hyderabad province before the formation of new State. When the new State of Mysore was formed in 1956, Kannada language speaking areas of Hyderabad province were added to new state. These areas came to be known as Hyderabad Karnataka Region and were included in Gulbarga division. At present this region includes the districts of Bellary, Bidar, Gulbarga, Koppal and Raichur.

Location and Boundaries :

The region is situated in the North Eastern part of the Karnataka state and falls within the geographical region of North Maidan. It spreads between 14°60’ to 18°30’ Northern latitude and 70°60’ to 77°70’ Eastern latitude (Brijbhabi, 2001).

The region is surrounded by many districts of other states, on the North by Solapur, Nanded and Osmanabad districts of Maharashtra State and on the East by Nizamabad, Medak, Mahaboob Nagar and Rangareddy districts and in the South by Karnool district of Andhra Pradesh State and Chitradurga, Davanagera districts of Karnataka. In the West by Bijapur,
Bagalakot, Gadag and Haveri districts of Karnataka State which districts are faced by Belgaum division.

**Districts Covered by Gulbarga Division:**

The region covers the area of 44108 sq.kms. which accounts for 23 per cent to the total geographical area of the Karnataka. At present it consists of six districts i.e., Bellary, Bidar, Gulbarga, Koppal and Raichur, Yadagir is newly formed district in the State. The table gives the detail idea of the districts includes in the division and the area covered by them respectively.

**Districts of Gulbarga Division and their Area Coverage**

<table>
<thead>
<tr>
<th>Name of the Districts</th>
<th>Area (in sq.kms.)</th>
<th>Percentage of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bellary</td>
<td>8419</td>
<td>19.08</td>
</tr>
<tr>
<td>Bidar</td>
<td>5448</td>
<td>12.36</td>
</tr>
<tr>
<td>Gulbarga</td>
<td>16224</td>
<td>36.78</td>
</tr>
<tr>
<td>Koppal</td>
<td>5559</td>
<td>12.60</td>
</tr>
<tr>
<td>Raichur</td>
<td>8358</td>
<td>19.18</td>
</tr>
<tr>
<td><strong>Total division</strong></td>
<td><strong>44008</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

The above table reveals that, the Gulbarga district is the largest in division with 16224 sq.km. geographical area (36.78 per cent), followed by Raichur district i.e., 8438 sq.km. (19.18 per cent). Bidar is the small district compared to other districts in the division.

**Soil, Climate and Rivers :**

The soil condition of this division varies from district to district. Major portion of Gulbarga and Bidar districts have deep black soil, few parts of Bidar
district i.e., Humnabad, Basavakalyan and Bidar talukas have laterite soil. On the other hand, the districts of Raichur, Koppal and Bellary districts are covered with the reddish, sandy as well as light green loamy soil and reddish brown soil.

The climate of the division in general is characterized by dryness for the major part of the year and a very hot summer. The division receives rainfall both from South West and North East monsoon. However, the rainfall in the division is very scant at 692 milli meter in a year.

Three major river basins of South India i.e., Godavari, Krishna and Tungabhadra flow in the major parts of this division, Karanja, Bheema, Krishna and Tungabhadra are the major rivers of the division.

**Mineral Resources :**

The division is endowed with rich mineral resources such as limestone, gypsum, quartz, stearite, baxite, Kaolin, redochre, white quartz and iron ore manganese. The most important mineral of Gulbarga district is the limestone which is found in Chittapur, Sedam, Chincholi, Shahapur, Shorapur and Jewargi talukas covering about 1500 sq. miles large deposits of Kaolin are located in Bidar district. About 2500 tones of good Kaolin clay is estimated to be available in the district. Raichur is the only other district where gold is produced.

**Human Resources :**

The total population of the division according to 2001 census is 9526286 which is about 18 per cent of the population of Karnataka state, but it
is less when compared to North Karnataka region. The density of population is less than the state accounts. The details of population and density rate will be understood by the table.

**District-wise Population and Density of Gulbarga Division**

<table>
<thead>
<tr>
<th>Name of the district</th>
<th>Population</th>
<th>Density</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Bellary</td>
<td>1029714</td>
<td>997426</td>
</tr>
<tr>
<td>Bidar</td>
<td>771022</td>
<td>731351</td>
</tr>
<tr>
<td>Gulbarga</td>
<td>1592789</td>
<td>1538133</td>
</tr>
<tr>
<td>Koppal</td>
<td>603312</td>
<td>592777</td>
</tr>
<tr>
<td>Raichur</td>
<td>841840</td>
<td>827922</td>
</tr>
<tr>
<td><strong>Total Division</strong></td>
<td><strong>4838677</strong></td>
<td><strong>4687609</strong></td>
</tr>
</tbody>
</table>

It is clear from the above table the district-wise distribution of population density in the Gulbarga division can be estimated. Majority of the population is in Gulbarga district i.e., 32.87 per cent to the total division population, but it has low density i.e., 193 and followed by Bellary district i.e., 21.28 per cent. Bidar district has the highest population density rate i.e., 276. It is higher than the state accounts.

**Literacy Level:**

The level of education in the division is low. The literacy of the both male and female population is also less compared to the state average as well as Belgaum division.
The literary and occupational pattern of Gulbarga division is shown in the table. The above table shows that Bidar district has highest rate of literacy (61.98 per cent) among the districts of Gulbarga division and Raichur has lowest literacy rate i.e., 49.54 per cent. The male and female literacy rate is not uniform among the districts of the division. Bidar again leads with 79.29 per cent of male and 50.01 per cent of female literacy where as Raichur lacks behind with 62.02 per cent of male and 36.84 per cent of the female literacy.

**Occupational Structure :**

Majority of the population depends on agriculture for their subsistence in the division. The percentage of agricultural laborers has been decreased marginally in recent years. The occupational structure of division is understood by the table.
The above table is the evident for the occupational structure of
Gulbarga division. There were 30.30 per cent of cultivators in 1991 and 27.79
per cent cultivators in 2001 census. It is similarly, 43.23 per cent of
agricultural workers in 1991 and 40.59 per cent of agricultural workers in 2001
census. Agricultural labours are still dominant in rural economy, though their
number is declining in recent years. Only in recent years a shift towards
tertiary sector is observed. The below mentioned graph indicates the
occupational structure in the division.

**Profile of Krishna Grameena Bank:**

Krishna Grameena Bank is sponsored by the prestigious institution like
the State Bank of India. It started functioning on the 1<sup>st</sup> December 1978. Its
area of operation is confined to Gulbarga and Bidar districts of Karnataka.
Both these districts are known for their backwardness and are also the
leading districts of the sponsored bank. The position of the co-operatives is
very weak in Gulbarga district and it is quite strong in Bidar district. The total
area covered by these two districts is around 21,672 sq.kms. It has been
spread over 15 taluks and 1,895 inhabited villages. The total population in the
Bank’s command area is estimated at 30.69 lakhs according to the 1981
census. Gulbarga district is much bigger in size and also in terms of
population compared to Bidar. The total area of Gulbarga district is 1,62,224 sq.kms. as against 5,448 sq.kms. in case of Bidar district. The number of villages inhabited is 1,304 in Gulbarga district as against 591 in Bidar district. While population of Gulbarga district is 20.75 lakhs, it is only 9.94 lakhs in Bidar district. There are 10 taluks in Gulbarga and 5 taluks in Bidar district.

Krishna Grameena Bank has an authorized capital of Rs 100 lakhs and a paid-up capital of Rs. 25 lakhs. The capital is contributed to the extent of Rs. 12.5 lakhs by the Government of India, Rs. 3.75 lakhs by Government of Karnataka and Rs. 875 lakhs by the State Bank of India. The organizational set-up and administrative machinery of bank is designed in a fashion shown in proceeding pages.

Krishna Grameena Bank selected these two districts on account of their extreme backwardness and existence of large credit gaps. About 82 per cent of the total population in its command area still resides in villages. At the time of opening of this bank, these districts were covered by DPAP and IRDP. Though it is basically a dry area, hopes of people regarding minor irrigation development have been raised by the Mallamari project, Upper Krishna project and Amaraja project in Gulbarga district and Karanja project in Bidar district. Prior to the opening of Krishna Grameena Bank, Gulbarga district was being served by 569 co-operative societies and 39 offices of the commercial banks. The population served per bank office in the district was 44,595. In Bidar district, there were 183 credit co-operative societies, 247 non-credit co-operatives, 36 PLDBS and DCC bank’s offices and 29 offices of the commercial banks. The population served per bank office was 34,000, with the establishment of Krishna Grameena Bank, the population served per bank
office was declined to 16,341 in Gulbarga district and 24,246 in Bidar district. Subsequently, it extended the area of operation to Bidar district.

**Branch Expansion**

The branch expansion policy of Krishna Grameena Bank aims at opening the branches at the unbanked centres predominated by the target group of population comprising mainly the small and marginal farmers. While selecting a centre for opening the branch, first of all survey of that area was conducted and the report was submitted through NABARD to RBI for the licence. The factors that are taken into account at the time of opening the branch include the extent of credit needs met by the existing institutions, degree of credit gaps and number of target group of population. Potentiality of bankable schemes is also given weightage. The major difficulty in opening a branch is the non-availability of good premises to house the branch. The other difficulties are residential accommodation to the staff and conveyance due to inadequate infrastructure. There is also competition from the offices of commercial banks and co-operatives in certain pockets. Despite these constraints, Krishna Grameena Bank is striving hard to fulfill its commitment of providing banking services at the door-steps of the target group of rural population. A branch covers approximately a cluster of 10-12 villages including thandas and other nearby hamlets. The usual practice of the bank is to conduct survey of the nearby villages and collect information as regards the population, number of households, major crops grown, number of small and marginal farmers and agricultural labourers, electricity supply, conveyance facility, finance provided by other agencies and above all the potentiality of bankable schemes immediately after the branch is opened. Initially, after the
process of survey is over, a branch adopts four to five villages for a year and concentrates it’s activity in those villages only. In subsequent years, it covers the remaining villages. Since officials of the bank live in the villages, they mingle with people and keep close rapport with them. Mass meetings are conducted at the village level preferably during evening hours and the various schemes of deposits and advances are explained to the villagers. Simplicity of procedure and minimum documentation have been the peculiar features of the bank in granting loans and advances. For the convenience of public, some of branches of the Krishna Grameena Bank work even on Sundays where Sunday happens to be a holiday. The timings displayed at the branch office do not prohibit the people to contact the officials at their residences in the early morning hours or late evening hours. All these factors have contributed a lot to the popularity of bank among the rural masses. Krishna Grameena Bank has been building its image as a ‘small man’s bank’. The branch expansion policy of the Bank is relevant to its objectives of reducing the existent credit gap and to inculcate the habit of thrift among rural masses. The year-wise growth of branches is given in the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total No. of branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>01</td>
</tr>
<tr>
<td>1979</td>
<td>18</td>
</tr>
<tr>
<td>1980</td>
<td>32</td>
</tr>
<tr>
<td>1981</td>
<td>50</td>
</tr>
<tr>
<td>1982</td>
<td>52</td>
</tr>
<tr>
<td>1983</td>
<td>70</td>
</tr>
<tr>
<td>1984-2008</td>
<td>106 (including under GM control)</td>
</tr>
</tbody>
</table>
Assuming linear functional relationship between time and branches, trends in the growth of branches as at the end of December 2008 indicated that the annual average rate of growth of branches is 13.4 per cent. This rate of growth was higher than that of Cauvery Grameena Bank, but lower than that of Malaprabha Grameena Bank and Tungabhadra Grameena Bank. The Bank proposed to open 17 more branches in 1983 and 20 branches in 1985.

ORGANISATIONAL SET-UP AND ADMINISTRATIVE CHARTE OF KGB

(a) HEAD OFFICE

(GULBARGA)

CHAIRMAN

GENERAL MANAGER

GENERAl MANAGER

AREA MANGER

AREA MANGER

(BRANCHES)

(BRANCHES)
Deposit Mobilization

Krishna Grameena Bank could not achieve the targeted growth of deposits in view of the drought for the past two years. Another limiting factor for deposit mobilization is that this RRB is operating mainly in the dry area. Crop failures are very common due to the vagaries of nature. Surplus generated is obviously very limited. This implies that the deposit potential itself is limited in this area. Still the bank has been making efforts to mobilize deposits by providing good customer service and maintaining good rapport with people. In the field of deposit mobilization, there is again competition from commercial banks. Unless there is a demarcation of area for each bank, this kind of unhealthy completion is inevitable. The details of the number of accounts and amount mobilized are given in the following table.

**Deposit Mobilisation by Krishna Grameena Bank**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Deposit A/cs</th>
<th>Amount in Rs. Lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>43</td>
<td>1.55</td>
</tr>
<tr>
<td>1979</td>
<td>6521</td>
<td>14.85</td>
</tr>
<tr>
<td>1980</td>
<td>18054</td>
<td>67.83</td>
</tr>
<tr>
<td>1981</td>
<td>36964</td>
<td>162.46</td>
</tr>
<tr>
<td>1982</td>
<td>48288</td>
<td>211.11</td>
</tr>
<tr>
<td>1983</td>
<td>55580</td>
<td>267.14</td>
</tr>
<tr>
<td>1984-2008</td>
<td>333480</td>
<td>4072</td>
</tr>
</tbody>
</table>

The average growth of deposit accounts had been 82.79 per cent per annum till the end of December 1982. Similarly, the annual average growth of deposit amount was 114.5 per cent during the same period. With 1979 as the
base, deposits increased by about 357 per cent in 1980, 139.5 per cent in 1981 and only 30 per cent in 1982. The average deposit per branch was increased from Rs. 1.55 lakhs in 1978 to Rs. 3.82 lakhs in 1982 and 48.28 Lakh in 2008. The per capita deposit had been declined from Rs. 3,605 in 1978 to Rs. 413 in 1982 and 212 in 2008. This implies that most of the deposits have come from people with small means and there is also sluggish growth of deposits during the past two years.

The deposit mix of the Krishna Grameena Bank shows that savings deposit accounts are more popular with people. Fixed deposits have shown an erratic trend. This is evident from the following table.

Deposit Mix of the Krishna Grameena Bank

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Current Deposits</td>
<td>-</td>
<td>0.04</td>
<td>0.35</td>
<td>2.82</td>
<td>4.25</td>
<td>16.50</td>
<td></td>
</tr>
<tr>
<td>2. Savings Banks Deposits</td>
<td>1.55</td>
<td>10.33</td>
<td>42.66</td>
<td>81.74</td>
<td>103.66</td>
<td>460.77</td>
<td></td>
</tr>
<tr>
<td>3. Fixed Deposits</td>
<td>-</td>
<td>3.71</td>
<td>20.96</td>
<td>60.93</td>
<td>11.80</td>
<td>24.80</td>
<td></td>
</tr>
<tr>
<td>4. Recurring Deposits</td>
<td>-</td>
<td>0.77</td>
<td>3.86</td>
<td>9.51</td>
<td>14.62</td>
<td>27.60</td>
<td></td>
</tr>
<tr>
<td>5. Pigmy Deposits &amp; other accounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.46</td>
<td>76.78</td>
<td>90.70</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.55</strong></td>
<td><strong>14.85</strong></td>
<td><strong>67.83</strong></td>
<td><strong>162.46</strong></td>
<td><strong>211.11</strong></td>
<td><strong>320.37</strong></td>
<td></td>
</tr>
</tbody>
</table>

It is clear that people in the rural area have started developing the habit of thrift. Though they have realized the importance of savings, but their economic conditions have not improved so as to attract term deposits on a
large scale. Usually the rich and well-to-do people are attracted towards commercial banks due to their sophistication and the facilities provided. In a true sense, Krishna Grameena Bank has become a 'small man’s bank'. Competition from commercial banks in attracting deposits exists mainly in the taluka places and in villages surrounding the taluka places. The difficulty arises as the sources of deposits for all banks situated in the same area are the same.

Advances:

The number of borrowed accounts increased from 17 in 1978 to 36823 in 1982 and further to 48055 in 1983. The amount of advances increased from Rs. 0.40 lakhs in 1978 to Rs. 540.86 lakhs in 1982, In 1983, the total advances amounted to Rs. 654.72 lakhs. The average rate of growth of advances accounts is 100.2 per cent per annum and that of amount about 146.2 per cent per annum. Loans are given for both agricultural and non-agricultural purposes as per the pattern adopted by all RRBs in the state. Consumption loans for medical purposes, marriage, education, funeral, birth and religious ceremonies etc., are also given.

The average advances per branch have increased from Rs. 0.40 lakhs in 1978 to Rs. 60.4 lakhs in 2008. The per capita advance has declined from Rs. 2,356 to Rs. 1,470. This implies that most of its advances have been disbursed among the small borrowers.
**Income and Expenditure**

Krishna Grameena Bank has not yet achieved the break even. It has incurred losses continuously over the past five years. This is evident from the following table.

The average growth of income is 122.2 per cent p.a. and the average growth of expenditure is 128 per cent p.a. in view of the increased overhead cost, bank has been incurring a loss. Though each branch has crossed a business of Rs. 10 lakhs on an average, the break-even is not yet achieved.

**Manpower**

The manpower of the bank has grown at an annual average rate of 51.2 per cent. The number of persons employed has gone up from 75 to 218 in between 1979-1982.

**Income, Expenditure and Loss of Krishna Grameena Bank**

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Expenditure</th>
<th>Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>--</td>
<td>3320.65</td>
<td>3320.65</td>
</tr>
<tr>
<td>1979</td>
<td>502138.78</td>
<td>547256.67</td>
<td>45117.89</td>
</tr>
<tr>
<td>1980</td>
<td>1323118.78</td>
<td>1676199.14</td>
<td>353080.36</td>
</tr>
<tr>
<td>1981</td>
<td>3647075.81</td>
<td>4014802.59</td>
<td>367726.00</td>
</tr>
<tr>
<td>1982</td>
<td>5962074.29</td>
<td>6943135.09</td>
<td>981060.80</td>
</tr>
<tr>
<td>1983-2008</td>
<td>1500 crores</td>
<td>20 crores</td>
<td>70 lakhs</td>
</tr>
</tbody>
</table>

**Recovery**

The recovery position of the Bank is not satisfactory. The percentage of recovery done is less compared to total demand i.e 43.91 per cent as on 30-
6-2008 and recovery of the same is done by keeping constant touch with the borrower and seeking assistance from the revenue authorities. So, as far as the agricultural advances are concerned, Karnataka Agricultural Credit operations and Miscellaneous Act, 1974, provides support in the matter of recovery.

**Krishna Grameena Bank**

Krishna Grameena Bank is pioneer in promoting and extending financial assistance to self groups. Bank has credit linked 8042 SHG out of total 8841 SHS who have SB A/c with Bank. The aggregate quantum of micro finance to SHG is 40.69 crores.

The bank has bagged third prize from NABARD for the best performances in SHG Bank linkage programme during 2005-2006.

The Bank is one of the two RRBs in India selected by NABARD for implementation of small credit plan project were in process of card are used by SHG member to know their SB A/c and to draw the money without bettering to Branch Manager / Rural development officer vision of the bank.

To be the preferred banking institution of the people of our area committed to improve the standard of living of mass with inclusive growth with sustained viability”

**2009-2010 mission**

- To surpass Rs. 2000 crores of total business by 31-3-2012
- To earn a minimum net profit Rs. 28 crores
- To bring drown gross NPV to 1%
PROFILE OF PRAGATI GRAMEEN BANK

INTRODUCTION :

Grameen Bank (GB) has reversed conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity. GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral. At GB, credit is a cost effective weapon to fight poverty and it serves as a catalyst in the overall development of socio-economic conditions of the poor who have been kept outside the banking orbit on the ground that they are poor and hence not bankable. Professor Muhammad Yunus, the founder of "Grameen Bank" and its Managing Director, reasoned that if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable, "these millions of small people with their millions of small pursuits can add up to create the biggest development wonder."

As on February, 2010, it has 8.04 million borrowers, 97 percent of whom are women. With 2,563 branches, GB provides services in 81,343 villages, covering more than 100 percent of the total villages in Bangladesh.

Grameen Bank's positive impact on its poor and formerly poor borrowers has been documented in many independent studies that are carried out by external agencies including the World Bank, the International Food Research Policy Institute (IFPRI) and the Bangladesh Institute of Development Studies (BIDS).
ORIGIN OF THE BANK

The year 2005-06 was a UNIQUE year for the Regional Rural Banks in the country. The year witnessed amalgamation of RRBs of the same Sponsor Bank in a State. As many as 89 RRBs were amalgamated into 26 RRBs during 2005-06. Thus the total of RRBs was reduced to 133 from 196. Now reduce to 96 from 196.

The PRAGATHI GRAMEENA BANK is one among the above 29 RRBs which has been Sponsored by Canara Bank a leading Nationalised Bank in the country and came into existence on 12.09.2005 with the amalgamation of following 4 erstwhile RRBs sponsored by Canara Bank vide Govt. Notification No.S.O.1269E dated 12.09.2005 published in Extraordinary Gazette of India Part II Section 3 sub-section (ii) and the Bank is now having 351 branches in 7 districts.

Tungabhadra Gramin Bank with a business of Rs. 1476.95 Crores constituting a share of 54.69% in the total business of Pragathi Gramin Bank Chitradurga Gramin Bank with a business of Rs. 577.40 Crores constituting a share of 21.38%. Kolar Gramin Bank with a business of Rs. 446.13 Crores constituting a share of 16.52%. Sahyadri Gramin Bank with a business of Rs. 200.06 Crores constituting a share of 7.41%. In view of the above, Pragathi Gramin Bank has the rare distinction of having a total business of Rs. 2700.54 Crores now the total businessness has crossed 4000 crore mark as at 31.03.2007.

- Achievements For the year 2008-09
- Deposits crossed 2548 crores.
• Advances outstanding crossed 2429 crores.
• Total Business crossed 4977 crores.
• Profits for Q2 recorded over 71.14 crores.
• Disbursement crossed 1780 crores for half year ending Mar'08. Out of which, under Priority Sector 1969 crores.
• Capital Adequesy-15.57% as against normal 9%.
• SHG Formation- accounts-46246 - Beneficiaries 6.47 Lakhs.
• SHG Linkage- accounts-17708 and has bagged second prize at state level.

Credit Facilities....
• Kisan Credit card
• General Credit Card- hassle free credit for consumption purpose..
• Loan for Solar home lighting
• Loan for Farm development
• Loan against approved securities
• Loan for Rural godown Loan for plantation crops.
• Loan against gold ornaments.
• Minor irrigation loan. Pumpset loan.
• Farm mechanization loan.
• Vehicle loan for agriculturists.
• Loan for sericulture.
• Loan for inland fisheries.
• Loan for Dairy development.
- Loan for purchasing agricultural land.
- Loan for Agri clinics/ Agri business.
- Loan for Construction of farm houses.
- Loan for Lift irrigation.
- Loan for Poultry.
- Loan for Drip / sprinkler irrigation.
- Loan for SSI / retail trade / business enterprise
- And many more Schemes

**Services**

- Issuance of DDs on all branches of Canara Bank in Karnataka.
- Issuance of DDs on 36 select branches of Canara Bank outside Karnataka.
- Starting ATM services shortly.
- Remittance of students school / college fees at select branches.
- Remittance of electricity bills for customers at select branches.
## SERVICE CHARGES

<table>
<thead>
<tr>
<th>A. Services rendered free of charge</th>
<th>Balance enquiry, issue of loose cheque leaves, Local cheques collection.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Balances to be maintained in the SB account</td>
<td>Rs.10/- for NO FRILL accounts. Rs.100/- for accounts without cheque book Rs.500/- for accounts with cheque book</td>
</tr>
<tr>
<td>Charges leviable for non-maintenance of minimum balance in SB account</td>
<td>For NO FRILL Accounts Nil For operative SB a/cs with and without cheque book facility Rs.10/- per month For inoperative SB a/cs if balance is less than Rs.100/- Rs 10/- per half year</td>
</tr>
</tbody>
</table>

### AMOUNT OF THE INSTRUMENT

<p>| Upto and inclusive of Rs. 500/- Rs. 501/- to Rs. 1,000/- Rs. 1,001/- to Rs. 5,000/- Rs. 5,001/- to Rs. 10,000/- Rs. 10,001/- to Rs. 1,00,000/- Rs. 1,00,001/- and above | Rs. 10/- Rs. 15/- Rs. 30/- Rs. 45/- Rs. 4.50 per thousand or part thereof. Rs. 3.50 per thousand or part thereof with a minimum of Rs.450/- |
| Charges for issue of Demand Draft | Rs. 10/- Rs. 15/- Rs. 25/- Rs. 30/- |
| Upto and inclusive of Rs. 500/- Rs. 501 to Rs. 1,000/- Rs. 1,001/- to Rs.5000/- Rs. 5,001/- to Rs.10000/- Rs. 10,001/- and above | Rs. 2/- per thousand or part thereof with a minimum of Rs. 30/- and maximum of Rs. 5,000/- |</p>
<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for issue of cheque books, if any</td>
<td>60 cheque leaves are issued free of cost in a calendar year. Thereafter, Re1/- per cheque leaf for Non-MICR cheques and Rs.2/- per cheque leaf for MICR cheque is charged. In case of CA, OD, OCC accounts – No free cheques. Re1/- per cheque leaf for Non-MICR cheques and Rs.2/- per cheque leaf for MICR cheque is charged.</td>
</tr>
<tr>
<td>Charges for account statement</td>
<td>Rs.20/-</td>
</tr>
<tr>
<td>Charges for account closure, if any</td>
<td>Rs.10/- per (S.B) A/c closure before 01 year</td>
</tr>
<tr>
<td>Charges for deposit/withdrawal at ATM locations, if any</td>
<td>We are not extending this service</td>
</tr>
</tbody>
</table>

There is a ceiling of Rs. 5000/- in case of commission on DDs/MTs [i.e., the amount of commission collected on Demand Drafts will not exceed Rs.5000/-].
Branch Network

363 branches, and 4 Extension, Counter, spread, over 8 districts. Four extension counters. 26 branches in urban places. 59 branches in semi-urban centers.

<table>
<thead>
<tr>
<th>District</th>
<th>No. of branches</th>
<th>Regional Office address</th>
<th>Phone No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kolar</td>
<td>35</td>
<td>Pragathi Gramin Bank, Regional office, OPP: Maharshi vidya mandir, old extension, KOLAR-563101</td>
<td>08152-223109</td>
</tr>
<tr>
<td>Chitradurga</td>
<td>65</td>
<td>Pragathi Gramin Bank, Regional office, PB No 70, I.U.D.P. Lay-out, N.H-4, CHITRADURGA. –577501</td>
<td>08194-234355</td>
</tr>
<tr>
<td>Shimoga</td>
<td>27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raichur</td>
<td>53</td>
<td>Pragathi Gramin Bank, Regional office, ANRTowers, Opp: west police station, Station Road, RAICHUR-584101</td>
<td>08532-232543</td>
</tr>
<tr>
<td>Davanagere</td>
<td>44</td>
<td>Pragathi Gramin Bank, Regional office, No, 2766, Chaitra complex Mama’s Joint Road, MCC ‘B’ Block DAVANAGERE - 577 004</td>
<td>08192-223843</td>
</tr>
<tr>
<td>Bellary</td>
<td>67</td>
<td>Pragathi Gramin Bank, Regional office, Modi Chambers, II Cross, Gandhinagar, BELLARY –583103.</td>
<td>08392-254009</td>
</tr>
<tr>
<td>Koppal</td>
<td>42</td>
<td>Pragathi Gramin Bank, Regional office, Opp : D.C Office complex, Hospet Road, KOPPAL –583132</td>
<td>08539-221318</td>
</tr>
<tr>
<td>Chikkaballapur</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>363</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Future Plan of Pragati Grameena Bank in 2009-10:

- Reaching a total business of Rs.6023 Crores by March 2010
- No Frill Accounts – Opening another 1,00,000 new accounts and bringing them under Financial Inclusion [presently there are 3,87,746 such accounts as at 31.03.2008]
- Reaching the mark of Rs. 140 Crores under SME Sector [Small & Medium Enterprises]
- Bringing down the gross NPAs to Rs.67.79 Crores there by bringing the level of Gross NPA to 2.79% of total advances outstanding
- Earning Rs.87 Crores profit Setting up of 25 ATMs.
- Introducing debit/credit cards
- Entering foreign exchange business
- Cross-selling of Mutual Fund products.
- Bringing “1.2” million families under Financial Inclusion.
- Pragati Grameena Bank will be contributing to the rural development by giving priority to the following sectors
  - Watershed development
  - Minor irrigation projects
  - Rural godown
  - Horticulture
  - Fruit processing units

The Pragathi Grameena Bank has recorded a net profit of Rs. 55.21 crore, registering a 30 percent growth rate over the previous years profit of Rs. 42.18 crore, according to Vincent D’Silva, chairman of the bank who was speaking about the bank’s performance for the year 2007-08, he told to
presspersons here on Thursday that the bank’s total business had exceeded the Rs. 4,000-crore mark for the first time (Rs. 4,031.48 crore). The bank came into existence with a new name by amalgamating four regional rural banks (RRBs), Tungabhadra in Bellary, Raichur and Koppa Chitradurga, Sahyadri, Kolar, all sponsored by Canara Bank in mid 2005. All 35 branches of the bank, spread over seven districts, had earned profit, he said. Mr. D’Silva said the bank, besides achieving all objectives of amalgamation, had emerged as the second largest RRB in the country in terms of loans issued and net profit earned. Before amalgamation, three out of the four erstwhile RRBs had a credit-deposit (CD) ratio of 76.85 to 80.12. After amalgamation the CD ratio has touched 98.2 which indicated that the bank had been taking steps to bridge the credit gap of the command area. He said that the bank had achieved 118 per cent of the total target allocated in the Annual Action Plan (AAP) of all the seven districts with advances under priority sector being to the tune of Rs. 1,704.28 crore, registering 84.15 percent as against the Reserve Bank of India (RBI) stipulation being 60 per cent. The bank has received second prize at the State-level as the Best Performing Bank under RRBs category instituted by NABARD. The Hosahalli branch in Bellary district had shown exemplary performance under the formation of SHGs and credit linkage.

**BELLARY**: Pragathi Grameen Bank has accomplished the three objectives set by Union Finance Minister P. Chidambaram for Regional Rural Banks (RRBS), such as launching farmers’ clubs, issuing Kissan credit cards and making at least one village money-lender free by each branch during 2008-09. The bank, which had its presence in seven districts with 354 branches, had
formed 453 farmers’ clubs, issued 54,131 Kissan credit cards (152 in each branch) and freed 391 villages from the clutches of money lenders, N. Ramesh, bank chairman, told presspersons here on Thursday.

Mr. Ramesh said that the bank had been given the State-level award instituted by NABARD for the best performance under self-help group bank linkage programme and exceptionally well-performing farmers’ club promoted by the bank for 2008-09.

Lending for construction of 241 rural agricultural godowns and taking their number to 714 was a national record. Disbursement of loans to farmers to avoid distress sale of their produce amounted to Rs. 184 crore, he said. For the first time, the bank had financed Rs. 15 crore for setting up a wind power generating company at Hospet under a consortium agreement with sponsor bank (Canara Bank), he further expressed that the bank recorded a net profit of Rs. 71.14 crore for 2008-09. The total business increased from Rs. 4,031.48 crore to Rs. 4,977.68 crore, recording an increase of Rs. 946,20 crore with 23.47 per cent growth rate.

➢ Performance Highlights of the bank for the year 2009-10

➢ Bank emerged as No. 1 RRB in Karnataka State in terms of total business. It is now second largest RRB in Southern India.

➢ Branchless banking concept adopted - SMART CARD introduced to Social Security pensioners.

➢ Total business of the bank increased to Rs. 6209 crore from Rs. 4978 Crore (March 2009) – Growth 24.73%.

➢ Aggregate deposits increased to Rs. 3222 Crore from Rs. 2549 Crore (March–2009) – Growth 26.43%.
Advances outstanding increased to Rs. 2987 Crore from Rs. 2429 Crore (March – 2009) – Growth 22.96%.

Advances disbursement increased to Rs. 2225 Crore from Rs. 1781 Crore (March – 2009) – Growth 24.93%.

Capital adequacy ratio of the bank stood at 15.30%.

C.D. Ratio – 92.68%.

Percentage of priority sector advances to total advances – 89.96%

Per branch productivity - Rs. 17.25 Crore
Per staff Productivity - Rs. 3.02 Crore

6 new branches opened during the same year.

11 branches have more than Rs. 50 Crore total business.

Bank’s achievement under AAP is 137%.

170 Villages are freed from the clutches of Money Lenders during the year. With this the total number of Money Lender Free Villages went upto 561.

No frill accounts opened by the bank - 443641

New SHGs formed – 8379, SHgs credit linked-13180. Loan amount disbursed to SHGs crossed Rs.74 Crore during the year.

12, 41, 081 families are brought under Financial Inclusion.

Gross NPA level to advances outstanding stood at 1.94% and the net NPA level is 0.70% 42 branches accomplished NIL NPA status.

1094 staff members were trained during the year.

Bank’s total clientele base exceeds - Rs.28.96 Lakh.
Director Report for the year 2009-10:

The Board of Directors of Pragati Grameena Bank have immense pleasure in presenting the 31st Annual Report on the performance of the bank along with balance sheet and profit and loss account for the financial year ended 31.03.2010 and audit report thereon in the term of Section 20(1) Regional Rural Banks Act 1976.

Brief Introduction:

Established on 01.12.1978 under the RBIs Act 1976, the bank has completed 30 years of its meaningful services to the people of Bellary and Raichur Districts – Since inception, the bank is striving hard to achieve its set objectives in its area of operation. The bank has now extended its coverage to all the urban and semi urban centres in both the districts.

The head office building is well equipped with centralized air conditioning, computerized functioning, solar lighting, modern gadget and a sprawling well maintained garden. The head office premises is regarded as one of the best Corporate Offices not only in Bellary city but also in the entire Hyderabad Karnataka area. The bank enjoys the popularity as the people's bank in the area.

During the year 2009-10 the bank crossed a major milestone by surpassing Rs.2225 Crore from Rs.1781 crore (March 09) a growth 24.93% over the previous year. Further, the bank has nearly doubled its total business during the last 3 years from Rs.1,000 crores as on March 2006 to
Rs.1,916 crores as on March 2010. Systematic productive and sustained efforts are continued to accomplish all round excellence.

2. **Share Capital:**

   The bank has an authorized share capital of Rs.50,000 and an issued and paid up capital of Rs.10,000 thousand contributed by the three share holders, Vice Governor and Government of Karnataka (15%).

**Share Capital Deposits:**

   During the year 1997-98 the bank was taken up for restructuring and the sum total of Rs.2,51,800 was sanctioned to cleanse the Balance Sheet, accordingly, an aggregate sum of Rs 1,87,577 has been received from all the three share holders proportionately in two branches. The balance sheet amount in spite of our best efforts was not released till date as on 31.03.2010.

3. **Deposits:**

   The bank has achieved a growth of Rs.33,22,232 thousands during the year. The breakup of existing level of deposits is as under.

   i) The growth in deposits during the year was a 26.43%. The percentage of demand deposit has been minimized during the year on account of some of the state government departments preferring banks with core banking facility and shifted there accounts from our bank.

   ii) Per-branch Deposits rose from Rs.2,54,863 thousands as on March 2009 to Rs.32,22,232 thousands as on March 2010.

   iii) Per employee deposits increased from Rs.15,792 thousands as on March-2009 to Rs.17,099 thousands as on March-2010.
4. **Borrowing:**

Borrowing from NABARD and sponsored bank are the major sources of funds for the bank besides deposits. The details of limits sanctioned and refinance outstanding as on 31.03.2010.

The Bank continued to make prompt repayment to NABARD and the sponsored bank.

5. **Cash and Balance with Banks:**

Judicious cash management at the branches has been accorded top priority. Steps were taken to ensure maintenance of minimum cash balance in both sat branches and link offices so that interest losses on ideal cash is kept to the barest minimum.

The average cash balance held was 1.83% of the average deposits which is slightly on the higher side primarily on account of constraints forced by our branches to the link currency chests via, sunder restrictions imposed by branches of link banks due to their internal constraints. Non-availability of timely conveyance at rural centers, lack of adequate security etc., None-the-less conscious efforts continue to be made to maintain timer cash balance at all the broachers. In this direction, the bank has decided to establish a currency chest at Bellary and an application has been submitted to Reserve Bank of India for license, the principle approval of Reserve bank of India in this regard has been received and further action is being initiated.

6. **NPA Management:**

The following strategies were adopted for the recovery of NPAs;
i) Identification of top NPA branches in each area for intensive follow-ups by the area managers and adoption of branches by heads of the department of head office to follow up.

ii) Strengthen the manager (Assets Management Departments) by posting an additional of liver for constant follow up of NPA.

iii) High valued advances and accounts were personally monitored by the General Manager and the Chairman.

iv) Invoking the provisions of SARFAESI Act wherever it is applicable for recovery.

v) Continued our friendly approach by way of Pragati Sameepya (Customer Meet), which enabled us to achieve excellence results.

vi) Conducting of Bank adulates for speedy disposal of compromise proposals.

7. **Transfer Price Mechanism:**

   The bank has adopted a fair transfer price mechanism on funds lent to and borrowed from internally as under;

i) Interest rate on funds lent to head office on total monthly average deposits at 9.50% PA.

ii) Interest rate on funds borrowed from Head Office on total monthly average advances at 8.00% PA.

8. **Technical Monitoring and Evaluation Cell (TME) TMC (Cell-Farm Sector):**

   The technical monitoring and evaluation cell (form section) of our bank was set up on 01.01.1987 with a qualified agriculture graduates. The key personal of the cell helped the broacher for the implementation of schemes
like Life irrigation, setting up of vermin compost units, plantation and horticulture, form mechanization, medicinal and aromatic plants, during development, state for Government reading etc.,

**TMC (Cell-non-form sector):**

The TMC cell for non-form sector was setup and 01.07.1997. The key personal for the cell are going the operating – staff in technical and economical appraisal of proposals. The key personnel put up the proposals, after satisfying the economic viability and technical feasibility of proposals for section. The official conducts the visits for pre-sanction. The official conducts the visits for pre-sanctions inspection of high value loan proposals.

**9. Women Development Cell (WDC) Activities:**

With an objective to create awareness among the women and to increase credit flow to them. The bank has setup women development cell (WDC) headed by a Lady Officer during 1998. The activities of WDC during the year 2009-10 are listed below:

a) Conducted 30 women awareness programmes.

b) Book writing training programmes to 36 SHGs.

c) Co-ordination with branches for formation of women SHGs.

d) Cell actively participated in the Krishi Mela exhibition conducted by agriculture research centre, Bellary.

e) The Bank celebrated the international women’s day on 08.03.2010 in a befitting manner.
10. National Rural Employment Guarantee Programme (NREGP)

The government has launched National Rural Employment Guarantee Programmed in our area of operation. The bank has extended its full support to the Government by operating; saving bank accounts of the Bank has received appreciation from the District administration for the excellent co-operation rendered by our branches.

Two rural banks merged
(Krishna Grameen Bank and Pragathi Grameen Bank)
Gulbarga, August 24, 2013, DHNS:

The Krishna Grameen Bank (KGB) with Gulbarga as its headquarters and Pragathi Grameen Bank (PGB) with Bellary as its headquarters, both regional rural banks (RRBs), have merged into one entity and will now be called Pragathi Krishna Grameen Bank (PKGB). The new bank has come into existence from August 23 (Friday).

The KGB and PGB were sponsored by State Bank of India and Canara Bank, respectively. After the merger, SBI has lost its stake in KGB and the new bank is now fully sponsored by Canara Bank. The headquarters of the new bank will be Bellary, said PKGB chairman M G Bhat. The service area of the new bank will be the combined operational area of the erstwhile two RRBs namely, Bidar, Gulbarga, Yadgir, Raichur, Koppal, Bellary, Chitradurga, Davangere, Shimoga, Kolar and Chikkaballapur districts.

Bhat said the shareholding of the new bank would continue to be in the earlier pattern: Union government 50 per cent, Canara Bank 35 per cent and Karnataka government 15 per cent. The new bank, with a network 602 branches, has a total networth of Rs 786 crore, with deposits of Rs 6,913 crore and advances of Rs 6,925 crore. It has a total turnover of Rs 13,838 crore.