



**ANDAMAN & NICOBAR  
STATE CO-OPERATIVE BANK LTD  
PORT BLAIR**

**1966 – 2009**

**43<sup>RD</sup> YEAR**

ANNUAL REPORT

**Shri Saroop Lall, Chairman, A&N State Coop. Bank Ltd., is listening to the Problems of farmer members of the Bank .**

**Memorandum of Understanding (MoU) was signed at Port Blair jointly by S/Shri. Tapan Mondal , IAS, Development Commissioner, P.Mohanaiah, Chief General Manager, NABARD,R.O Kolkata and P Kunjumon, Managing Director, A & N State Coop. Bank Ltd.**

ANDAMAN & NICOBAR STATE CO-OPERATIVE BANK LTD.,  
PORT BLAIR

BOARD OF DIRECTORS

**CHAIRMAN**

1. Sri. Saroop Lall  
**Representative of Central Coop. Welfare Society Ltd.**

**VICE CHAIRMAN**

2. Sri. Bhagat Singh  
**“C” Class Member**

**DIRECTORS**

3. Sri Hemraj Bahadur  
**Representative of Consumers Coop. Stores Ltd.**
4. Sri Harmohan Lall  
**Representative of Gaon Vikas Ser.Coop.Society Ltd.**
5. Sri Madan Lall  
**Representative of Hobdipur Coop. Coconut Farming Soc.Ltd.**
6. Sri Ranjit Kumar Banerjee  
**Representative of Pallimangal Ser Coop. Society Ltd.**
7. Sri Sachindra Nath Haldar  
**Representative of Rehabilitation Ser Coop. Society Ltd.**
8. Sri Amal Sammaddar  
**Representative of Swarajgram Ser Coop. Society Ltd.**
9. Smti Gouri Biswas  
**Representative of Shibpur Ser Coop. Society Ltd.**
10. Sri M.O.Churian  
**Representative of Coop.Emp. Coop. Welf. Society Ltd.**
11. Sri. R.Nithyanandan, NABARD(Nominee)  
**from 03.05.07.**

**MANAGING DIRECTOR**

12. Sri P Kunjumon

MISSION

*To mobilise resources, provide banking products and other professionalised services to the people, strengthen the affiliates, provide vibrant leadership to the Co-operative banking system, achieve sustained growth and ultimately to attain prime position in the banking industry.*

**Under Certificate of Posting**

## Notice

Notice is hereby given to all the members that the Annual General Body meeting of the A&N State Coop. Bank Ltd., Port Blair will be held on **Sunday, the 29<sup>th</sup> March, 2009** at 10.00 a.m in the conference hall of Hotel Sun Sea Resort to transact the following business :-

1. To read and confirm the proceedings of the last general body meeting held on 28<sup>th</sup> September, 2008 .
2. To present the Annual Report 2009 .
3. To adopt the Audit Report and rectification report thereof for the year 2007-08 .
4. To appropriate profit for the year 2007-08 .
5. To pass the budget for the year 2009-10
6. Election to the Board of Directors of the Bank
7. Other items, if any

**By order of the Board**

**Sd/-  
Managing Director**

**Port Blair**

**Dated : 02/03/2009**

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**Note :**

- 1) Please note that the members societies who cleared the entire overdue (principal and interest) on 13/03/2009 are only eligible to attend the General Body meeting in terms of Rule 21 of the A & N Islands Co-operative Societies Rules 1974 /bye-law No:16(1) of the bank .
- 2) The member societies are requested to depute one representative from each society in the general body meeting. The representative should be sent duly authorized by the Managing Committee of the society concerned alongwith its resolution to participate in the General Body Meeting . The resolution duly attested by the Asst. Registrar of Coop. Societies / Inspector of Coop. Societies should reach to the A&N State Coop. Bank Ltd., Port Blair four (4) days in advance of the meeting .

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To

President /Secretary

.....Society Ltd.

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## ANNUAL REPORT 2009

To

Dear Share holders ,

On behalf of the Board of Directors of the Bank, I have great pleasure in welcoming you all to the 43<sup>rd</sup> Annual General Meeting of your Bank .

**The Annual Report** and the **Final Accounts (audited)** of your Bank for the period ended **31st March 2008**, have already been provided to you . I also take this opportunity to thank you all for making it convenient to attend this meeting .

Your Bank has grown from strength to strength . It is my proud privilege to congratulate you on this occasion . I am sure , you will join me to wish the Bank that it may grow and diversify into new areas and make considerable contribution to the nation building .

Today, with your kind permission, I take your liberty to present the **Annual Report 2009** of the Bank together with the **Audited Balance Sheet and Profit and Loss Account** for the year **2007-08** duly adopted by the Board of Directors.

### ECONOMIC SCENARIO

The year 2008 was an eventful year . The sub-prime crisis , rise in prices of oil, gold and commodities had a telling effect on the money market and the investors across the globe . Towards the end of 2008, inflation started inching up due to steady rising of crude oils.

### BANKING ENVIRONMENT

Indian banking industry witnessed a kind of cyclical slowdown in credit expansion during 2007-08. The successive increase in the Cash Reserve Ratio (CRR), repo rates have had significant impact on the bank's net interest margins .

### **BANK'S PERFORMANCE**

And your bank, I am happy and proud to say, has outperformed itself over all the previous years and set new records in the following parameters :

- The total deposit of the Bank touched a new height of Rs.288.74 crore , breaking the previous year's record of Rs.264.92 crore by 9% .
- The total advances of the bank shot up to Rs.106.96 crore, 24.36% higher when compared with the previous year's Rs.86.01 crore .
- Total investment reached to Rs.224.34 crore, registering an increase of 6.08% growth over the previous year .
- The total business of the bank increased by 12.77 % to Rs.395.70 crore, as compared to previous year's total business of Rs.350.93 crore .
- The staff productivity touched Rs.2.00 crore, when compared to Rs.1.78 crore in the previous year, with a growth of 12.36% .
- The per branch business rose to Rs.13.64 crore , as compared to Rs.12.10 crore in the previous year, registering a sharp growth of 12.73% .

### **BANK'S FINANCIAL HIGHLIGHTS**

Despite the pressure of heightened competition and tighter monetary environment, the Bank earned a net profit of Rs.1.54 crore during 2007-08 .

Bank's net profit registered a growth of 30.65% as on 31.03.2008 . Bank's net interest margin was at the level of 4.39% (spread), as the cost of deposit decreased from 4.28% in 2006-07 to 3.70% in 2007-08 . The Bank's gross income grew at the rate of 22.40 % over the previous year .

Through continuous monitoring and concerted efforts at all levels, the Bank was able to bring down its overdues. The overall results indicate the underlying strength of the Bank's Financials .

The Bank was able to show noticeable improvement in its key efficiency and productivity ratio's during 2007-2008 .

The Bank raised the resources required for lending and investments through owned funds ,deposits and borrowings. The details of various **Sources** through which funds were mobilised are furnished below :-

**Share Capital**

**1.1** The Share capital of the Bank as on 31.03.2008 amounted to Rs.207.35 lakhs. The share capital was contributed by ‘A’ class share holders of societies and by ‘C’ and ‘D’ class individual share holders. The Bank does not have any Govt. contribution .

(Rs. in lakhs)

Sr. No	Particulars	31.03.07	31.03.08
	<b>Share Capital</b>		
1	Coop.Societies(A)	109.79	113.50
2	Individuals (C)	0.01	0.01
3	Associate members (D)	82.67	93.84
	<b>Total:-</b>	<b>192.47</b>	<b>207.35</b>
	<b>Growth registered 7.73%.</b>		

**Reserves & Surplus**

**1.2** The total reserves of the Bank amounted to Rs.5268.66 lakhs as on 31.03.2008. The breakup particulars are furnished in Col.2 .

(Rs.in Lakhs)

Sr. No	Particulars	31.03.07	31.03.08
1	Statutory Reserves	883.53	2086.31
2	Agri.Credit.Stablisation fund	218.60	248.84
3	Building Fund	45.97	109.77
4	Bad & Doubtful Debts Reserves	498.13	544.09
5	Investment Diminution Reserves	485.69	1048.50
6	Overdue Interest Reserves	300.68	300.93
7	Un realised Income Reserves	45.15	40.91
8	Staff Training Fund	32.67	36.70
9	GOI & ETF	966.00	
10	Computerisation	59.70	274.44
11	Others	224.51	578.17
	<b>Total :-</b>	<b>3760.63</b>	<b>5268.66</b>
	<b>Growth registered 40.10%</b>		

**1.3** The Bank’s Free Reserves amounted to Rs.1183.42 lakhs as on 31.03.2008 as against Rs.1168.20 lakhs as on 31.03.2007, which showed an increase of Rs.15.22 lakhs , registering a growth of 1.30 % over the previous year .

**1.4** The Statutory Reserve has been built up by the Bank by appropriation of 25% of net profit of the Bank every year and also by crediting the left over surplus in the Profit and Loss Account after appropriation to various items .



**Deposit**

**1.5** Deposit formed a major source of funds of the Bank. The deposit of Rs.28873.78 lakhs as on 31.03.2008 constituted 76.64% of working fund of the Bank .

The Deposit of the bank, which stood at Rs.26491.90 lakhs as on 31.03.2007, increased to Rs.28873.78 lakhs as on 31.03.2008 with a growth rate of 9% . The market share of deposits of the Bank as compared to the total deposits mobilised by all Banks in the islands stood at 20.27% as on 31.03.2008, securing 2<sup>nd</sup> position followed by SBI .

**1.6** The type-wise break-up of the deposits as on 31.03.07 and 31.03.08 are furnished below :-

**(Rs. in lakhs)**

Particulars	31.03.07	%to total deposits	31.03.08	%to total deposits
Current	1155.41	4.36	1095.90	3.79
Savings	13253.08	50.02	14411.94	49.91
Term Deposits	10256.81	38.72	11477.17	39.75
Others	1826.60	6.90	1888.77	6.55
<b>Total</b>	<b>26491.90</b>	<b>100.00</b>	<b>28873.98</b>	<b>100.00</b>

The source –wise break-up of deposits is detailed below :-

**(Rs. in lakhs)**

Particulars	31.03.07	%to total deposits	31.03.08	%to total deposits
Cooperatives	753.85	2.85	741.05	2.57
Individuals	25738.05	97.15	28132.73	97.43
<b>Total</b>	<b>26491.90</b>	<b>100.00</b>	<b>28873.78</b>	<b>100.00</b>

The **Current Account Savings Account (CASA)**

deposit to total deposit formed about 54% as on 31.03.2008 .

**Borrowings**

**1.7** Borrowings constituted the second largest source of funds of the Bank . The borrowings of the Bank as on 31.03.2008 amounted to Rs.1938.57 lakhs as against Rs.1227.63 lakhs as on 31.03.2007. The borrowings formed 5.14% of the working funds of the bank .

**1.8** The details of borrowings of the bank according to the source and type of borrowings are furnished below :-

**(Rs. in lakhs)**

<b>Borrowings(O/S)</b>	<b>As on 31.03.2008</b>
<b>From NABARD</b>	
Long Term Loans	1938.22
CDF	0.35
<b>Total :-</b>	<b>1938.57</b>

**1.9** During the year 2007-08, the bank borrowed a sum of Rs.1000.00 lakhs from NABARD . The percentage of borrowings to loans and advances constituted 18.12% as against 14.27% in the previous year . The bank also repaid an amount of Rs.289.10 lakhs towards Principal and Rs.76.77 lakhs in interest to the NABARD, during 2007-08.

**1.10** As against the Borrowing Target of Rs.500.00 lakhs for 2007-08, the bank borrowed Rs.1000.00 lakhs from NABARD which recorded an achievement of 200% .

**1.11** The Bank had not defaulted in the repayment of borrowings to the higher agencies .

## DEPLOYMENT OF FUNDS

### Investment

**2.1** The Bank had formulated an investment policy and it was approved by the Board on 28.02.04 . The investments of the bank in the Govt. and other securities including Term Deposits in commercial banks and Call Money amounted to Rs.22433.75 lakhs as on 31.03.2008 .

The Bank has made an investment of Rs.8357.18 lakhs in Govt.securities which was reckoned for the purpose of Statutory Liquidity Ratio (SLR) .

**2.2** The comparative position of the composition of the investment portfolio of the bank is given below :-

(Rs. in Lakhs)		
Particulars	As on 31.3.07	As on 31.3.08
I. SLR Investments		
(a) Treasury Bills/ Govt. securities	7987.20	8157.18
(b) Other approved Securities	451.95	<b>200.00</b>
<b>Total a + b</b>	<b>8439.15</b>	<b>8357.18</b>
II.Non-SLR investment		
(a) Bank Bonds etc	5163.98	7597.44
(b) Deposits with banks / Institutions and Call	7543.51	6479.13
<b>Total a + b</b>	<b>12707.49</b>	<b>14076.57</b>
<b>Total Investment</b>	<b>21146.64</b>	<b>22433.75</b>

**2.3** The investments of the Bank formed 59.55% of the total assets as on 31.03.2008 with a growth rate of 6.08%.

**2.4** The provision held by the Bank under Investment Diminution Reserve as per norms stood at Rs.1048.50 lakhs, as on 31.03.2008 .

**2.5** The bank had endeavoured for the maximum utilisation of its surplus resources by investing the funds in Call Money Market, Inter Bank Deposits with other Commercial Banks and in trading activities. The Bank earned a realised profit of Rs.106.41 lakhs on trading.

### Loans and Advances

**2.6** The total loans and advances outstanding as on 31.03.2008 amounted to Rs.10696.44 lakhs as against Rs.8601.13 lakhs as on 31.03.2007 . The CD ratio of the bank as on 31.03.08 was 37.04%, whereas, the CD ratio of the UT on 31.03.2008 was 33.91%. The sectoral deployment of advances as on 31.03.2008, 31.03.2007 are furnished in the next page :-

(Rs. in lakhs)

S NO	Purpose	Outstanding as on	
		31.03.2007	31.03.2008
1	Short-term for Seasonal Agricultural Operation	41.33	48.47
2	Medium-term loans for		
	a) Agricultural purposes	99.40	73.67
	b) Housing purposes	164.06	194.03
	c) Other purposes	1724.11	1514.01
3	Long-term loans for		
	a) Agricultural purposes	172.40	129.05
	b) Housing purposes	1216.96	1389.46
	c) Other purposes	459.83	729.88
4	Consortium	500.00	500.00
5	Advances against Deposits	271.80	366.06
6	Gold Loans	564.81	1035.82
7	Overdrafts	3386.11	4715.99
	<b>Total:-</b>	<b>8601.13</b>	<b>10696.44</b>
	<b>Growth (%)</b>	<b>10.59</b>	<b>24.36</b>

**2.7** The bank had the market share of 24% in the Union Territory as on 31.03.2008 in respect of loans and advances .

**2.8** Despite various constraints like hike in interest rates of credit delivery system, moving to variable interest rate structure, stiff competition from Nationalised Banks and the new generation Private Sector Banks, the bank has been giving priority for agriculture and allied activities .

**2.9** The % of share in Agricultural advances to total agricultural advances (UT) is 46%, dominating in the UT . **The CD ratio of the Commercial Banks are 30.50% as on 31.03.2008**, whereas, **the A&N SCB is leading with 37.04%**. Although, the CD ratio of the bank is much higher than the Commercial Banks throughout the period indicating better utilisation of funds in lending, leaves large surplus of funds, which are parked in SLR, Non-SLR and TD's .

### **Short term Agricultural Advances**

**2.10** During 2007-08, the ST(Crop) advance was Rs.65.92 lakhs .The total loans outstanding under Agriculture activities as on 31.03.2008 stood at Rs.1017.61 lakhs, which formed about 9.51% of the total loans and advances outstanding . Under the Annual Credit Plan 2008-09, the bank made an Annual Target of Rs.5.72 crores under Agriculture sector, constituting 41.27% of the total outlay in the UT under Annual Credit Plan .The total Agriculture sector outlay of the UT is Rs.13.86 crore .

### **Kisan Credit Card**

**2.11**The Bank had introduced Kisan Credit Cards in 1996 to provide finance to the farmer members of the PACS.

The KCC is ensuring instant credit as per the scale of finance multiplied with cultivated land of the farmers upto Rs.1,00,000/- by simple formalities. Farmers under KCC are covered by Personal Accident Insurance Scheme (PAIS) to the extent of Rs.50,000/-.

The total number of farmer members with the Bank is, 3498 nos., of which the bank has issued 3131 nos. of Kisan Credit Cards

aggregating to total disbursement of Rs.478.13 lakhs till date, whereas, the commercial banks in the islands issued only 887 nos. of Kisan Credit Cards .

During 2007 - 08, the bank issued 79 nos. of Kisan Credit cards to the farmer members, amounting to Rs.35.55 lakhs.

The bank has also revived Swadesh Primary Agriculture Credit Society during 2007-08 and issued 37 nos. of Kisan Credit Card amounting to Rs.9,90,600/- .

### **Medium Term Agricultural Advances**

**2.12** The credit extended under Medium Term Loans for the purposes like land development or land reclamation, purchase of agricultural implements, bunding of lands, farm house construction , raising of plantation, Vanilla Crops etc was to the tune of Rs.34.52 lakhs during 2007-08 as against Rs.28.29 lakhs during 2006-07.

### **Formation and Linking of SHG's**

**2.13** The Bank had so far linked 266 nos. SHGs and extended Credit facilities to the tune of Rs.171.90 lakhs, of which, Rs144.92 lakhs . was extended to 215 women groups.

**Retail Banking**

2.14 In retrospect, it seems the flavour of the year was Retail Banking . The retail banking grew at 54%

Bank also provided credit assistance under Swarojgar Credit Card (SCC) to the extent of Rs.13.55 lakhs to 55 beneficiaries . in the year 2007-08 .

Within retail , the housing loans , car loans, medical, education , consumption/personal loans have shown higher growth trajectory . The details of few retail banking items are shown below :- (Loans issued from 01.04.07 – 31.03.08).

(Rs. in lakhs)

Sl.No.	Particulars	2007-08
1	House construction & repairs	424.72
2	Education	62.95
3	Vehicle	211.68
4	Medical	12.30
5	Consumption /Personal	118.23
	<b>Total :-</b>	<b>829.88</b>

**Rajiv Gandhi Rehabilitation Package (RGRP) for Tsunami affected fishermen.**

2.15 The bank extended credit facilities to the extent of Rs.64.61 lakhs under RGRP during 2007-08 as compared to Rs.1.51 lakhs during 2006-07 .

**KVIC loans : Rural Employment Generation Programme (REGP)**

2.16 The bank continued its finances under Govt. sponsored schemes and provided credit assistance of Rs.36.16 lakhs to 48 beneficiaries during 2007-08 . The total credit extended so far, was Rs.361.99 lakhs to 373 beneficiaries. The REGP scheme of KVIB is ceased to be in existence w.e.f. 01.04.08 .

**Swarnajayanti Gram Swarojgar Yojna (SGSY)**

2.17 The bank also provided credit assistance under SGSY to SHG and individual beneficiaries in the form of revolving fund and project loan to 35 nos. beneficiaries, to the tune of Rs.18.69 lakhs . The Bank also provided credit assistance under Swarojgar Credit Card (SCC) to the extent of Rs.13.80 lakhs to 55 beneficiaries .

**Gold Loan**

2.18 The Bank has been providing gold loans to its customers through 12 nos. branches .An amount of Rs.400.49 lakhs was advanced during 2007-08.

**Commercial Housing Activities**

2.19The Bank continued its finances for shopping complex and commercial buildings. During the year 2007-08, the bank had advanced Rs.320.25 lakhs towards the construction of commercial complexes.

**Stone Crusher / Road Roller/ Tipper**

2.20 The Bank had extended credit facilities to various borrowers for procuring trucks , buses , Road Roller etc to the extent of Rs.105.33 lakhs.

**Overdrafts**

2.21 During the period under report the bank had sanctioned overdrafts limit aggregating to Rs.625.65 lakhs to individuals and firms etc.

## RECOVERY MANAGEMENT

**3.1** Bank is giving considerable importance to the quality appraisal of loans in order to avoid slippage of fresh NPA's (Non Performing Assets) . The % of Recovery to Demand is registered at 79.33% as on 31.03.2008 .

The % of Net NPA of the bank as on 31.03.2008 was **6.07%**.

**3.2** The Demand .Collection and Balance is furnished below:-

(Rs.in lakhs)

**31.03.2008**

1. Demand	1347.60
2. Collection	1069.11
3. Balance	278.49
4. % of collection to Demand	79.33
5. Loan Outstanding	10696.44
6. Overdue as % to Loans outstanding	2.60

The progress of the bank under legal action under arbitration cases during 2007-2008 is as below :-

(Rs. in lakh)

Sl. No.	Particulars	Arbitration Cases		E.P. Cases	
		No.of cases	Amount	No.of cases	Amount
1	Cases pending at the beginning of the year 01.4.07	99	327.79	136	234.00
2	Cases filed during the year(2007-08)	7	98.18	0	0
3	Cases disposed off during the year(2007-08)	5	28.45	14	43.19
4	Cases pending at the end of the year 31.03.2008	101	397.52	122	190.81
	<b>Grand Total</b>	<b>101</b>	<b>397.52</b>	<b>122</b>	<b>190.81</b>
5	Cases pending with Hon'ble High Court			1	<u>Amount</u> 42.38

The above cases are pending in the Court of Registrar of Coop. Societies . The expeditious disposal of these pending cases will further bring down the overdue level of the bank . In order to improve recovery position, the bank has so far filed 11 nos. of cases under Debt Recovery Tribunal (DRT). Against these, the Hon'ble Court passed judgments for 07 nos. of cases . As against the total claim of Rs.2.38 crore, the bank recovered a sum of Rs.54.79 lakhs as normal recovery and Rs.69.74 lakh towards GOI relief package aggregating to Rs.124.53 lakhs.



**3.3** The bank also made full and sufficient provision for NPA and BDR (Bad & Doubtful Debts Reserves) for Rs.747.47 lakhs, which was in excess by Rs.544.09 lakhs than the requirement . The required provision was Rs.203.38 lakhs as on 31.03.2008 .

## **PROFITABILITY**

**4.1** The bank had earned a net Profit of Rs.1.54 crore during 2007-08 as against the net profit of Rs.1.18 crore during 2006-07, registering a growth of 30.51% . Since the Income Tax on profit has become mandatory for the Co-operatives, from 2006-07, the bank paid an advance tax of Rs.1.25 crore during 2007-08 . The Bank had altogether paid a total advance tax of Rs.3.22 crore till date . During 2007-08 , the Bank made a provision for Income Tax of Rs.3.00 crore . During 2007-08 , the bank had received the Income Tax Refund due from the Income Tax authority to the extent of Rs.72.22 lakhs . Rs.61.73 lakhs in respect of A.Y 2003-04 and Rs.10.49 lakhs for A.Y 2005-06 .

The weighted Average cost of fund was calculated at 3.12% as on 31.03.2008 and the weighted Average Yield on Assets registered at 8.80%, forming a Financial Margin of 5.68% . The Net Financial Margin was arrived at 5.78%, after adding miscellaneous income and providing provision for Risk Cost. The Net Margin was 4.39%, which is inclusive of Cost of Management .

## DEBT WAIVER & DEBT RELIEF SCHEME, 2008

**5.1** The Hon'ble Finance Minister in his Budget speech for 2008-2009, announced Debt Waiver and Debt Relief Scheme for farmers .

The scheme covers direct agricultural loans extended to “Marginal and small farmers” and “other farmers” by Scheduled Commercial Banks , Regional Rural Bank, Cooperative Credit Institutions (including Urban Co-operative Banks) and Local Area Banks .” Marginal Farmer” means a farmer cultivating (as owner or tenant or share cropper) agricultural land upto 01 hectare(2.5 acres) . “Small Farmer” means a farmer cultivating (as owner or tenant or share cropper) agricultural land of more than 01 hectare and upto 02 hectare (5 acres).

“Other farmer” means a farmer cultivating (as owner or tenant or share cropper) agricultural land of more than 02 hectares(more than 05 acres) .

**5.2** The bank extended the relief to 1215 no.of farmers, of which 718 nos. are in SF/MF and 497 nos. are in other farmers' category, to the

extent of Rs.1,06,75,750/- .

<b>Category of farmers</b>	<b>No.of Accounts</b>	<b>Amount of relief</b>
SF/MF	718	81,59,646.00
Other Farmer	497	25,16,104.00
<b>Total</b>	1215	1,06,75,750.00

## GENERAL

### Management and Meetings

**6.1** During the year under report 05 Nos. Managing Committee meetings and 12 nos. Executive Committee meetings were held .

### Audit Classification

**6.2** The bank was classified in the 'A' category for the year 2007-08 by the Registrar of Coop. Societies.

### Internal Control System

**6.3** The management of the bank is fully aware of its responsibilities to Bank's customers and depositors .A key factor in the fulfillment of these responsibilities is the strength of the Bank's operating procedure and associated Internal Control System. These are designed to address several critical issues including the completeness, accuracy and reliability of the financial information that is used to monitor and manage the business.

In order to strengthen the Audit Cell, the auditors were deputed to BIRD, Lucknow, to attend Specialised training programmes.

### Audit and Inspection

**6.4** An Audit and Inspection Cell has been created to look after the internal audit of the bank, which is headed by General Manager and assisted by Auditors . The audit of all the branches of the bank for the year 2007-08 were completed .

**6.5** The Accounts of the bank and its branches for the year 2007-08 were audited by M/S Babu & Badat , Chartered Accountants.

**6.6** The NABARD had also conducted its XIVth statutory inspection of the bank from 29.02.2008 to 19.03.2008 with reference to its financial position as on 31<sup>st</sup> March, 2007.

### Compliance Review

**6.7** The NABARD inspection team in its Inspection Report for 2006-07 mentioned that the A & N SCB complied with the provisions of section 22(3)(a) & 22(3)(b) of the B.R.Act 1949 (AACS):-

- i. **That the affairs of the bank are not conducted in a manner detrimental to the interests of its present or future depositors.**

- ii) The overdues of bank did not exceed 40% of the demand .
- iii) The bank had complied with CRR and SLR requirements.
- iv) The Capital Adequacy Ratio (CAR) was 17.8% .(The required norms is 9%) .
- v) **The bank had not violated any of the important provisions of Andaman & Nicobar Islands Coop. Societies Regulation 1973/Rules 1974.**

**BANK'S KEY STRATEGIC INITIATIVES**

**7.1 For improving the quality of customer service, streamlining of MIS and financial accounting system, the bank computerization has assumed priority .**

**7.2 The Bank completed the TBA (Total Bank Automation) in 13 branches in the UT and shall complete the rest of the branches in second phase . The Head Office automation shall be completed shortly .**

**The Bank shall introduce the Anywhere Bank Business (ABB) for the 13 branches in the First Phase, during 2009-10 .**

**7.3 The Bank has a long history of supporting rural development initiatives with an objective of creating a healthy rural economy . Consistent with this the Bank adopted the South Andaman District under 100 percent Financial Inclusion .**

**7.4 The A & N State Coop. Bank Ltd. and the A&N Administration has entered into a Memorandum of Understanding (MoU) IVth phase with the NABARD on 31.01.2009 for four year period covering 2008-09 to 2011-12 for strengthening the Co-operative Credit Structure in the Union Territory . The MoU was signed jointly by S/Shri. Tapan Mondal, IAS, Development Commissioner, A & N Administration, P Mohanaiah, Chief General Manger, NABARD, R.O, Kolkata and P Kunjumon, Managing Director, A&N SCB Ltd .**

**Target and Achievement (Outstanding-wise)**

**(Rs.in lakhs)**

<b>2006-07</b>					<b>2007-08</b>		
<b>S No</b>	<b>Item</b>	<b>Target</b>	<b>Achievement</b>	<b>% of achievement</b>	<b>Target</b>	<b>Achievement</b>	<b>% of achievement</b>
1	Deposits (O/S)	28871.00	26491.90	92.0%	30191.90	28873.78	96%
2	Borrowings (O/S)	2252.00	1227.63	54.51%	1438.53	1938.57	135%
3	Loan(O/S)	14790.00	8601.13	58.16%	12744.00	10696.45	83.93%
4	Loans Issued	5070.00	2895.43	57.11%	3500.00	3329.00	95%

## **FUTURE PROGRAMME**

- i) 15% Deposit Growth .
- ii) 36% growth in loans and advances .
- iii) Gross NPA at below 5% .
- iv) Completion of TBA in rural branches.
- v) Undertaking of work of ABB  
(Anywhere Branch Banking) .
- vi) 100% computerisation of all branches  
and offices .
- vii) Installation of ATMs' in the islands .

### **Acknowledgement**

The Bank's new initiatives could not have come about without the active involvement and support of its staff members .Our staff is aware of the challenges and has fully embraced the Bank's core principle about banking. The customers have been extending their patronage and we are confident of their support for the coming years also . The Board of Directors places on record its appreciation for continued support and guidance received from the A & N Administration , Govt. of India, Reserve Bank of India, National Bank for Agriculture & Rural Development (NABARD), Registrar of Coop. Societies, National Federation of State Coop. Banks Ltd. (NAFSCOB), SBIDFHI, SBI, HDFC Bank, ICICI Bank, Other commercial Banks serving in the Union Territory and other organizations and departments .

*For and on behalf of the Board of Directors*

**Sd/-**

**(P Kunjumon)  
Managing Director**

**APPROPRIATION OF PROFIT FOR THE YEAR 2007-08**

The Statutory Audit of the Accounts of the bank for the year 2007-08 was audited by M/s Babu & Badat, Chartered Accountants. The bank has been placed under 'A' class Audit Classification for **2007-08**. The Registrar of Co-operative Societies has certified the profit at Rs.154.32 lakhs for the year 2007-08. The Allocation of Profit has been made as under as per byelaws provisions for the year **2007-08**.

<b>Sl.No.</b>	<b>Particulars</b>	<b>2007-08</b>
1	Statutory Reserve Fund (25%)	<b>38,57,919.98</b>
2	Coop. Education Fund (3%)	<b>4,62,950.40</b>
3	Agri. Credit Stabilisation Fund (15%)	<b>23,14,751.99</b>
4	Dividend "A" Class (10% of share)	<b>11,34,970.00</b>
5	Dividend "C" Class (10% of share)	<b>140.00</b>
6	Staff Training Fund (5 ½ %)	<b>8,48,742.40</b>
7	Staff Welfare Fund (1 ½ %)	<b>2,31,475.20</b>
8	Supervisory Fund (1/2 %)	<b>77,158.40</b>
9	Building	<b>65,00,000.00</b>
10	Balance transferred to Statutory Reserve fund	<b>3,571.57</b>
	<b>Total :-</b>	<b><u>1,54,31,679.94</u></b>

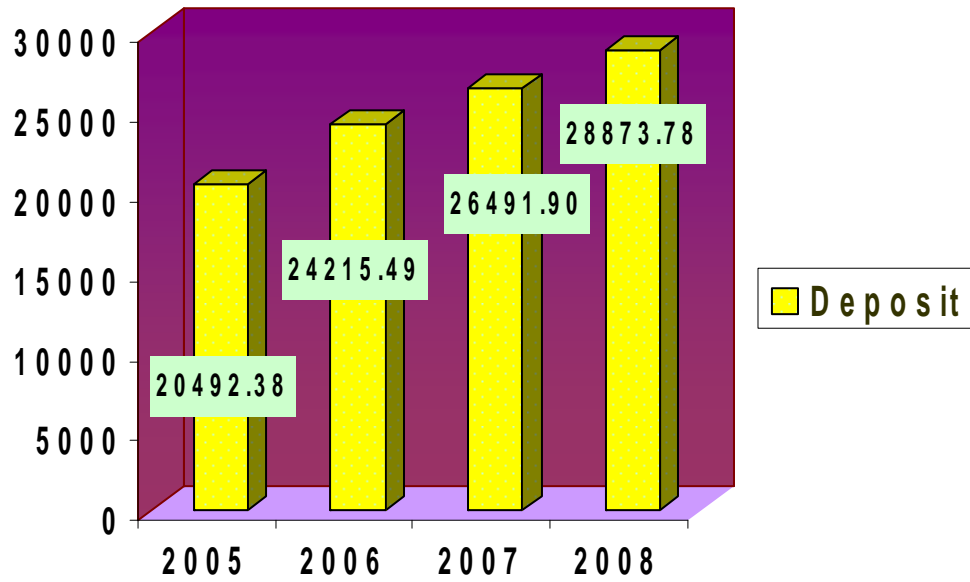


**BUDGET FOR THE YEAR 2009-10**

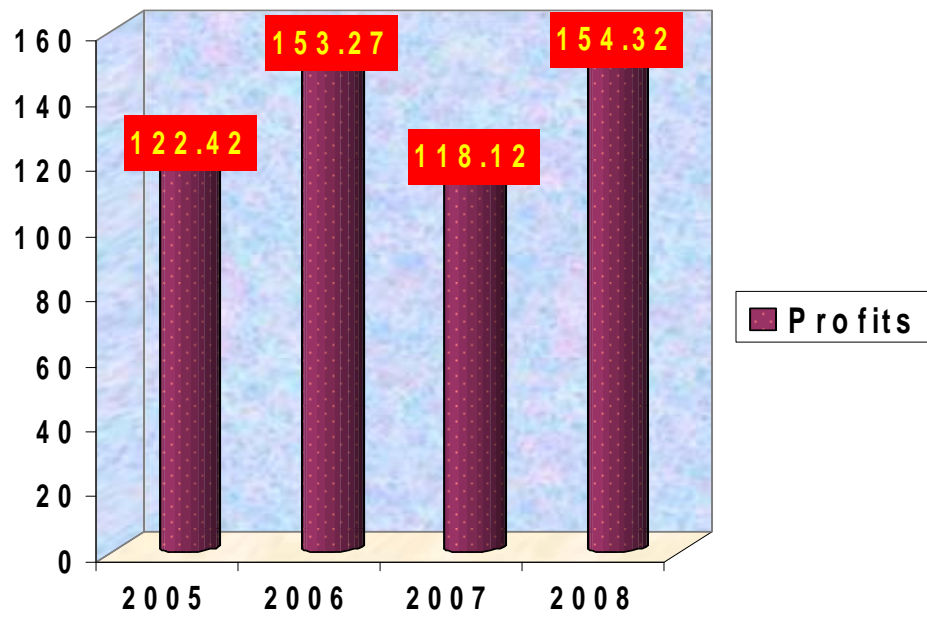
(Rs.in lakhs)

S.No.	Particulars	Target for 2008-09	Achieved upto 31.12.08	Total as on 31.12.2008	% of target achieved	Target for 2009-10
I.	Deposits	4335.00	1420.00	30294.74	33.00	4980.00
II.	Borrowings	1000.00	1000.00	2727.20	200.00	1500.00
III.	Lending (disbursed)	5000.00	2565.00	-	51.30	6875.00
IV.	<b>I n c o m e</b>					
a)	Interest on lending	1750.00	1089.35	-	62.00	1900.00
b)	Interest on investment	2000.00	1436.66	-	72.00	2100.00
c)	Commission & brokerage & other receipts	500.00	67.46	-	15.50	500.00
	<b>Total :-</b>	<b>4250.00</b>	<b>2593.47</b>	<b>-</b>	<b>61.00</b>	<b>4500.00</b>
V	<b>E x p e n d i t u r e</b>					
a)	Interest on deposits & borrowings	1500.00	666.35	-	44.42	1400.00
b)	Salary & Allowances	450.00	331.40	-	73.64	550.00
c)	Others /expenditure	250.00	205.71	-	82.28	350.00
d)	Provision for Reserves etc	1850.00	1190.01	-	64.32	1950.00
e)	Profit	200.00	200.00	-	100.00	250.00
	<b>Total :-</b>	<b>4250.00</b>	<b>2593.47</b>	<b>-</b>	<b>61.00</b>	<b>4500.00</b>

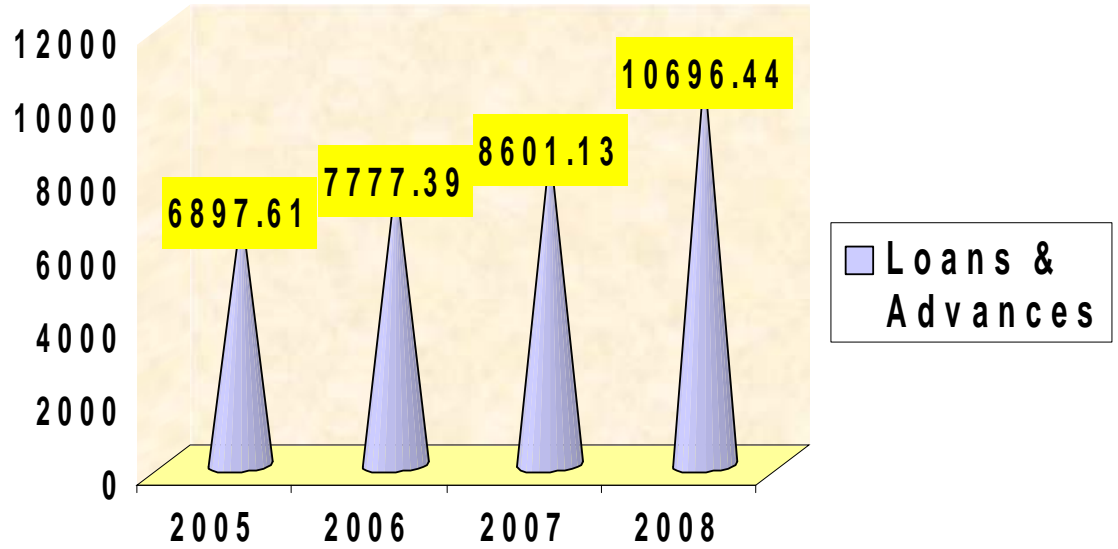
### A & N SCB DEPOSITS



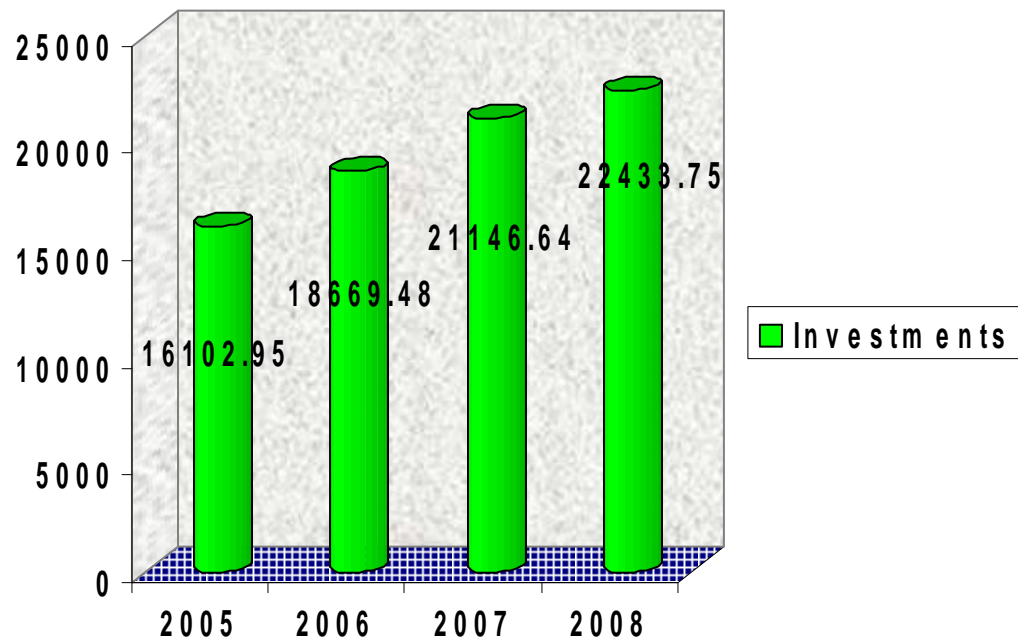
### A & N SCB PROFITS



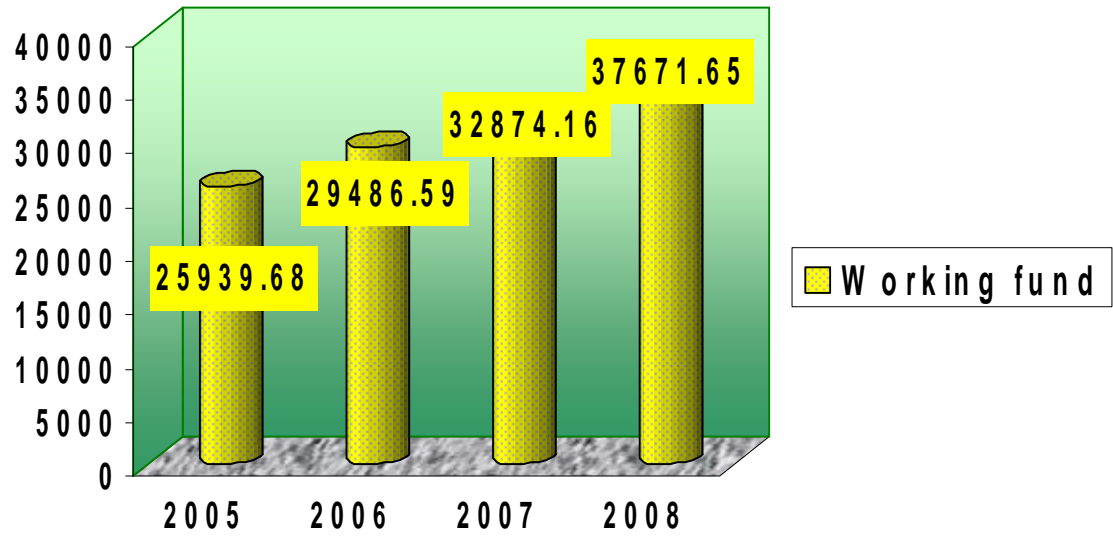
### A & N SCB LOANS & ADVANCES



### A & N SCB - INVESTMENT



### A & N SCB WORKING FUND



### A & N SCB - CD RATIO

