

## **CHAPTER III**

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# **PROFILE OF THE KVB: AN OVERVIEW**

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### **PROFILE OF KARUR VYSYA BANK LIMITED**

#### **Introduction**

Commercial Banking in India could boast history of about 200 years. Though there was mushroom growth of banks during that period, only a few could survive the test of times. One could trace the history of banking from the last century, the beginning of this century saw the birth of many banks in different parts of the country set up by people with vision and driven by national spirit. In India, banking can be said to have taken strong roots especially from three provincial towns viz., Karur (Tamil Nadu), Thrissur (Kerala) and Udupi (Karnataka) from where today many banks from a small beginning, have blossomed into leading banks with strong and healthy fundamentals dotting different places in the Indian Map.

#### **Origin**

Karur Vysya Bank Limited, which has emerged as one of the leading banks in the private sector, has its birth on the 1<sup>st</sup> July 1916 in Karur, which is presently the district headquarters. Karur an ancient town with a pristine glory and a hometown for handlooms could trace international trade links to ancient times. KVB is one of the earliest of the five commercial banks to be set up in Karur at a time, when the country was groaning under the burdens of the First World War, which strained the economy. In order to inculcate savings habit and to provide timely financial assistance to traders and small agriculturists, two great visionaries and illustrious sons of Karur, the late Shri. M.A. Venkatarama Chettiar and late Shri. Athi Krishna Chettiar hailing from well-spoken of Vysya Community with sound business acumen, pragmatic vision, clear foresight, unwavering determination and with high spirit of nationalism, established Karur Vysya Bank with a capital of Rs.1 lakh. At the time of setting up, it has Herculean task for the founding fathers of the Bank to mobilise capital, but they succeeded in mobilising initial capital that much. This speaks volumes about the perseverance as also the respect and

confidence they commanded. Thus their standing only could influence many of them leading men of business community and others to realise the benefits that would flow from setting up a bank in meeting the credit needs of weaker sections of the community, the merchant people and the middle class. The said twins brought to bear their matured wisdom, experience, expertise and vision in the conduct of the Bank for a very long period, which transformed the KVB into one of the top banks in the private sector with strong and healthy fundamentals.

The main architect for the evolution of the Bank the late Shri. M.A. Venkatarama Chettiar occupied different posts in the Bank as Director, Vice President and President and gave only his very best till 1934 and seemed to have revealed in having a great institution that withstood the demands of trying times. The late Shri Athi Krishna Chettiar, a leading light in business circles and in the society superbly supported him in his great endeavours.. He served as the President of the Bank till 1946. His matured judgement, wide experience, uncanny common sense and business acumen have been a great tower of strength of the Bank both in the formative years and thereafter.

With the enactment of Banking Regulation Act 1949, RBI assumed vast powers to regulate the conduct of banking business including restriction on loans and advances to its Directors. It is very interesting to note that the Articles of Association of the Bank drafted as early as 1916 by the founding fathers, prohibited grant of such advances and this would stand testimony to their foresight and business ethics.

The former president, Late Shri. MA. Venkatarama Chettiar's son Late Shri. MV. Lakshminarayana Guptha, was inducted as the Director of the Bank in 1938. He served the Bank with a rare sense of commitment and purpose of 32 years till 1970. He laid down his office with high sense of fulfillment as the President of the Bank due to changes in banking regulations. The rich

contributions made by the above performers for the overall growth and developments of the bank are immeasurable and commendable.

Early decades of the present century saw the growth of a large number of banks. Any financial adventure requiring money for speculation could start a bank with many branches and collect substantial deposit only to slip away the booty straining thereby the very credibility of the system. Many of the weak banks could not stand the environmental pressures and challenges leaving the strong ones and the rest were to be shown the doors by the central banking authority. In 1960's following the crash of the Palai Central Bank, RBI took urgent steps to stabilise the banking system like compulsory mergers and amalgamation of banks i.e. weak banks with sound banks. Under this exercise, the Bank picked few banks with good credentials, intrinsic strength and potential to grow, for taking over the assets and liabilities of some banks. Accordingly, the following banks were merged with KVB viz., The Selvariddhi Bank Ltd., Coimbatore, Bhakyalakshmi Bank Ltd., Pathinen Grama Arya Vysya Bank Ltd., and Salem Sri Kannika Parameswari Bank Ltd.

KVB has also participated in institution building by participating in the shareholdings in the Bharat Overseas Bank Limited, the Vysya Bank Leasing Limited, the Vysya Bank Housing Finance Limited and the Can Bank Computers Services Limited.

In the initial period of inception, the operations of the Bank were confined to Karur town only and from 1927; the Bank spread its wings to Dindigul town, which is nearer to Karur. Though to start with, the bank had inherited a regional flavour, a wide network of 212 branches has since been built up covering 10 states and one Union Territory as it was felt that the sweep and logistics of branch network would become the competitive advantage covering a wider and broader spectrum facilitating thereby all-round business growth. Of the 212 branches, 41 branches accounting for 19.34 per cent of the total branches are located in rural areas reflecting the

Bank's involvement and commitment in rural development, while semi-urban branches 78 account for 36.79 per cent. The Bank is an authorised dealer in foreign exchange. It has specialised branches to meet the special needs of forex clients and savings deposit holders. The Bank is maintaining "currency chests" at four places namely, Vijayawada, Karol Bagh, Chennai and Madurai.

The Bank after obtaining the license from the RBI as an authorized dealer in Foreign exchange with effect from 1<sup>st</sup> August 1980 set up its international division in Chennai. The Bank continues to be active in foreign exchange business. Forex merchant turnover amounted to Rs.1831.58 crore during the year 2002 under report. The Bank is always conscious of the profound need for extending time and adequate support to the export clients in view of its crucial importance. SWIFT (Society for World Wide Inter-bank Financial Telecommunications) has become operational in Mumbai – Fort branch and connected to the International Division – Chennai, Tirupur Overseas, New Delhi – Karol Bagh and Karur Central branches.

The Bank to start which was housed in a small place. As it grew, it faced space constraints for further growth. The Bank has its own building, the central office of the Bank moved to the new office complex to a very spacious and magnificent edifice, on 21<sup>st</sup> September 1983. To add grandeur to the occasion, the new central office complex was declared open by Shri. R. Venkatraman, the Ex-President of India and the Minister for defense, Government of India. This magnificent central office building stands as a testimony for the progress made in the past and beckons to the future.

The Bank celebrated its silver jubilee in 1941 at the golden hands of the late Shri. CR. Srinivasan, a doyen in the press media besides being the forefront in the country's freedom movement. The late Shri. T.T. Krishnamachary on the eve of the silver jubilee of the Bank had this to say: "The success of the joint stock banking is a mirror of the state of general progress and the tone of commercial morality prevalent in the land

and, we in South India, can justifiably claim these virtues for our province, based on the working of the “Karur Vysya Bank Limited”.

The Bank could not however celebrate its Golden Jubilee in 1966 as it coincided with the Indo-Pak war. Yet another proud movement came to the Bank when it celebrated its Platinum Jubilee in 1991 in a benefiting manner with Dr. Manmohan Singh, the then Hon'ble Union Minister for Finance as the Chief Guest. It was in the fitness of things that the 80<sup>th</sup> Anniversary of the Bank should also have been celebrated in 1996 by Shri. P. Chidambaram, the then Hon'ble Union Minister for Finance. Thus the Bank has been fortunate to have the august presence of various luminaries whose words of admiration about the working of the Bank gave further fillip and stimulus for its sustained and orderly growth.

### **Objectives of the Bank**

1. To carry on the business of banking in all its aspects whether in India or elsewhere in the World.
2. To carry on all or any of the following business:
  - a) The borrowing raising or taking up of money, the lending or advancing of money either upon or without security the drawing, making, accepting, discounting, buying, selling, collecting and dealing of bill of exchange, hundis, promissory notes, coupons, drafts, bill of lading, railway receipts, warrants, debentures, certificates, scrip's and other instruments and securities whether transferable or negotiable or not. The granting and issuing the letters of credit, travelers cheques and circular notes. The buying selling and dealing in bullion and specie, the buying selling of foreign exchange including foreign bank notes, the acquiring, holding issuing on commission underwriting and dealing in stock funds, shares, debentures, debenture stock bonds, obligations, securities and investments of all kinds; the purchasing and selling of bonds, scrip's or other forms of securities on behalf of

constituents or others; the negotiating of loans and advances; the receiving of all kinds of bonds, scrip's or valuables on deposits or for safe custody or otherwise; the providing of safe deposit vaults; the connecting and transmitting of money and securities.

- b) Acting as agents for any government or local authority or any other person or persons; the carrying on of agency business or any description includes the clearing and forwarding of goods, giving of receipts and discharge and otherwise acting as an attorney on behalf of customers.
- c) Contracting for public and private loans and negotiating and issuing the same.
- d) The effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of state, municipal or other loans or of shares, stock, debentures or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue.
- e) Carrying on and transacting every kind of guarantee and indemnity business.
- f) Managing, selling and realizing any property, which may come into the possession of the company in satisfaction/, part satisfaction of any of its claims.
- g) Acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security.
- h) Undertaking and executing trusts.
- i) Undertaking the administration of estates as executor, trustee or otherwise.
- j) Establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such

persons; granting pensions and allowances and making payments towards insurance; subscribing to or guaranteeing money for charitable or benevolent object for any exhibition or for any public general or useful object.

- k) The acquisition, construction, maintenance and alternation of any building or works necessary or convenient for the purpose of the company.
  - l) Selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company.
  - m) Acquiring and undertaking the whole or any part of the business of any person, or company. When such business is of a nature enumerated or described in the sub-section.
  - n) Doing all such other things as are incidental or conducive to be promotion or advancement of the business of the company.
  - o) To open, establish, maintain and operate currency chests and small coin depots on such terms and conditions as may be required by the Reserve Bank of India (established under the RBI Act 1934) and enter into all administrative or other arrangement for undertaking such function with the Reserve Bank of India.
  - p) Any other form of business, which the Central Government may, by notification in the official gazette specify as a form of business in which it is lawful for a banking company to engage.
3. And generally to do and perform all such other acts and things as may be incidental or conducive to the attainment of the above objects or any of them.
- (i) To do all or any of the above things as principles, agents, insurers or otherwise and either alone or in conjunction with others.

The main objects of the Memorandum and Articles of Association of the Bank enable to undertake the activities for which the funds are being raised in the present issue.

### **Management**

The Registered Office and Central Office of the KVB are located in Karur, and the Bank has Divisional Offices at Bangalore, Coimbatore, Chennai, Madurai, Mumbai, Salem and Vijayawada. The Bank has an International Division at Chennai.

The Bank is administrated by the board of directors, comprises of:

- (a) A Chairman (appointed by the Board)
- (b) A Managing Director and Chief Executive Officer (CEO)
- (c) Eight Directors
- (d) An Executive Director
- (e) A Chief General Manager
- (f) Four General Managers
- (g) Fifteen Deputy General Managers
- (h) Seventeen Assistant General Managers
- (i) A Company Secretary
- (j) A Legal Advisor
- (k) An Auditor

The Chairman shall hold office for a period not exceeding five years; at present Shri. Aathi S. Janarthanam is the Chairman and Shri. PT. Kuppuswamy is the Managing Director (MD) and Chief Executive Officer (CEO) of the KVB. The directors elected by the shareholders will hold office for a period of four years. The board will be required to exercise all powers and perform all functions of the bank in relation to the specified business. The present board has eight directors excluding the Chairman and MD and CEO, the present Directors are, Dr. T.R. Ramanathan, Shri. G. Sarangan, Shri. M.G. Sankaranarayanan, Shri. M.K. Srinivasan, Shri. G. Rajasekaran, Shri. A.K. Prabhuraj, Shri. K. Ramadurai and Shri. G. Venkatesan.

### Capital and Shareholding Pattern of the KVB

At the time of incorporation, the Bank has paid-up capital of Rs.1 lakh by way of memorandum of subscription of 4000 shares at face value of Rs.25 each. As on 31<sup>st</sup> March 2010, this has been increased to Rs.5444 lakh. From its inception, the Bank has gone for 15 rights issue and 5 bonus issues and Employees Stock Option Scheme. The capital position of the Bank has been increased gradually and at the end of March 2010, it was as follows:

Authorised capital	-	20,00,00,000 shares of Rs.10 each
issued, subscribed and	5,44,69,602 / 5,39,99,352	Equity shares of Rs. 10 each.
Paid-up capital	-	5,39,65,329 / 39,51,619 Equity shares of Rs.10 each

At the end of March 2010, the total paid-up capital and reserves and surplus of the KVB are at the order of Rs.1619.98 crore. It has attained the Capital Adequacy Ratio of 14.49 per cent in March 2010. The shareholding pattern of the KVB is shown in Table 3.1 and supported by Plate III.1.

Table 3.1

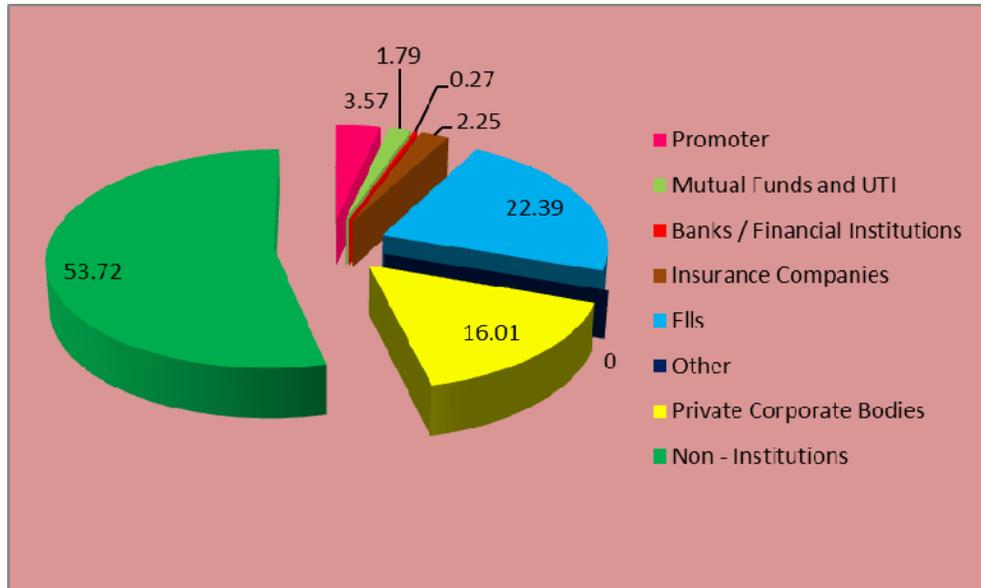
#### Shareholding Pattern of KVB as on 31<sup>st</sup> March 2010

Category of Shareholders	Pre-Offer	
	No. of Shares	Percentage
Promoter	19,42,553	3.57
Mutual Funds and UTI	9,73,872	1.79
Banks / Financial Institutions	1,48,664	0.27
Insurance Companies	12,26,658	2.25
FIs	1,21,86,961	22.39
Other	100	0
Private Corporate Bodies	87,15,345	16.01
Non – Institutions	2,92,41,426	53.72
<b>Total</b>	<b>5,44,35,579</b>	<b>100</b>

Source: [www.kvb.co.in](http://www.kvb.co.in)

### Plate III.1

#### Shareholding Pattern of KVB as on 31<sup>st</sup> March 2010



Number of shareholders of the Bank as on 31st March 2010 is 5,44,35,579.

#### Branch and Office Network

Presently the Bank has 335 branches spread all over the country with Tamil Nadu accounting for the highest number of branches viz. 178. The bank has 7 divisional offices, 4 central clearing offices and 4 extension counters. The state wise break-up of the spread of branches is given in Table 3.2 supported by Plate III.2.

Table 3.2  
**State wise break-up of the Spread of Branches of KVB**  
**as on 31<sup>st</sup> March 2010**

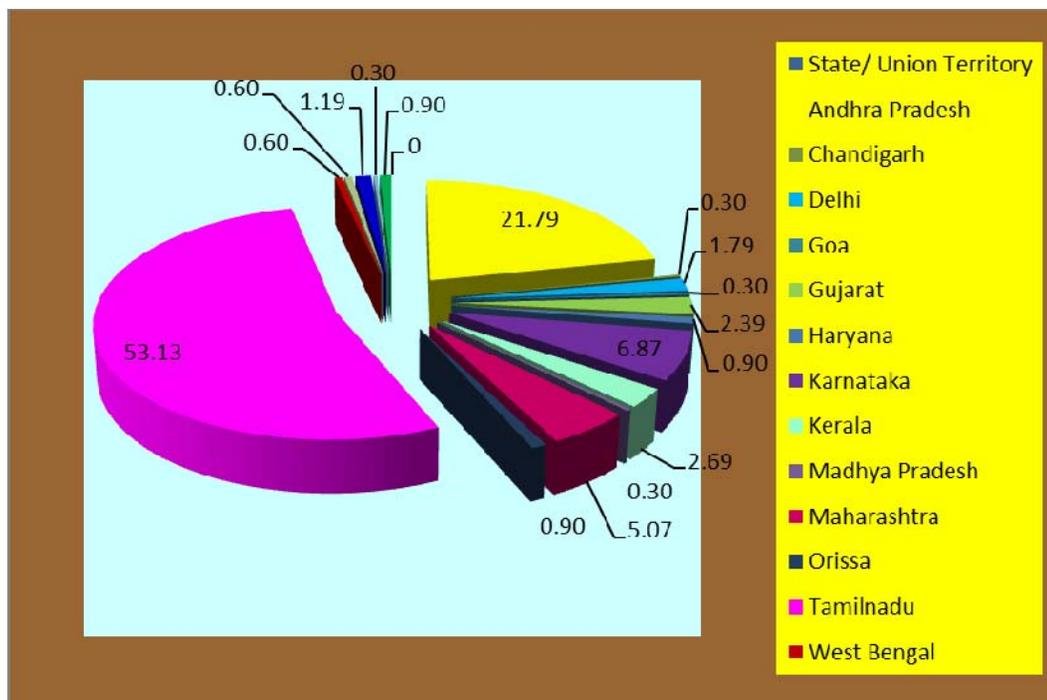
State/ Union Territory	No. of Branches	
Andhra Pradesh	73	(21.79)
Chandigarh	1	(0.30)
Delhi	6	(1.79)
Goa	1	(0.30)
Gujarat	8	(2.39)
Haryana	3	(0.89)
Karnataka	23	(6.87)
Kerala	9	(2.69)
Madhya Pradesh	1	(0.30)
Maharashtra	17	(5.07)
Orissa	3	(0.89)
Tamilnadu	178	(53.14)
West Bengal	2	(0.60)
Pondicherry	2	(0.60)
Punjab	4	(1.19)
Rajasthan	1	(0.30)
Uttrapradesh	3	(0.89)
Total	335	(100)

**Source:** Annual Report of KVB

**Note:** Figures in Parenthesis refers to the proportion to the total

### Plate III.2

#### State wise break-up of the spread of Branches of KVB as on 31<sup>st</sup> March 2010



The Demographic network of branches as on 31<sup>st</sup> March 2010 is given in Table 3.3 supported by Plate III.3.

**Table 3.3**

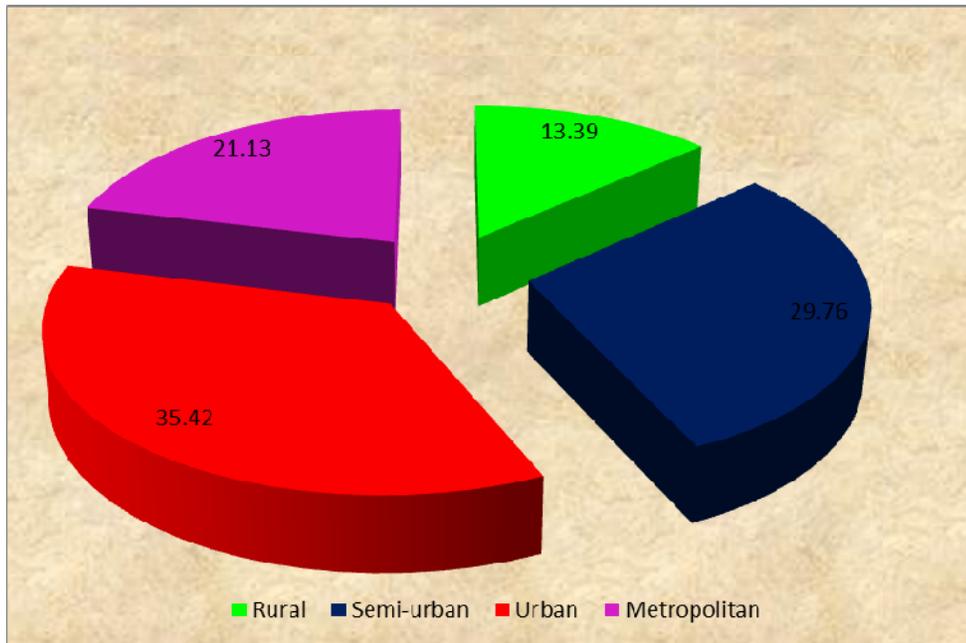
#### Demographic Network of Branches of KVB as on 31<sup>st</sup> March 2010

Demographic Spread	No. of Branches
Rural	45 (13.43)
Semi-urban	100 (29.85)
Urban	119 (35.52)
Metropolitan	71 (21.19)
Total	336 (100)

Source: [www.rbi.org.in](http://www.rbi.org.in)

**Note:** Figures in Parenthesis refers to the proportion to the total

**Plate III.3**  
**Demographic Network of Branches of KVB as on 31<sup>st</sup> March 2010**



### **Functioning of the Bank**

The style and functioning of the Bank underwent perceptible changes to keep rhythm with changing times, but unchanging have been its traditional value in the conduct of business. During 55 years following independence, there has been substantial growth in its business as given in Table 3.4 which is very much in line with the trends in system.

The Bank has been inculcating savings habit especially along the lower strata of society and as it grew, it devised attractive scheme of deposits with distinct features to suit the special needs of the depositors. There has been perceptible growth of deposits since 1947; as deposits which stood at Rs.65 lakh in 1947 increased to Rs.662 lakh in 1967 which further rose to Rs.157549 lakh in 1997 and touched Rs.1927185 lakh in March 2010, an increase of 29649 times.

From the beginning, the stance of the credit policy of the Bank was to ensure quality of advances and extension of credit on time and in good measure, neither more nor less. With the growth in deposits, the Bank was scouting for profitable but safe avenues for deployment of funds. The credit outstanding which was a meager Rs.23 lakh in 1947 increased to Rs.460 lakh in 1967 which went up to Rs.95626 lakh in 1987 and touched a high of Rs.1367500 lakh in March 2010 an increase of 59456.52 times. The phenomenal increase in credit did not result in any dilution of lending procedures, which is manifested in very low level of NPA at 0.23 per cent in March 2010, which is rather distinct in the system and the lowest among the old private sector banks.

Table 3.4  
Performance of KVB at a glance

(Rs. in Lakh)

Particulars	Years			
	1947	1967	1997	2010
Paid-up capital	2	13	600	5444
Reserves	3	14	11548	156554
Capital funds	5	27	12148	161998
Deposits	65	662	157549	1927185
Advances	23	460	95626	1367500
Working funds	77	802	194091	208586
Net Profit	1.21	1.23	3606	33603
Dividend (in per cent)	24	6	50	120
EPS (Rs.)	6.05	0.98	60.12	62.23
Book value (Rs.)	24.80	21.31	202.50	297.60
Branches	14	45	191	335
Employees	137	442	2446	4175

**Source:** Annual Reports of KVB, IBA Bulletin Special issue

[www.rbi.org.in](http://www.rbi.org.in), [www.ibabulletin.com](http://www.ibabulletin.com), [www.kvb.co.in](http://www.kvb.co.in)

The main economic stay of Karur and its environs revolve around handlooms and power looms supplemented by agricultural activities. It is therefore only natural of the Bank to have started financing these sectors from the very beginning and nurtured them. As the Bank graduated, it diversified its loaning activities to finance diverse industries foraying in a big way into financing units in export and other priority sectors with continued focus on its traditional areas of interest like agriculture and transport.

The financial strength of any institution has to be fortified by generation and retention of profits in business. Realising only too well that earning a decent profit is required not only to service the equity but also to strengthen the balance sheet, the Bank has been earning higher profits over years. The profit of the Bank which was Rs.1.21 lakh in 1947 increased to Rs.3606 lakh in 1997 and went up to Rs.33603 lakh in March 2010, an increase of 27710.07 times.

The Bank realised very early the virtue of generating internal resources for growth and not just building asset volumes. Over years, the Bank has been transferring a lion's share from net profit to reserves after complying with all prudential norms. It is a tribute to the Bank's inherent strength and efficacious funds management that it could, without any difficulty, conform to the new set of prudential and disclosure norms when introduced all at once by the Central Bank. With strengthening of reserves as also injection of additional equity capital, the owned funds of the Bank have been registering robust growth from a mere Rs.5 lakh in 1947 to Rs.27 lakh in 1967 and touched Rs.12,148 lakh in 1997 which has further rose to Rs.1,61,998 lakh in March 2010. With its intrinsic balance sheet strength, the Bank could easily adhere to the capital adequacy norm of 8 per cent prescribed by RBI, well ahead of the time frame, the capital adequacy ratio(under BASEL II) being 14.49 per cent in March 2010.

The Karur Vysya Bank shareholders' family comprises more than 42,145 shareholders. At this distance of more than 80 years from the start of the Bank, many of the shareholders who have inherited the shares from their founding shareholders are cherishing their loyalty to their Bank by having retained their shares when they see that their Bank has been made immense strides over time and has brought them capital appreciation and handsome dividend income over years and no wonder that they have become rather possessive. The loyal and abiding confidence in the management exhibited by the shareholders has been the source of great strength and inspiration to the management for taking the bank to a higher growth trajectory. The Bank has been adding consistently appreciable value to shareholders' investments and has been paying dividend consistently and has not skipped dividend even once. The Bank had gone in for augmentation of its capital at different points of time. During 1994-95, with a view to increasing its capital funds, the Bank went in for a Rights issue of Rs.200 lakh with a premium of Rs.25 per share and with concomitant Bonus issue (1:1), the issue was subscribed overwhelmingly. Meeting the shareholders expectation and fulfilling their aspirations have been the Banks constant refrain, of course keeping in view the overriding interest of the Bank as a whole. The shareholders have a sense of fulfillment in that they could realize their cherished expectation of getting bonus and right shares with a nominal premium. It was the first among the scheduled commercial banks to have issued bonus shares in the last three decades.

The Bank has been stepping up its dividends over year increasing to 120 per cent that too sans tax, for the year ending with 31<sup>st</sup> March 2010. The value of shareholders investment has been going up with the book value of shares at Rs.297.60 in March 2010 as compared to Rs.202.50 in March 1997, while the Earnings Per Share (EPS) went up to Rs. 62.23 in March 2010 as against Rs.60.12 in March 1997 and these values compared very well with other banks in the system.

## **Regulatory Supervision by the RBI**

The Reserve Bank of India is the regulatory body for the Bank and the Bank strictly follows the norms laid down, guidelines and instructions issued by the Reserve Bank of India.

RBI conducts an annual financial inspection of the Bank based on the audited accounts; simultaneously RBI carries out branch inspection on a selective basis under section 35 of the Banking Regulation Act, 1949. RBI also conducts offsite and periodic onsite surveillance of the branches of the Bank. Discussions with the Management and replies given by the Bank to the issues raised by RBI also form part of the inspection and surveillance process.

RBI conducted the last inspection of the Bank under section 35 of the Banking Regulation Act, 1949 with reference to its position as on 30<sup>th</sup> September 2001. The remarks of RBI are normal in nature and no major adverse remarks have been made.

The inspection by RBI is a regular exercise and is carried out periodically by RBI for all banks and financial institutions. The reports of RBI are strictly confidential.

## **Traditional Products of KVB**

### **Deposits**

- ❖ Savings Bank
- ❖ Current account
- ❖ Fixed deposit
- ❖ Cash certificate
- ❖ Monthly savings

### **Loans**

- ❖ Consumer loans
- ❖ Loans against deposits

- ❖ Cash credit loan
- ❖ Secured overdraft
- ❖ Clean loans / Over Draft
- ❖ Secured loans
- ❖ Jewel loans
- ❖ Bills Finance

#### **Other Services**

- ❖ Demand Draft
- ❖ Safety Lockers
- ❖ Telegraphic Transfer
- ❖ Payment Order

#### **PRODUCTS OF THE KVB**

**Accounts:** In order to save customer money, safe, secure and convenient, the bank offers wide range of options that gives freedom to choose services. Their account can be opened by the customer himself, or for their children's future or their sense of independence. It is the only account that matches your lifestyle and needs.

**(i) Prestige Savings Account:** This account discovers an exclusive account that benefits customer status. This account caters the exclusive needs of high net worth individuals, and offers a host of thoughtful services that the customer can experience across the bank network. The account holder should maintain a minimum monthly average balance of Rs.1.00 lakh. The account holder can enjoy the following facilities:

- Free Personalised at par cheques
- Cash remittance at non-base branches upto Rs. 10 lakhs per month
- Free Internet and Mobile Banking
- International VISA Debit card with enhanced withdrawal limit of Rs. 50000/-.

- At par funds transfer through NEFT / RTGS / DD / PO / Inter branch fund transfers
- Free collection of outstation cheques on branch centres
- Free accidental death and disability insurance upto Rs. 2.00 lakhs and treatment on hospitalisation due to accident upto Rs. 20,000/-

**(ii) Freedom Saving Account:** This is a unique account designed to keep customer money secure, and offers the maximum technology benefits at an affordable minimum average balance. The account holder can enjoy the following facilities:

- Cheque book with 100 leaves free per annum.
- Debit Card with your account
- Net Banking for all transactions
- Mobile Banking credit and debit alerts
- Free use KVB ATMs and 5 transactions free in the ATMs under VISA and NFS cluster
- Monthly statement of accounts
- Monthly financial statement via e-mail
- Standing instructions to the Manimala deposit scheme at no extra cost.

**(iii) Student Savings Account:** Students have an opportunity to open this savings account with the bank. The account opening process is very simple; just by getting introduction from the head of the educational institution or from an existing account holder. The account holder can enjoy the following benefits: The customer are allowed to use free Bank ATMs and 5 transactions free in the ATMs under VISA and NFS cluster

- Top-up facility for your mobile phone at any bank ATM subject to charges applicable from time to time
- Periodic e-statement of accounts as per customer requirement

- You can receive credits through a standing instruction given by customer parent to the bank

**(iv) Regular Savings Account:** The bank offers savings accounts for the purpose of inculcating the habit of savings among general public so that a portion of one's earnings can be set apart for future needs. While having this account the following must be fulfilled; Minimum balance to be maintained in savings Account with cheque book facility is Rs. 1000/-. Penalty will be levied for non-maintenance of minimum balance. Customers should provide satisfactory introduction, address and identification (ID) proof in order to comply with KYC norms. Sufficient balance should be maintained in the account at the time of issuing cheques. The following are the important features of this account;

- Opened in the names of individuals singly / jointly / with either or survivor options
- VISA Debit cards, Internet Banking, Mobile Banking facilities are available.
- Nomination facility available
- Cash remittance from non-base branch is permitted upto Rs. 10000/- per month.

**(v) Yuvashakti SB Account:** This account caters the needs of young customers. The customer may be a student, or customer at first job, or starting up a new venture. Irrespective of them, the bank opens to all types of customers. The bank offers a host of features such as Internet banking, Par multi-city cheques and cutting-edge solutions for the new generation. The account holder can enjoy these facilities;

- Zero balance to open the account.
- International VISA Debit card comes along with the account.
- E-commerce facilities at no extra cost including e-ticketing, e-shopping, utility bill payment.

- Top-up facility for your mobile phone at any bank ATM.
- Payable at Par multicurrency cheque facility without any limit.
- Inter-bank transfer of funds without any limit.
- A 50 leaf personalised cheque book per year.
- Free use bank ATMs and 5 transactions free in the ATMs under VISA and NFS cluster
- Mobile banking inquiries free for the first year.
- A DEMAT account can be opened with the bank account at no extra cost.
- Free Internet banking facility.
- A monthly statement of accounts at no charge.
- Periodic e-statement of accounts as per the request of the customer at no charge.

**(vi) KVB Smart Savings Bank Account:** The account is a special zero balance account specifically structured for corporate salary accounts. The firm or organization can open this account for their employees. The following are the facilities the employees can enjoy in this account;

- Zero balance account
- Debit Card – free on issue. After one year Asset Management Companies (AMC) charges will be applicable.
- Free transfer of funds
- Free bill pay service
- Free statements of account through e- mail
- Upfront salary credit facility available – up to a maximum of 50% of the last salary credited. (Subject to conditions)
- Free internet banking
- Mobile banking – AMC charges applicable.
- Two Demand Draft (DD) / Postal Orders (PO) - not exceeding a value of Rs.10, 000/-per month
- Free cheque leaves
- Free NEFT – 3 Transactions per month

**(vii) No Frills Account – Kalpataru:** In order to bring all sections of society into the banking system under Financial Inclusion. This account offers for those who prefer simple, no-nonsense banking, can open this Kalpatharu No Frills Account. Every type of customer can open this account, no matter how small or insignificant their needs. The account holder can enjoy these benefits;

- Opened with a minimum balance of Rs.50/-
- No restriction will be imposed with regard to number of transactions in these accounts.
- No charges will be debited by the system for not maintaining a minimum balance in these accounts.
- This account will not be provided with ATM/ VISA debit card facility.
- This account will not have multi-city status.
- This account will not be eligible for cheque book facility

### **Innovative Deposit Products**

The bank offers various deposit schemes to suit all the needs of the customers. The schemes are designed with a promise not only to save but also provide high rate of return on the deposit made by the customers. The deposit schemes include Reinvestment plan (Tirumagal Thirumana Thittam), Gayathri Cash Certificate, Monthly Deposit (Manimala). Fixed Deposit (Pancharatna) and Special deposit schemes with added features (Rainbow Savings Deposit) Senior Citizen Deposit Scheme etc. The common features in all deposit schemes are pre closure facility, loan availability, and total safety backward with personal service and nomination facility.

#### **1. Thirumagal Thirumana Thittam**

This is a unique scheme offered by the Bank under which the interest amounts are compounded quarterly and hence results in high returns. Facilities like pre closure, loan schemes etc., are also available. The loan facility is available up to 75 per cent to 90 per cent of the initial deposit.

Hence there is no need to pre close the deposit to manage the financial crunch by the customer by which they can avoid loss of interest also.

## **2. KVB Pancharatna**

It is a flexi deposit scheme, which carry high rate of interest like term deposits. Deposit is accounted in units of thousands, which can be withdrawn in units with minimal formalities. The deposit account can be opened with a minimum of Rs.5,000/- and in multiples of Rs.1000/- thereafter a span of 6 months to 4 years. It carries simple rate of interest that would be periodically credited to SB or current account of the depositor. This scheme enables to withdraw in units without losing interest on the whole.

## **3. KVB Manimala Deposit Scheme**

This is a simple scheme where a small amount of deposit can be made every month giving a substantial lump sum at the end of the fixed period. This is to suit the special needs of salary class/ traders and regular income groups. Nomination facility is available. No TDS will be effected on the interest credited/ accrued irrespective of any amount. This scheme provides liquidity through loan and premature withdrawal facility.

## **4. Vishranthi Deposit Scheme**

Any person/ firm/ limited company can open account under this scheme. He has to deposits minimum amount of Rs.10000/- or in the multiples of Rs.1000/- there of period of deposit ranging from 24 months to 120 months. Simultaneously an operative account with an initial deposit of Rs.500/- is to be opened in the name of the depositor. Overdraft facility is available on the deposit amount up to 75 per cent. Rate of interest for this facility would be 2 per cent over deposit interest. Simple documentation and Nomination facility are also available.

## **5. Gayathri Cash Certificate**

This is a long-term investment scheme. Invest a small amount in Gayathri Cash Certificate resulting in higher rate of return. The highlights of the schemes is pre-closure facility is available. The interests are compounded at quarterly rests. Loan can be availed against this facility up to 75 per cent to 90 per cent of the initial deposit. Total safety backed with personalised service available under this scheme.

## **6. KVB Double Re-investments Scheme**

This scheme is an effortless way to double the money. Under this scheme attractive rate of interest compounded at quarterly basis with the usual safety for the investment. One of the special features of the scheme is loan can be availed up to 75 per cent to 80 per cent of the deposit amount.

## **7. KVB Safe**

This is an automatic deposit renewal scheme. Under this scheme, the deposit that renews itself up to a maximum of 6 times automatically for 46 days cycle and 9 times for 30 days cycle, with the interest accrued or otherwise. This scheme is the safest but when it comes to short-term investments. The main feature of the scheme are; loan facility is available up to 75 per cent to 90 per cent of the initial deposit, pre-closure facility is available and total safety backed by personalised service.

## **8. KVB Rainbow Savings Deposit**

This is a value added savings account where there is auto sweep facility of converting savings deposits into fixed deposit, helping in earning higher interest without keeping the money idle. Reverse sweep facility for convenient withdrawals and the withdrawals in term deposit is only on LIFO (Last In First Out) Method so as to ensure maximum return. Free ATM card, cheque book facility is available under the scheme. Free personal accident insurance coverage is available for the customers under this scheme for which the Bank is making premium payment. Automatic and immediate

insurance coverage for the sum insured is also available for the accident hospitalisation expenses. All dividend warrants/ interest warrants deposited in the account are collected without any charges. This account is a perfect blend of all the good features of a savings bank account and a fixed deposit account that offers "High liquidity with maximum returns". At par issue of demand draft facility at par is also available subject to the terms and conditions.

### **9. Senior Citizen Deposits**

The Bank offers term deposits with both cumulative and non-cumulative options for the senior citizens. Moreover, senior citizens are eligible for preferential rate of interest. The account has some of the following features; The resident Indians who have completed 60 years of age are eligible to deposit. These deposits are eligible for preferential interest rates for maturity period of one year and above and up to and inclusive of five years. Loan can be available on these deposit. Premature closure of these deposits is allowed, subject to the applicable norms. While opening this deposit account, the customer has to adhere following terms and conditions;

- Proof of age has to be produced
- Preferential rate of interest is applicable only for maturity period of one year and above and upto and inclusive of five years.
- The maximum ceiling limit for extending preferential rate of interest is Rs. 5.00 cr. in aggregate per depositor.
- Interest is subject to Tax Deductible at Source (TDS).
- Nomination is compulsory

### **10. KVB Tax-Shield**

Deposits made under KVB's Tax Shield qualify for tax benefits under Section 80 C of the Income Tax Act up to a sum of Rs.1.00 lakh. The Bank offers this deposit both under cumulative and non-cumulative options. The deposit account can be opened by a) a person in his/her own name and b) two persons in their joint names and also in the name of Kartha of Hindu

Undivided Family (HDF). The minimum amount that can be invested under this scheme is Rs.100/- and multiples thereof. The maximum amount is restricted Rs.1.00 lakh. In case of Joint account, the deduction under Section 80 C shall be available only to the first holder of the deposit. Deposit Loans are not allowed. Tax Deductible at Source (TDS) will be deducted at applicable rates. No term deposit shall be encashed before the expiry of five years from the date of its receipt. Interest on these term deposits shall be liable to tax. Nomination facility is available

### **NRI Deposit Schemes**

KVB offers different types of savings and investment schemes to meet the needs and requirements of Non-Resident Indians.

### **Foreign Currency Non Resident (FCNR) Account**

KVB offers FCNR account and this type of scheme is also being implemented by banks in nearly 100 branches throughout India. This scheme is otherwise known as fixed deposits or reinvestment deposits account. The maximum period of this type of deposit scheme is one year for a maximum period of 3 years. This deposit scheme accepts foreign currency notes, viz., USD, GBP, EURO or YEN. Under this scheme, there is no exchange risk and both the principal and interest are freely repatriable. One of the special features of the scheme is that account holders under the scheme are exempted from income tax and wealth tax.

### **Non Resident External (NRE) Account**

It is a convenient account for operating in India and retaining the repatriation rights. This deposit scheme can be opened at any branch, which is convenient to the customer. It can be operated as savings account with chequebook facilities or as fixed deposit or reinvestment deposit account. The duration period of this deposit account must be maintained in Indian rupees but principal and interest freely repatriable. This type of deposit account is also exempted from income and wealth tax.

### **Non Resident Ordinary (NRO) Account**

This account can be operated as savings account with cheque facility or as fixed deposit or reinvestment deposits in Indian rupees. Under this account, the depositor avails local credits, which are legitimately due to such accounts. Special features of the scheme are: interest can be repatriated fully but principal can be repatriated only to a permitted extent. This account is very useful for pooling local resources. Income tax is deductible at source on the interest earned.

### **Interest Rates on Deposits of KVB**

Rate of interest offered by KVB on domestic term deposits varies between 3.5 per cent minimum to 7.75 per cent. Table 3.5 gives the rates of interest on deposits of different maturities offered by the Bank as on 1.08.2010.

**Table 3.5**  
**Domestic Deposits Interest Rate of KVB**  
**with effect from 17.11.2010** ( in per cent)

<b>Deposit Period</b>	<b>Rate of Interest</b>
7 Days to 14 Days	Nil
15 Days to 29 Days	3.5
30 Days and above and up to and inclusive of 45 days	3.5
46 Days and above and up to and inclusive of 90 Days	4.5
91 Days and above but less than 6 months	5.25
6 months and above but less than 9 months	6
9 months and above but less than 1 year	6.25
1 year and above but less than 2 years	7.25
2 years & above and inclusive of 3 years	7.5
Above 3 years and inclusive of 5 years	7.75
Above 5 years	7.75
For KVB - Tax Shield Deposits	7.75

**Source:** [www.kvb.co.in](http://www.kvb.co.in)

### Interest Rates of FCNR Account of the KVB

Interest rates on Foreign Currency Non Resident Account (FCNR) of different currencies with different maturities of the Bank are given below in Table 3.6.

**Table 3.6**  
**Interest Rates of FCNR Account of the KVB**  
**with effect from 01.08.2010** ( in Per cent)

Sr. No.	Period	USD	GBP	EUR
1	1 year and above but less than 2 years	2.03	2.47	2.39
2	2 years and above but less than 3 years	1.73	2.39	2.43
3	3 years and above but less than 4 years	2.06	2.76	2.67
4	4 years and above but less than 5 years	2.43	3.14	2.92
5	5 years only	2.78	3.44	3.16

Source: [www.kvb.co.in](http://www.kvb.co.in)

**Note:**

- Subject to the ceiling of London Inter-Bank Offered Rate (LIBOR) / Swap Rates for the relevant period.
- The rates are subject to change without notice. Kindly contact the nearest branch for the updated rates.

### Interest Rates on NRE Account of the KVB

Interest rates on NRE saving bank deposit and fixed deposits at various maturities of the KVB are given below in Table 3.7.

**Table 3.7**  
**Interest Rates of NRE Account of the KVB**  
**with effect from 4.11.2010**

Time Bucket	Interest Rates p.a. (in per cent)
NRE Savings Bank Deposit	3.50
1 year to less than 2 years	2.79
2 years to less than 3 years	2.49
3 years	2.82

**Source:** [www.kvb.co.in](http://www.kvb.co.in)

**Note:** The above changes in interest rate will also apply to NRE deposits renewed after the present maturity period.

## **LOAN PRODUCTS**

The Bank has a full range of loan products for individuals, traders, professionals, industrial concerns and small and tiny enterprises. For individuals the Bank has easy installment loans for purchase of cars/ consumer durables, loans against shares and securities, easy loan or overdraft facilities against fixed deposit of the Bank, cheque purchase facilities, loan against jewels and credit card facilities. Attractive interest rates are offered for resident and non-resident deposits, while the pricing of loan products is competitive. KVB has an International Division at Chennai with a dealing room with modern communication facilities.

### **1. Traders and Industrial Concerns**

For traders and industrial concerns the Bank provides working capital finance by way of receivable/ inventory finance (Cash credit, Working capital, Term loan, Bills/ Cheque purchase and discounting) are also by way of clean overdraft. It also provides project finance for acquiring lands, building/ plant and machinery/ equipment's etc.

## **2. KVB Flexi Mobile Loan Scheme**

This is a scheme for professionals/ individuals/ firm's/ companies for the purchase of new cars for own use with a margin of 20 per cent. Second hand cars, not older than 5 year and in good condition will also be financed under this scheme with a margin of 30 per cent. The loan is repayable in 60 equated monthly installments. The maximum loan amount is Rs.7.50 lakh covering actual cost of the vehicle, life tax and cost of accessories.

## **3. KVB Varthaga Mitra Scheme**

This loan helps to meet the working capital requirements of the trading community. The scheme is for individuals, sole proprietary concerns, firms engaged in trade and commission agents for the purpose of working capital limits. The maximum loan amount is Rs.15.00 lakh and a 50 per cent margin is required. The security in the form of equitable mortgage of residential / Commercial land and building properties will be accepted. It is a short-term loan and is repayable within 36 monthly installments.

## **4. KVB Green Card**

This is a scheme for meeting out any urgent short-term credit requirements of farmers. It is available in all rural, semi-urban and urban branches. The minimum limit is around Rs.5000/-. The card is valid for a period of 3 years subject to annual review.

## **5. KVB Computer Loan**

This product has been launched with an aim to help the professionals, traders and other business houses to buy computers. Finance up to 70 per cent with a maximum loan amount of Rs.50000/-. The loan is repayable within a maximum period of 36 Equated Monthly Installments (EMIs). This scheme is available in metro, urban and semi-urban centers.

## **6. KVB Rent Fin Scheme**

This scheme is launched for providing finance against future rent receivables, for properties let out under lease. It is available for commercial properties located in all metro, urban and semi-urban areas. The loan quantum will be based on the net monthly rent and the un-expired tenor of lease and is to be repaid by 36 equated monthly installments.

## **7. Car Loan**

It is a specially designed car loan provided to professionals, businessmen and trader for the purchase of both new and second-hand cars. Under the scheme, it finances up to 80 per cent of the vehicle cost plus life tax and accessories. This loan can be repayable in 60 monthly installments (EMIs).

## **8. Two-wheeler Loans**

This is loan product that helps to buy a bike to move around, skirt the countryside and be independent. The maximum loan amount available under the scheme is up to Rs.40, 000/-. And this loan is repayable in 36 monthly installments.

## **9. KVB Insta Loan**

This product has been introduced for group of employees of reputed organisations where in aggregate amount will be sanctioned for the group with an individual ceiling for individual employees. It is available to individual ceiling for individual employees, who have completed minimum of 3 years of service in the organisation and who have un-expired service of minimum 3 years. Loan is available for personal consumption like buying consumer durables and for meeting medical/ educational expenses etc., for self and family members.

## **10. Educational Loan**

This is a scheme for providing loan for students for taking up selected courses in India and abroad. The loan covers fees for the purchase of books; equipment's and also travel expenses (for studies abroad). The maximum loan amount under the scheme is Rs.7.50 lakh for studies in India and Rs.15.00 lakh for studies abroad. Flexible repayment facilities, repayment commences after course period plus 1 year or six months after getting a job, whichever is earlier.

## **11. KVB Professional Loan Scheme**

This product has been launched to provide finance to selected professionals like Doctors, Lawyers, Chartered engineers and architects (who have been practicing for at least three years) for acquisition for equipment, tools, vehicles etc., and also to finance foreign travel expenses incurred on official trips. Maximum loan amount under the scheme is Rs.15.00 lakh with a margin of 20 per cent and suitable collateral security against loan amount. This loan is repayable in a maximum period of 60 months.

## **12. KVB Personal Loan Scheme**

This scheme has been launched to provide finance to meet the personal expenses from health and education to purchase of consumer durables individuals who can provide security in the form of National Savings Certificates and Kissan Vikas Patras etc., to cover the loan amount. The maximum loan amount secured under the scheme is Rs.100000/-. Unsecured loan is available up to Rs.50000/- at rate of interest 15.50 per cent subject to terms and conditions. Instant loan facility is also provided under hassle free procedures.

## **13. KVB Quick Loan Scheme**

This scheme has been introduced to provide finance to individuals against the security of National Savings Certificates and Kissan Vikas Patras without any guarantor or collateral security. Under this scheme loan available

up to a maximum of Rs.5,00,000/-. The loan can be short/ long-term loan or overdraft and is repayable by monthly installment or by bullet payment subject to maturity of the certificates.

#### **14. KVB Swarna Mithra Scheme**

Overdraft facility is available under this scheme against the security of gold jewelry (with minimum purity of 22 caret). Maximum amount allowed under the scheme is Rs.2.50 lakh. Individuals and trades are eligible to get finance under the scheme.

#### **15. KVB Happy Home Scheme**

This scheme has been launched to finance the construction/ acquisition or buy a house land or refurbish the existing home to individuals (both residents and NRIs) and Hindu Undivided Families (HUFs). The maximum loan under is scheme is Rs.15.00 lakh and maximum repayment period is 10 years and the borrowers will be covered under the personal accident insurance cover (death only) policy.

#### **16. KVB Bon Voyage Scheme**

The scheme is applicable to individuals/ proprietorship. Under this scheme, loan is provided for the purpose of foreign travel by borrower, relatives, dependents. Loan is available to finance business, and official travel as well as personal/ tourism travel. The maximum loan under the scheme is Rs.5 lakh and maximum repayment period is 36 months.

#### **17. IPO Funding**

Everyone wants the opportunity to make their money work for them. For the purpose to invest in Initial Public Offerings of a company, this funding will be provided. This is a short term loan for individuals or joint individuals (up to a maximum of 3 persons). It is structured to help individuals subscribe to Initial Public Offerings (IPOs) of equity shares of select companies. The

minimum loan amount is of Rs.20,000/- up to the maximum of Rs.1 lakh. The following are the terms and conditions of this funding facility.

- A Demat account with KARVY Consultants Ltd., Geojit Financial Services Ltd. or with any other depository participant with whom we may enlist from time to time. Infrastructure Leasing Fin Services and Kotak Bank are also included
- The applicant should have an Savings Bank account with KVB (Lending branch only and not with any other branch of KVB)
- The name of the applicants and its sequencing should be one and the same in all records viz. Loan application, Savings Bank Account, Demat Account, Share Application form/Bid form.

#### **18. NRI Loan Facilities**

KVB offers loan facilities to the Non Resident Indians for the following purpose:

- (i) Starting a new business in India.
- (ii) Constructing a house or leasing house, flat etc.
- (iii) Provision of loan against deposits in rupee as well as in foreign currency.

#### **Products to Agriculture Segment**

The Bank has provided various products to cater the needs of the farmers also. They are

- ❖ Farmers two wheeler loan
- ❖ KVB Green card
- ❖ KVB Green harvester
- ❖ KVB Green trac
- ❖ Loan to SHGs
- ❖ KVB Happy kisan
- ❖ KVB Kisan mithra

## **Other Innovative Services of KVB**

### **Ways to bank**

At Karur Vysya Bank, we understand the growing needs of our customers. In order to provide a comprehensive service and keep up with these growing needs, the bank has various facilities available to make banking with customer as smooth and convenient as possible. The bank has always stressed on providing "technological services at affordable prices" while keeping pace with modern advancements. The following are services extended by the bank are as follows;

### **ATMs**

The Bank has 376 ATMs. It has also ATM sharing arrangement with Punjab National Bank, UTI Bank, OBC and Indian Bank to create more touch points for their customers.

### **Internet Banking**

Internet banking is available to all individuals, including both resident and non-resident Indians and Hindu Undivided Families as well as to partnership firms and corporates. The customer can perform all his routine banking activities online conveniently and comfortably from everywhere. KVB's Internet Banking is available with the security of Double Factor Authentication, which is a combination of a four digit Personal Identification Number (PIN) and a random number generated by a Risk Sensitive Analysis (RSA) token.

**My Accounts:** The customer can avail details of the CASA accounts mapped to customer identification. Details including the account number the name of the account and the current balance of the CASA accounts mapped to one customer identification can be viewed. Account details can also be viewed and printouts can be taken.

**Transfer Funds:** The customer can transfer funds without any time restrictions from one account to any other account within KVB as well as to accounts with other banks through RTGS.

**Term Deposits:** The customer can view the term deposits mapped to customer identification. Term Deposit details such as the date of deposits, maturity amount and interest payment can be viewed.

**Loans:** The customer can view the loan accounts mapped to customer identification. Specific details such as the loan due date, the next installment due date, etc. can be also viewed.

**Customer Service:** The customer can avail a number of other services are as follows;

- Cheque status – To know if a particular cheque is paid or not
- Stop cheque payment - To stop the payment of the cheque
- Forex Rate Inquiry
- Bulletins
- Cheque Book status Inquiry
- Registering alerts – To register for alerts and messages
- Change Password – To change your password word to log-in to internet banking
- Session summary report - To know the summary of your log-in activities.

**E-Statements:** The customer can receive a statement of accounts by e-mail. He can receive e-statements daily, weekly, fortnightly or monthly, at your request and convenience. E-Statements are free for all customers and for all receipt cycles. However, for a daily e-statement, KVB will charge the customer Rs.100/- per month.

**Bill Payments:** KVB has entered into an arrangement with Bill desk and CC Avenue, two leading agencies that provide a bill payment facility. Both Bill desk and CC Avenue are tied up with over 3000 merchant establishments.

The utility bill payment facility allows the customer to pay for telephone bills, electricity bills, insurance premium and mutual fund investments. In addition to this the customer can also pay for credit card dues, travel and ticketing reservations, cable, DTH & internet service providers and other miscellaneous payments for cinema ticket booking, donations, etc. The customer can also shop online for a wide range of goods.

This service has been made simple, quick and extremely user friendly for your convenience. The per day transaction limit for the utility bill payment services for retail Internet banking customers is Rs.50,000/-, whereas corporate customers can transact without limit.

**ATMs:** KVB debit cardholder would be able to add balance in his phone from bank ATMs.

**Mobile Alerts:** Customer mobile phone can be used to receive intimations via Short Messaging Service (SMS) for balance enquiries, transaction enquiries, cheque status enquiries etc.

**E-Commerce / VBV:** With the e-commerce service customer can make transactions over the Internet with added security. With the growing emphasis on security for online transactions, people are looking for the safest and most secure online payment channel.

**Balance Enquiry:** Card holder can see the balance in his/her accounts linked to ATM card on the screen as well as obtain a transaction receipt showing the balance.

**Statement of Account:** A mini statement containing the last five transactions in the account can be obtained online. Request to the Bank for statement/

cheque book will be issued after receipt of the request at the customer's branch of KVB. Cheque book request and statement request will be processed by the branch and appropriate action will be taken by the customer's branch. Change of PIN can also be done.

**RTGS- Real Time Gross Settlement:** The salient feature of this service is the transfer of funds to any account in any bank branch enabled for RTGS in a fastest way (within hours). Any customer of any branch can transfer using RTGS. This service is provided for remittance of Rs.1 lakh and above. Customer is required to provide beneficiary's account number, name, address, and 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. During Monday to Friday, the service is available from 9 a.m. to 4.30 p.m. On Saturdays, they provide services up to 12.30 p.m.

**NEFT- National Electronic Funds Transfer:** Transfer of funds to any account in any bank branch is enabled for NEFT within the same day. Any customer of any branch for any amount can transfer. For non-customers, NEFT is available against cash remittance up to Rs.50,000. Customers are required to provide beneficiary's account number, name, address, bank and branch name. The beneficiary's bank account is credited on the same day (If the remittance is in the afternoon, the amount may be credited on the next day).

**Credit Cards:** KVB introduced credit card system. Credit card enables a customer to purchase goods and services from certain specified retail and service establishment up to a limit without making immediate payment. In other words, purchases can be made on credit basis on the strength of the credit card. The establishments like hotels, shops, airline companies, railways etc., which sell the goods or services on credit, forward a monthly or fortnightly statements to the Bank. The amount is paid to these establishments by the Bank. The Bank subsequently collects the dues from the customers by debit to their accounts. Usually, the Bank receives certain

service charges for every credit card issued. For the convenience of the customer, Karur Vysya Bank offers internationally accepted VISA debit card services. That would make the customer convenience to access the card with an ATM, book travel tickets through the internet or shop online. This is verified by VISA security-enabled feature ensures that the customer can get peace of mind when using cards. International Karur Vysya Bank card eliminates the need to carry large amounts of cash.

**Visa Card Tie-up:** The bank has entered into tie-up arrangement with VISA International for selling VISA Electron Debit cards to their customers.

**Debit Cards:** The bank offers international VISA Debit cards to its savings account customers. These cards are internationally accepted and can be used to access all Bank ATMs and over 13000 domestic ATMs under the VISA / NFS cluster and over 1 million VISA ATMs worldwide. All savings bank account holders (except Kalpatharu), current accounts held in individual or joint names, sole proprietorship, partnership or limited companies. In case of partnership and Limited Company accounts, VISA Debit card will be issued in the name of one of the authorized / designated partners / signatories. Add-on cards will not be issued. Charges as applicable from time to time will be levied for use of the cards in ATMs of other banks. The following are the features of cards;

- KVB's VISA Debit Cards can be used to withdraw cash from ATMs, pay for purchases at points of sale and pay of air and rail tickets booked through the Internet
- Verified by VISA facility for secured transfer of funds.
- Add-on card will be issued on request to the spouse for savings bank accounts
- Maximum cash withdrawal through KVB ATM is Rs. 30000/- per day.
- No service charges for use of KVB ATMs

**KVB International debit card:** It is otherwise known as smart cash debit card. KVB partnering with VISA has launched this card. It is just like a ATM card, will be made available at free of cost. This card can be used as an ATM card at any KVB, UTI Bank or VISA ATM in India and abroad. If the debit card is used at ATMs other than KVB's the Bank will be charging a transaction fee. Daily ATM cash withdrawal limit has been fixed at Rs.15, 000. KVB will make this card available at 33 rural branches in Tamil Nadu and seven in Andhra Pradesh.

**Gift Cards:** The Bank offers prepaid Gift Card to make gifting and receiving a pleasurable experience. The KVB Gift Card is authenticated by VISA and is acceptable at over 375000 merchant outlets that display the logos of KVB / VISA. Anyone who satisfies KYC norms can purchase gift cards. The following are the features of gift cards.

- Can be purchased over the counter
- Available in denominations of Rs. 500/- to Rs. 49999/-
- Access to over 375000 VISA merchant outlets
- Valid for three years

### **Bancassurance**

Karur Vysya Bank has entered into an arrangement with Bajaj Allianz General Insurance for selling insurance products viz, Health insurance, Motor Insurance, Motor vehicle dealers and Fire policy and Travel companion.

### **Demat Account India**

Demat stands for dematerialization. The dematerialization process converts physical shares into electronic (dematerialized) shares, which eliminates all the problems associated with physical securities. A demat account has to be opened by the customer, if you want to buy and sell shares, securities and debentures.

KVB is a registered member (Depository Participant) of National Securities Depository Limited(NSDL). The bank has been enrolled as a depository participant by NSDL; India's first depository. The customer can avail all depository-related services and maintain a demat account with NSDL through Karur Vysya Bank.

### **Mutual Fund Investments**

As part of their financial planning process customers explore various financial instruments while arriving at their investment decisions. Acknowledging this requirement, KVB offers a range of financial services under one roof. Since mutual funds is a desired investment option of the customers, KVB has entered into tie-ups with leading mutual fund AMCs for the convenience of customers so that they can enjoy the experience of convenience banking.

### **Subsidiary Services of KVB**

- ***Collection of Cheques, Dividends, and Interest:*** As an agent the Bank collects cheques, drafts, promissory notes, interest, dividends etc on behalf of its customers and credit the amount to their accounts. Customers furnish their bank details to corporate where investment is made in shares, debentures etc. As and when dividend, interest, is due, the companies directly send the warrants/ cheques to the KVB for credit to customer account.
- ***Payment of Rent, Insurance Premiums:*** KVB makes payments such as rent, insurance premiums, and subscriptions, on standing instruction until further notice. Till the order is revoked, the Bank will continue to make such payments regularly by debiting the customer's account.
- ***Dealing in Foreign Exchange:*** KVB purchases and sell foreign exchange as well as for customers as per RBI Exchange Control Regulations.
- ***Safety Locker Facility:*** Safe keeping of important documents, valuables like jewels are one of the important service provided by the

KVB. "Lockers" are small receptacles which are fitted in steel racks are kept inside strong rooms known as vaults these lockers are available on half yearly or annual rental basis. The bank merely provides lockers and the key but the valuables are always under the control of its users. Any customer cannot have access to vault. Only customers of safety lockers after entering into a register his name account number and time can enter into the vault. Because the vault is holding important valuables of customers in lockers, it is also known as "Strong Room".

- **Payment Mechanism or Money Transfer:** Transfer of funds is one of the important functions performed by the KVB. Cheques and credit cards are two important payment mechanisms through the Bank. Despite an increase in financial transactions, the Bank is managing the transfer of funds process very efficiently. Cheque's are also cleared through the banking system. Correspondent banking is another method of transferring funds over long distance, usually from one country to another. KVB, these days through computers to speed up money transfer and to reduce cost of transferring funds. Electronic transfer of funds is also known as "Chequeless banking" where funds are transferred through computers and sophisticated electronic system by using code words. They offer Mail Transfer (MT), Telegraphic Transfer (TT) facility also.
- **Letters of Credit:** KVB is providing letter of credit services to their customers. Letter of credit is a payment document provided by the buyer's banker in favour of seller. This document guarantees payment to the seller upon production of document mentioned in the letter of credit evidencing dispatch of goods to the buyer. The LIC is an assurance of payment upon fulfilling conditions mentioned in the letter of credit. The LIC is important method of payment in international trade. There are primarily four parties to a letter of credit (L/C). The buyer or importer, the bank which issues the L/C, known as opening bank, the person in whose favour the L/C is opened or issued (The seller or exporter, known as Beneficiary of L/C), and the credit

receiving/ advising bank. The L/C is generally advised/ sent through the seller's bank, known as negotiating or advising bank. This is done because the conditions mentioned in the L/C are, in the first instance, have to be verified by the Negotiating Bank, it is mostly in international trade.

- **Accepting Bills:** On behalf of their customers, KVB accepts bills drawn by third parties on its customers. This resembles the letter of credit. KVB accepts bills; they provide a better security for payment to seller of goods or drawer of bills.

### **Industrial Relations**

KVB always believes that its human resources are vital for a service sector like banks and more so in the current environment. In order to ensure that the human resource plays its due role in the performance of the banks, especially in the competitive environment, regular and constant training programmes are conducted both internally and through external sources.

The Bank maintains a congenial atmosphere for the employees to work and believes in maintaining cordial and healthy relations in the Bank. The branches and offices of the Bank are manned adequately. As on 31<sup>st</sup> March 2002, the Bank has 2,865 employees.

### **Asset–Liability Management (ALM)**

In these days of intense competition, the bankers should be necessarily aware of risk to which they are exposed to and the tools that are available for managing risks. The Bank has put in place an Asset Liability Management (ALM) System with effect from 16.11.1998. The bank also set up internal Asset Liability Management Committee (ALCO) at the top management level. Monthly statements on structural liquidity and interest rate sensitivity are generated and monitored closely for managing any mismatch for assets and liabilities. ALCO Committee is also looking after the pricing of products and liquidity risks. The asset liability statement of the Bank as on 31st March 2010 is given in Table3.8.

Table 3.8

**Asset Liability Statement of the Bank as on 31<sup>st</sup> March 2010**

(Rs. In Crore)

<b>Maturity</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Mismatch</b>	<b>% of Mismatch</b>
1 day	275.37	404.10	-128.73	-2.30
2 to 7 days	284.84	46.87	237.97	4.25
1 to 14 days	226.57	105.34	121.23	2.17
15 to 28 days	570.14	247.36	322.78	5.77
29 days to 3 months	2448.45	979.94	1468.51	26.24
3 to 6 months	1590.54	682.58	907.96	16.22
Over 6 months to 1 year	3748.99	2990.51	758.48	13.55
Over 1 year to 3 years	6956.08	5328.98	1627.1	29.07
Over 3 years to 5 years	1295.25	1530.86	-235.61	-4.21
Over 5 years	1875.62	1358.46	517.16	9.24
<b>Total</b>	<b>19271.85</b>	<b>13675.00</b>	<b>5596.85</b>	100.00

**Source:** Annual Report of KVB**Corporate Governance**

Enhancing the quality of corporate governance in the bank management has assumed crucial importance. Banking being an altogether different industry has to strike a balance between promoting safe and sound banking and at the same time flexible enough to face the competitive situation.

Corporate Governance is aimed at fulfilling certain obligation towards shareholders and other stakeholders by minimizing their value, protecting their interest with commitment to values and ethical standards in business operations with required transparency. KVB believes in the conduct of good Corporate Governance.

KVB having committed to the values and ethics in the business operations has complied with all the requirements of the corporate governance, requires without diluting degree of transparency, accountability and responsibility, such as board of directors to consist 50 per cent as independent directors, constitution of audit committee, deregulation of powers to the committee, its composition, its role, board procedures, matters relating to the shareholders, constitution of shareholders/ investors grievance committee and disclosure to be made in the annual report.

### **Credentials of the Bank**

In the year 1995-96, "BT-CRISIL SURVEY OF BANKING" has rated the Bank as best Bank in the private sector by placing it on the top position and the same survey has ranked the Bank as THIRD among all the Indian Scheduled Commercial banks based on 1994-95 results. The Bank continues to enjoy the standing of being one of the best banks.

In 1997-98, Asia week (September 1997), has rated KVB as the FOURTH among 500 banks in terms of **highest return of equity** and FIRST among Indian schedules commercial banks under this parameter.

In 1998-99, "Business Today-KPMG Study" with a view to ranking the best among the banks based on their **balance sheet** as of 31<sup>st</sup> March 1998, has ranked the KVB as one of the top FIVE banks in the private sector and as No.1 Bank among the old private sector banks as a group.

In 1999-2000 – Professional Journals and financial dailies, the Bank ranked as best among the banks based on their **balance sheet performance** as of March 1999, has once again ranked the KVB Ltd, as one of the top FIVE banks in the private sector including the new generation private banks.

In 2000-01 the Bank continued to be ranked as one of the top five banks based on balance sheet performance of banks as on 31<sup>st</sup> March 2000. The BT-KPMG Best Bank Survey has placed the Bank in the SECOND

position among banks in terms of **earnings** while evaluating them based on their working results for 1999-2000.

In 2001-2002, "Business Today" ranked the KVB as one of the top 10 best banks in the country. "Financial Express" awarded 7<sup>th</sup> position for KVB out of 70 banks surveyed on the basis of aggregate weighted 5 dimensional **overall score** based on 2001-02 figures. ICFAI press research team in "Professional Banker" a monthly Banking Digest in December 2002 issue, adjudged KVB as a "Consistent Performer" especially in the area of **Profitability, Staff productivity and Dividend payouts.**

In 2003, the Bank has been ranked Second Best among the old generation private sector banks as per the survey conducted by Financial Express-Ernst&Young. Further Business Standard in its October 2003 issue, has assigned seventh position for the Bank for the year 2003 out of 50 banks taken for study.

KVB is the only bank among the 21 fastest growing companies selected among 483 listed companies in the country as per the study conducted by Business Today in February 2004.

In 2006-07, the Bank was rated as the most Efficient Small Bank by Business Today – KPMG and as the No. 1 old private sector bank by Financial Express – Ernst & Young for two years in succession (2006 & 2007).

In 2009, the Bank was ranked as the Best Mid-sized Bank by Business Today – KPMG. The bank was ranked by "The Banker", London among the TOP 1000 Banks of the world for the year 2009 (One among 32 Indian Banks featuring in the list). Also one of only 6 Indian Banks featured in the list of top performers under **Return on Assets.**

In the same year, the Bank was awarded the "Banking Technology Excellence Awards - 2008" for **Best use of IT for Customer Service in**

**Semi-Urban and Rural Areas** and the "Banking Technology Excellence Awards - 2009" - Special Award – Best IT Infrastructure Management, 2009 by Institute for Development and Research in Banking Technology, Hyderabad.

The Bank awarded the Gold CIO Award in the more than Rs. 1000 crore. Category of the Enterprise Connect Awards '09 instituted by CIOL (Cybermedia India Online Limited)-Dataquest recognizing the “leadership combined with vision and mission in deploying information technology for business benefits through pioneering and innovative use within and outside the organization”.

The Bank received the CFBP Jamnalal Bajaj Award for **Fair Business Practices in the Financial Sector Category**. The award has been instituted by the Council for Fair Business Practices, Mumbai based on evaluation parameters like **customer satisfaction, customer communication, employee motivation, social conscience, corporate social responsibility and compliance** with laws.

### **Future Plans of the Bank**

With strong and healthy fundamentals, the Bank is looking into the future with confidence and striving to ensure the share of the Bank will continue to grow with a difference. The Bank is planning to automate its operations in a big way so as to have a minimal response time in customer service. It wishes to change with the times and also maintain its traditional care and warmth towards customers.

The financial reforms that have been in place for the past 10 years, the process of integration of the Indian economy with the rest of the world, continued deregulation, increased competition and technological advancements have changed the banking turf with the customer emerging as the center-point and in the process banking systems have become more competitive, transparent and accountable. The Bank plans to take such challenges of changes in its stride. It is planning to prepare itself to migrate to still better operational standards in line with the global ones. It is in the

process of reorienting its policies, practices and procedures in tune with the changing environment by concentrating to its core competencies.

In short KVB strives to provide services that are a combination of e-touch with personal touch.

KVB has signed an agreement with Bajaj Allianz, General Insurance Company Ltd., for the distribution of wide range of general insurance products including health insurance through its branches. The Bank also has tie-ups with UTI Bank for sharing of their ATMs and with Birla Sun Life Mutual Funds for distribution of mutual fund schemes.

Today KVB offers total banking solutions for customers, backed by a tradition of 94 years, supported by adequate infrastructure and a dedicated, committed work force. KVB's traditional heritage and vision makes every customer a privileged partner in progress and prosperity.

KVB has signed a Memorandum Of Understanding (MOU) with Export Credit Guarantee Corporation (ECGC), to enable the Bank to marketing its export credit/ risk insurance products through ECGC under the concept of "bancassurance". This agreement would enable the KVB offering the ECGC export insurance covers to the exporting community serviced by the bank's various branches across the country.

The Bank has long-term vision. After putting in place action plan for the current fiscal, the bank has evolved an action plan for the next three years. The Bank priorities are clearly spelt out. Envisioning the Bank's position in the midst of technological changes and stiff competition from other banks is in the top priority list. Next, is again dovetailed to meet the future needs and expectations of their existing and prospective customers as well. KVB has grown into a matured bank with a long-term vision. KVB is a partner in customer's progress. Let them grow together.

The bank has in place robust risk management systems and adheres to the tenets of Corporate Governance. The bank is well-equipped to boldly take up the challenges in the industry and emerge as a top-notch one-stop-

shop techie financial supermarket. KVB will continue its endeavors to bring the best of products and services to its customers to emerge as the techie bank that provides the gateway to Smart Way to bank.

### **Other Developments**

The Bank has been a forerunner in participating any new initiatives in financial sector, taking long-term benefits into account. Following developments are in this connection:

Asset Reconstruction Company India Limited' (ARCIL) has been set up as a company in private sector. The main objective of the company is to help the Banks and Financial Institutions in the recovery of NPA. The scope of business includes acquisition of secured and unsecured financial assets from Banks & Financial Institutions at discount rate and recovers the dues over a period of time with the support of legal system. KVB has contributed Rs. 6.38 crore in equity along with SBI, IDBI, ICICI Bank, HDFC, HDFC Bank etc.

Based on National priorities & Government policies, the Bank has been extending credits to the needy segments. The commodity exchanges at national level have come to stay. National Commodity & Derivatives Exchange Ltd. (NCDEX) is one such on-line commodity exchange. It provides a world-class commodity exchange platform for market participants, to trade in a wide spectrum of commodity derivatives. In order to achieve the said objectives NCDEX has floated an associate company called, 'M/s National Collateral Management Services Ltd'., (NCMSL) with a paid-up capital of Rs. 30 crore. KVB is having an equity participation of Rs. 1.50 crore in NCMSL along with other institutions like ICICI Bank, LIC, NABARD, NSE, CRISIL, PNB etc. The Bank has also become one of the clearing banks of NCDEX. This initiative has thrown enormous opportunities to KVB to extend credit to agriculture sector and traders.