

Directors' Report

In terms of Section 20 of the Regional Rural Bank Act 1976, the Board of Directors of Baroda Uttar Pradesh Gramin Bank have immense pleasure in presenting the Eleventh Annual Report & Accounts of the Bank together with the Audited Balance Sheet as on 31st March 2018 and Profit & Loss A/c and report on Business and Operations for the year ended March 31, 2018.

01. Establishment:

In exercise of powers conferred by Sub section 1 of Section 23 A of the **Regional Rural Bank Act 1976**, Govt. of India vide notification dated 31.03.2008 amalgamated the erstwhile Baroda Eastern Uttar Pradesh Gramin Bank and Baroda Western Uttar Pradesh Gramin Bank into a single Regional Rural Bank under the nomenclature of Baroda Uttar Pradesh Gramin Bank with its Head Office at Raebareli.

Baroda Uttar Pradesh Gramin Bank is included in second schedule of RBI Act. 1934, categorized as a scheduled commercial bank authorized to undertake all banking transactions under section 5(B) of the Banking Regulation Act 1949.

02. Performance Highlights:

- **Total Business** (Deposits + Advances) as on 31st March 2018 stood at Rs. 26266.67 Crore as against Rs. 23791.49 Crores previous year ended on 31st March 2017 registering growth of Rs.2475.18 Crore (Y-O-Y Growth @ 10.40%)
- **Deposits** as on 31st March, 2018 stood at Rs. 18589.82 Crore as against Rs. 16596.33 Crores previous year ended on 31st March 2017 registering growth of Rs.1993.49 crore (Y-O-Y Growth @ 12.01%)
- **Advances** as on 31st March, 2018 stood at Rs.7676.85 Crore as against Rs. 7195.16 Crores previous year ended on 31st March 2017 registering growth of Rs. 481.69 Crore (Y-O-Y Growth @ 6.69%)
- **CASA Deposits** Bank has reached at Rs. 13360.52 crore as against Rs. 12151.46 Crores previous year ended on 31st March 2017 registering growth of Rs. 1209.06 crore (Y-O-Y Growth @ 9.95%)
- **Savings Deposits** of bank reached at Rs.13105.90 crore as against Rs. 11934.92 Crores previous year ended on 31st March 2017 registering growth of Rs.1170.98 crore (Y-O-Y Growth @ 9.81%).
- **Gross Profit** stood at Rs. 333.32 crore as against Rs. 191.03 Crores previous year ended on 31st March 2017 registering growth of Rs. 142.29 crore (Y-O-Y Growth @ 74.48%)
- **Net Profit** stood at Rs. 96.91crore as against Rs. 68.70 Crores previous year ended on 31st March 2017 registering growth of Rs. 28.21 crore (Y-O-Y Growth @ 41.05%).
- **Net Worth** improved to 1221.71 Crore as against Rs. 1124.80 Crores previous year ended on 31st March 2017 registering growth of Rs. 96.91 Crores over previous year 2016-17 (Y-O-Y Growth @ 8.62%).
- Capital to Risk-weighted Asset Ratio (CRAR) of the bank as on 31st March 2018 improved to 14.96% as against 14.45 % as on 31st March, 2017.
- **Bank has surpassed the AAP target of Rs.6498.18 Crore during FY 2017-18 by making credit disbursement of Rs.6919.10 Crore, registering an achievement of 106.48 %.**
- **Bank has disbursed loans of Rs. 226.55 Crore under Mudra Scheme during current fiscal 2017-18 against the target of 210.00 Crores registering an achievement of 107.88%.**
- Bank achieved annual target of APY for the Financial Year 2017-18 at 151.64 % by making enrollment of 84067 subscribers up to March, 2018 against target of 55440.
- The Gross NPA of the bank as on 31st March 2018 stood at **Rs. 703.71 Crores** as against escalated level of Rs. 1404.28 Crores as on 30th June 2017 & Rs. 1095.03 Crores as on 31st March 2017. The percentage of Gross NPA to Total Advances stood at **9.17%** as on 31st March 2018 as against 19.52% as on June, 2017 & 15.22% as on 31st March 2017.

- The **Net-NPA** as on 31st March 2018 reduced to **Rs. 213.84 Crores** as against Rs. 764.70 Crores as on 31st March 2017. Thus Net-NPA stood at **2.98%** as on 31st March 2018 as against 14.98% in June 2017 vis-à-vis **11.14%** in 31st March 2017.
- Total 7.19 Lakhs new SB accounts were opened during F.Y. 2017-18 out of which 6.02 lakhs SB accounts were under PMJDY.
- Bank surpassed annual Basic Saving Bank Deposit Account opening target for financial year 2017-18 (achievement was 201.11%).
- **MOU Targets:** Bank has achieved 92.00% of MOU target allocated by Sponsor Bank for F.Y. 2017-18 in absolute term & 91.75% on average basis.
- **Credit Deposits Ratio** stood at 42.01 % (After excluding Inter Bank Deposit) (Despite Debt-Waiver of Rs. 1459.51 Crores) as against 43.35 % last year.
- Business per Branch stood at Rs. 28.43 Crores as on 31st March, 2018 as against Rs. 25.75 Crores previous year on 31st March 2017.
- Business Per-employee stood at Rs. 628.99 lakh as on 31st March 2018.
- Percentage of Aadhaar seeding in total SB accounts which was 69.13% as on March, 2017 has increased to 81.99% as on March, 2018. Aadhaar seeding in PMJDY account also increased to 83.05% as on March, 2018 from 66.17% as on March, 2017.
- Bank could appoint 2091 BCs against the target of 2200 BCs for FY 2017-18 and thus achieved 82.09% against set target.
- **Aadhar Authentication Centers:** As per direction of UIDAI, during current fiscal, bank has opened Aadhar Authentication Centers at its **94** branches out of total **924** branches (covering 10% of bank-branches) as desired. Thus the target is achieved

❖ PROFITABILITY:

- ✓ The **Operating Profit** of the bank for current fiscal 2017-18 rose to **Rs. 333.32 Crores** as against **Rs. 191.03 Crores** during corresponding period previous year registering **growth of 74.48%**.
- ✓ The **Net-Profit** for the period ended 31st March, 2018 rose to **Rs.96.91 Crores** as against **Rs. 68.70 Crores** during corresponding period previous year registering **growth of 41.05%**.
- ✓ The **Cost to Earning Ratio** improved to **58.48%** as against 67.67% as on 31st March 2017.
- ✓ The **Cost of Deposits** reduced to **4.70%** as against 5.00% previous year 2016-17.
- ✓ The **Yield on Advances** increased to **10.32%** as against 9.11% previous year 2016-17.
- ✓ The **Yield on Investments** stood at **8.00%** during financial year 2017-18.
- ✓ The **Cost of Funds** reduced to **4.25%** as against 4.39% previous year 2016-17.
- ✓ The **Yield on Funds** increased to **7.75%** as against 7.31% previous year 2016-17.
- ✓ The **Financial Margin** increased to **3.50%** as against 2.92% previous year 2016-17
- ✓ The **NPA Coverage Ratio** increased to **69.61%** as against 30.17% as on 31st March, 2017.
- ✓ No. of **Branches In Loss** substantially reduced to **43** as against **255** as on 31st March, 2017.

03. Area of Operations and Branch Net Work

The Bank has an extensive network of 924 branches with its Head office at Raebareli & 12 Regional Offices at Allahabad, Bareilly, Faizabad, Kanpur, Kanpur Dehat, Kaushambi, Pratapgarh, Raebareli, Sultanpur, Amethi, Fatehpur and Shahjahanpur.

The branch network is spread over 14 districts of Uttar Pradesh viz., Raebareli, Pratapgarh, Kanpur Nagar, Kanpur Dehat, Allahabad, Kaushambhi, Sultanpur, Amethi, Faizabad, Ambedkar Nagar, Fatehpur, Bareilly, Pilibhit & Shahjahanpur.

Region /District wise branch network is as under: -

Regions	Name of District	Metro	Urban	Semi Urban	Rural	Total
Allahabad	Allahabad	8	0	7	72	87
Amethi	Amethi	0	0	4	54	58
Bareilly	Bareilly	0	8	15	58	81
Faizabad	Faizabad	0	2	3	38	43
	Ambedkar Nagar	0	1	4	43	48
Fatehpur	Fatehpur	0	3	13	61	77
Kanpur	Kanpur Nagar	14	0	5	46	65
Kanpur Dehat	Kanpur Dehat	0	0	6	53	59
Kaushambi	Allahabad	2	0	3	21	26
	Kaushambi	0	0	5	30	35
Pratapgarh	Pratapgarh	0	0	7	90	97
Raebareli	Raebareli	0	3	9	77	89
Shahjahanpur	Shahjahanpur	0	5	7	40	52
	Pilibhit	0	2	5	21	28
Sultanpur	Sultanpur	0	3	2	74	79
	Total	24	27	95	778	924

For smooth functioning of branches Bank has expanded its Network of Regions by opening 2 New Regional offices at Kanpur Dehat & Kaushambi during the current year.

04. Capital , Share Capital Deposits, Reserve and Surplus:

In terms of section 5 of RRB Act 1976, the Bank has a paid up capital of Rs.124.51 crore divided into 124512730 fully paid shares of Rs.10 each contributed by Government of India, Bank of Baroda & Government of Uttar Pradesh in the ratio of 50:35:15 respectively.

During the year an amount of Rs.24.23 crore has been transferred to Statutory Reserves, an amount of Rs. 14.87 crore has been transferred to Capital Reserves, an amount of Rs. 10 crore has been transferred to technology upgradation fund reserves , an amount of Rs. 25.48 crore has been transferred to PF Contingency Reserve and an amount of Rs. 20.50 crore transfer to investment fluctuation reserve .The total reserves increased to Rs. 1097.20 crore as on 31.03.2018 from Rs. 1000.29 crore as on 31.03.2017.

05. Net Worth and Capital Adequacy:

The Bank's net worth increased from Rs. 1124.81 to crore 1221.71 crore registering a growth of 8.61%.The Bank's Capital Adequacy Ratio stood at 14.96% as on 31st March, 2018 against 14.45 as on 31st March, 2017.

06. Deposits:

The total deposits of the Bank grew from Rs. 16596.33 crore to Rs. 18589.82 crore, posting a growth of Rs. 1993.49 crore in absolute terms over the previous year.

Saving Bank Deposits grew by Rs.1170.99 crore, from Rs. 11934.92 crore to 13105.90 crore.

Saving Bank deposits has registered a growth of 9.81 % over the previous year

During the year Bank mobilized new accounts resulted in increase of customer base from 1, 33, 58,205 to 1, 37, 40,281.

The term deposits also grew from Rs. 4444.87 crore to Rs. 5229.30 crore posting a growth of 17.65%

The current deposits also grew from Rs.216.55 crore to Rs. 254.61 crore posting a growth of 17.58%

The bank has also canvassed 719148 new Saving Bank accounts against the target of 950000.

The segment wise deposits as on 31.03.2018 vis-a vis 31.03.2017 are as under –

(Amt. in lakhs)

Particulars	31.03.2017			31.03.2018		
	No. of Accounts	Amount	% to Total Deposit	No. of Accounts	Amount	% to Total Deposit
Current	27976	21654.60	1.30	37476	25461.38	1.37
Saving Bank	12791179	1193491.85	71.92	13176252	1310590.24	70.50
Term Deposits	539050	444487.09	26.78	526553	522929.88	28.13
Total	13358205	1659633.54	100.00	13740281	1858981.50	100.00

07. Borrowings:

In order to augment resources, Bank has availed the refinance from NABARD / NHB / NHFDC/ NSFDC/ NSKFD during the year. The details of refinance availed/repaid by the Bank during current financial year is given hereunder:-

Refinance From NABARD:

(Rs. in lakhs)

Purpose	Opening balance as on 01.04.2017	Availed	Repayment	O/S balance as on 31.03.2018
Short Term-Liquidity Support	NIL	NIL	NIL	NIL
Schematic	62569.55	6426.89	20972.99	48023.45
ST (S.A.O.)	32600.00	33000	32600	33000
ST (S.A.O.) Others	0	0	0	0
Additional ST/SAO	50000.00	50000	50000	50000
Total	145169.55	89426.89	103572.99	131023.45

Refinance from National Housing Bank (NHB):

(Rs. in lakhs)

Purpose	Opening balance as on 01.04.2017	Availed	Repayment	O/S balance as on 31.03.2018
Rural Housing loan	384.09	-	262.96	121.13

Refinance from National Handicapped Finance Development Corporation (NHFDC):

(Rs. in lakhs)

Purpose	Opening balance as on 01.04.2017	Availed	Repayment	O/S balance as on 31.03.2018
Finance to Handicapped persons	510.20	0	86.94	423.26

Refinance from National Scheduled Cast Finance Development Corporation (NSFDC):

(Rs. in lakhs)

Purpose	Opening balance as on 01.04.2017	Availed	Repayment	O/S as on 31.03.2018
Finance to Scheduled Cast	1061.74	1080.00	263.63	1878.11

Refinance from National Safai Karmi Finance Development Corporation (NSKFDC):

(Rs. in lakhs)

Purpose	Opening balance as on 01.04.2017	Availed	Repayment	O/S as on 31.03.2018
Finance to Safai Karmi	39.16	0.00	13.05	26.11

The refinance availed at the interest rate ranging from 2% to 8.70%. The repayment of refinance installments due to above institutions were regular, prompt and within due dates.

08. Other Liabilities: (CGTMSE including DICGC)

An amount of Rs. 445.62 lakhs outstanding as on 31.03.2018 at the branches denotes claims received from CGTMSE & DICGC.

09. Unclaimed Deposits

Reserve Bank of India vide its circular No. RBI/2013-14//527 DBOD.NO.DEAF Cell .BC.101/30.0.002/2013-14 dated 21.03.2014 advised that Pursuant to the amendment of Banking Regulation Act, 1949 section 26A has been inserted in that Act empowering Reserve Bank to establish a "Depositor Education and Awareness Fund". Under the provisions of this section the amount to the credit of any account in India with any bank which has not been operated upon for a period of ten years shall be credited to the Fund.

In compliance, Bank has remitted unclaimed deposits amounting to Rs 310537623.00 from 01.04.2017 to 31.03.2018 to RBI. The details are under:-

(Amount in Rupees)

Interest Bearing Deposits		Non-Interest Bearing Deposits		Other Credits (Non-Interest Bearing)		Total	
(a)		(b)		(c)		(d) = (a) + (b) + (c)	
Number of Accounts	Amount transferred	Number of Accounts	Amount transferred	Number of Accounts	Amount transferred	Total Number of Accounts	Total Amount transferred to the Fund
43685	119273516	133	1100335	33097	190163772	76915	310537623

10. Cash & balances with Bank:

Under the reference period, taking into consideration the business requirement and non-availability of currency chest, liquidity was maintained in cash and by way of bank balances. The details in this regard are as under:-

(Rs. in lakhs)

Particulars	31.03.2018
1. Cash held by Bank	11229.14
2. Average cash in reference period	10120.28
3. Average cash balance to average deposits	0.60
4. Current Account Balance with RBI	72441.53
5. Current Account Balance with Sponsor Bank	22713.87
6. Current Account Balance with Other Banks	9703.97
7. The income earned on balance with RBI	0
8. The Income earned in current account balance with sponsor bank	174.65

The CRR balance required & maintained at the last day of the financial year is as under: -

(Rs. in lakhs)

Date	Requirement	Maintained
31.03.2018	72412.57	72429.01

The bank has complied with the provisions of section 42(1) of Reserve Bank of India Act, 1934 and Section 24(2A) of Banking Regulation Act, 1949. During the financial year 2017-2018, Reserve Bank of India imposed a penal interest of Rs 3, 98, 71,954/- for not maintaining Incremental CRR during period 26.11.2016 to 09.12.2016 (demonetization Period) @ 100% for the differential of NDTL for the period 16.09.2016 to 11.11.2016.

11. Inter Office Adjustment Accounts

Reconciliation of inter office Adjustment Account has been completed up to 31.03.2018.

12. Investment:

Bank has an investment Policy for the deployment of surplus funds. The day to day investment decisions are taken by the investment committee and the investments made are placed before the Chairman and the Board of Directors for review. Due to high resource base of the Bank, the investment constitutes an important source of earning of the Bank. Bank is meticulously complying with all the regulatory directives including classification /categorization, income recognition and mark to market valuation of investments etc. Apart from interest income, the income from trading during F.Y 2017-18 rose to Rs. 14.87 crore against Rs.10.15 crore in previous year. Yield on investment stood at 8.00% during the year as against 8.05% during the previous year.

For better liquidity management, the Bank has obtained Associate Membership of CCIL's Collateralized Borrowing and Lending Obligation (CBLO) segment.

Besides investments in loans/advances and deposit with banks, the bank has consciously made investment in government and other securities as under: -

(Rs. in lakhs)

Particulars	31.03.2017	31.03.2018
Government Securities	799237.63	1096596.42
Other approved Securities	0.00	0.00
Shares	36.39	36.39
Bonds & Debentures	1100.00	50
Mutual Funds	650.00	1050
Total	801024.02	1097732.81

The Bank has never defaulted in maintenance of SLR during the year 2017-18.

13. Loans & Advances:

Bank has always been a frontrunner in the area of Priority Sector and Agriculture lending. It has been harnessing the vast potential of the rural market through its wide network of 778 rural branches

The scheme wise and sector wise break up of outstanding loans & advances as on 31.03.2017 & 31.03.2018 are as under: -

Priority Sector – Agricultural Loans:

(Rs.in lakhs)

Sl. No.	Particulars	31.03.2017	31.03.2018
01	Crop Loan	499795.78	535071.79
	Less- Technical Write Off	555.69	290.43
	Less- IBPC	72500.00	0
	Net Crop Loan	426740.09	534277.07
02	Other Agriculture Loan	50392.39	42098.44
	Less: T.W.O.	1345.03	1244.03
	Total Other Agriculture Loan	49047.36	40854.41
	Total Agriculture	475787.45	575131.72

Priority Sector: Non-Agricultural Loans:

(Rs. in lakhs)

Sl. No.	Particulars	31.03.2017	31.03.2018
01	MSME	62436.69	64566.04
	Less: T.W.O.	1504.68	1384.54
	Net MSME	60932.01	63125.47
02	Other Priority Sector	39270.84	38915.83
	Less: T.W.O.	0	0
	Net Other Priority Sector	39270.84	38915.83
	Sub Total	100202.85	102097.33
	Total Priority Sector	575990.30	677173.02

Non-Priority Sector:

(Rs. in lakhs)

Sl. No	Particulars	31.03.2017	31.03.2018
01	Loans against NSC/KVP & Bank Deposit /Other	60064.97	78112.49
02	Staff Loans	10960.58	12399.86
	Sub Total	71025.55	90512.35
	Add–Interbank participation certificate	72500.00	0
	Total Non-Priority Sector	143525.25	90512.35
	Grand Total	719515.85	767685.38

Out of total loans outstanding:

(Rs. in lakhs)

Sl. No.	Particulars	31.03.2017		31.03.2018	
		A/c	Amount	A/c	Amount
1.	Priority Sector	804528	575990.30	815578	677173.02
2.	Non Priority Sector	36685	143525.25	38220	90512.35
3.	Share of priority sector adv. in total O/S	80.06		88.21	
4.	Loan to SC/ST	146406	107575.38	152052	117041.38
5.	Loan to Minorities	88899	69073.87	92952	78523.98
6.	Loan to SF/MF/AL	552292	370509.56	581274	410303.90
7.	Loan to SGSY(SHG's & Individuals)	31698	14703.15	26036	11959.66
8.	Loan to SCP	12913	3779.23	12741	3705.83
9.	Loan to Weaker Sec.	616007	403918.76	621951	405871.35
10.	Loan to Women	109204	81574.41	111164	83076.20
11.	C.D. Ratio	43.35%		42.01%	

Priority Sector Advances of Bank surged from Rs 5759.90 crore as on March 31, 2017 to Rs.6771.73 crore as on March 31, 2018 and formed 88.21 % of the total advances against the mandated target of 75%. The total agriculture advances of Bank has grown from Rs. 4757.87 crore and reached the level of Rs 5756.36 crore at the end of March 2018. The Total Agricultural Advances were at 74.93 % of Total Advances.

14. Loan Disbursed During the Year:

Bank achieved the AAP target of Rs.6498.17 crore during FY 2017-18 by making credit disbursement of Rs.6919.20 crore, thereby registering an achievement of 106.48%.

The sector wise loan disbursed during the current year is as under:

A. (i) Priority Sector – Agriculture Loans

(Rs. in lakhs)

Sl. No.	Particulars	31.03.2018	
		A/C	Amount
01.	Crop Loans including KCC	453171	533523.76
02.	Tractor Loans	240	1052.12
03.	Other Agri. Loans	5232	8200.22
	Sub – Total	458643	542776.10

A. (ii) Priority Sector – Non Agriculture Loans

(Rs. in lakhs)

Sl. No.	Particulars	31.03.2018	
		A/C	Amount
01.	MSME	19896	72528.60
02.	Other Priority Sector	2962	8631.81
	Sub – Total	22858	81160.41
	Total Priority Sector	481501	623936.51

B. Non- Priority Sector

(Rs. in lakhs)

Sl. No.	Particulars	31.03.2018	
		A/C	Amount
01.	Consumer Loan	8450	38070.74
02.	LABOD, Loan against NSC/KVP	4051	13161.32
03.	Staff Loans	1544	9805.28
04.	Other Non-Priority	1561	6946.52
	Total Non- Priority Sector	15606	67983.86
	Grand Total (A + B)	497107	691920.37

Out of Total Loan Disbursed:

(Rs. in lakhs)

i.	Loan to SC/ ST	57516	60011.53
ii.	Loan to Minority	23198	28562.51
iii.	Loan to SF/MF/AL	331206	342974.74
iv.	Loan to SGSY (Group & Individuals)		
v.	Loan to SCP	1187	622.70
vi.	Loan to weaker section	292461	327166.32
vii.	Loan to Women	44847	57971.70

15. Credit flow to Agriculture Sector:

With a view to boost credit flow to agricultural sector, greater stress was laid down on issuance of fresh Kisan Credit Cards to the eligible borrowers. A number of credit camps at branch level & cluster of branches were organized during the year to issue fresh credit cards to all eligible borrowers and extended loans to 74195 new farmers to the tune of Rs. 92760.36 Lakhs. With focused thrust on financing to agriculture sector, the outstanding advances under agriculture sector have reached at Rs. 5751.32 Crore, constituting 84.95% of total Priority Sector Advances.

Under Agriculture sector, Bank has disbursed Rs.5427.76 crore against AAP target of Agriculture loan of Rs.5148.17 crore for the year.

Disbursement (Under Priority Sector):

				(Amt. in lakhs)
Sl. No.	Particulars	Target under A.A.P	Achievement	%
1	Agriculture	514807	542776	105.43
2	of which crop loan	427071	533524	124.93
3	MSME	43780	72528	165.66
4	Other priority sector	52898	8632	16.32
Total Priority sector		611485	623936	102.03

16. Kisan Credit Card:

Bank has implemented revised guidelines of KCC scheme for issuance of ICT Based KCC to eligible farmers.

As envisaged by Govt. of India, Bank paid focused attention to bring all eligible farmers under the ambit of KCC scheme.

- Under its flagship agriculture loan product “**Kisan Credit Card (KCC)**”, Bank issued 74195 Kisan Credit Cards during FY 2017-18 against the MOU target of 100000 KCC .(including ATM enabled RuPay Credit cards) . NABARD felicitated “GRAMIN SAMRIDDHI SAMMAN” to our bank for Best performance among RRBs of Uttar Pradesh for issuing RuPay Kisan Credit Card to Kisan Credit card holders during 2017-18.
- All eligible Kisan credit cards have been covered under Personal Accidental Insurance Scheme and total premium cost is born by the Bank.

17. New Initiatives

- Bank achieved annual target of APY for the Financial Year 2017-18 at 151.64 % by making enrollment of 84067 subscribers up to March, 2018 against target of 55440.
- Bank has distributed detailed information of all FI activities in form of Booklet to create awareness among all VLE’s.
- Bank has created Whatsapp Group of VLEs in all districts for information sharing and quick resolution of complaints of VLEs for effective working.
- Regular motivation and meeting of VLEs to provide friendly atmosphere for working.
- Full fledged AEPS setup with a network of 2091 VLEs having both Onus and Offus transaction facility at customer’s doorstep.
- Bank has engaged 10 BC Supervisors on contractual basis to monitor 60 VLEs’ per BC Supervisor and providing better customer service.
- Bank has implemented 1st phase of Bank Sakhi Project
- Bank has implemented special loan scheme for VLEs’ in order to provide them financial assistance.
- Instant account opening at BC point with the help of E-KYC facility which improved customer service.
- Enrollment of APY through BC portal made live.
- Net Banking & Mobile Banking facility made available for VLE’s on their demand.
- Voluntary Exit in APY made available.
- RuPay ATM Debit Card enabled on e-commerce
- Bank website upgraded
- GST implementation is done in finacle

- Few Branches BSNL lease line Network upgraded from 64 kbps to 128/256/512 kbps and all Regional Offices BSNL Network upgraded to 2 mbps to ensure smooth customer service.
- 94 Aadhar enrolment centre established at Branches
- Automation of demographic authentication for Aadhar verification from UIDAI.
- Biometric authentication for finacle login in addition to password.
- Maintenance of security details for LABOD/ OD accounts in the system.

18. Asset Classification & Provisioning :

In terms of guidelines under IRAC norms, issued by RBI the Bank has classified the Assets & made provisions for all categories of NPAs.

(Rs. In lakhs)

Advance Category (Gross)	31 st March 2017			31 st March 2018		
	Amount	% to total	Provisions	Amount	% to total	Provisions
Loss	1479.48	0.21	1479.48	1928.69	0.25	1834.10
Doubtful	53836.68	7.48	23280.78	51047.46	6.65	41114.79
Sub-Standard	54186.36	7.53	8272.39	17394.80	2.27	6037.91
Gross NPA	109502.50	15.22	33032.65	70370.95	9.17	48986.80
Standard	610013.35	84.78	1671.67	697314.43	90.83	1918.43
Total	719515.85	100.00	34704.32	767685.38	100.00	50905.23

19. Movement of NPA Level

Recovery of NPA has been a matter of Top Priority and concern for the Bank. Recovery drives were conducted throughout the year. The Gross NPA level of the Bank as on 31.03.2018 stood at 9.17 % and Net NPA 2.98%.

The position of non-performing assets at the end of the year 2017-18 was as under:

(Rs. In lakhs)

Sl.No.	Particulars	2017-18
01	N.P.A. at the beginning of the year	109502.50
02	Reduction during the year	78850.18
03	Additions during the year	39718.63
04	N.P.A. at the end of the year	70370.95
05	Percentage of Gross N.P.A. to total Advances outstanding	9.17
06	Net N.P.A.	21384.15
07	Percentage of Net N.P.A. to Net Advances	2.98

20. Prudential/Technical write Off (PWO/TWO):

Prudential/Technical write off is generally resorted to by the Bank in respect of following advances A/Cs on case to case basis-

1. All non performing accounts of Doubtful and Loss category against which 100% provision has been made.
2. Accounts which do not contribute any income to the Bank or its continuation in the Balance sheet are deemed to be undesirable as an asset.

Under the system of TWO no accounting entry is passed at Branch level. The relative advances accounts continue to remain as any other NPA account. Necessary entries are being passed at Head Office.

As of 31.03.2018 a sum of Rs. 2918.66 Lakhs is outstanding in 5586 accounts declared as TWO. No account has been declared as technically written off during 2017-18.

Pure/Final Write off

During 2017-18 no account has been written off.

21. Risk Management:

Risk Management Department has been established at Head Office. As per NABARD guidelines, Bank Constituted a Risk Management Committee of the Board. A Risk Management Policy has been implemented in the Bank for the purpose of effective management of various risks. A Sub Committee also been constituted comprising of Chairman & Heads of the Departments ie Credit, Investment, Operation etc. The Structure of Risk Management Committee of the Board is as under:

Sl. No.	Designation	Head/Members
01	Director from RBI	Head of Sub-committee
02	Director from NABARD	Member
03	Director from DIF	Member
04	Director from Sponsor Bank	Member
05	General Manager	Convener

22. Credit Information Companies Regulation Act-2005:

As per the guidelines of Reserve Bank of India, for Credit Institutions under Credit Information Companies Regulation Act, 2005. Bank has obtained membership of all 04 Credit Information companies viz TransUnion CIBIL Ltd. CRIF HIGH MARK CIS, EQUIFAX Credit Information Service Pvt Ltd, Experian Credit Information Co. India Pvt Ltd . The Bank is extracting credit information on regular basis on behalf of its clients.

23. Crop Insurance Scheme:

All eligible Crop Loan farmer/ borrowers have been brought under the fold of Crop Insurance Scheme during the year 2017-18, thereby mitigating the risk of the borrowers.

During the year, a premium of Rs.4929.11 lakhs under crop loan has been remitted to different Insurance Companies covering 772812 beneficiaries.

24. Compromise Policy & O.T.S. scheme :

A compromise Policy is in vogue in the Bank to give relief to small borrowers as per guidelines of RBI /NABARD. Compromise in 4238 accounts of Rs. 2023.01 lakhs was made during 2017-18.

25. Income and Expenses:

The Movement of income & expenses during the year ended 31.03.2017 & 31.03.2018 has been as under: -

(a) Income Earned:

Sl. No.	Particulars	(Rs. in lakhs)	
		01.04.16- 31.03.17	01.04.17-31.03.18
01	Interest earned on loans & Advances	61047.14	71214.27
02	Income on Investment	76077.65	92392.31
03	Income on RBI on CRR balance /Other Balances	100.33	174.66
04	Miscellaneous income/Excess Provision	4371.63	6626.98
Total		141596.75	170408.22

(b) Expenditure:**(Rs. In lakhs)**

Sl. No.	Particulars	01.04.16- 31.03.17	01.04.17-31.03.18
01	Interest paid on deposits	73481.26	78726.59
02	Interest paid on borrowings	9021.00	11403.32
03	Other (Transaction Cost)	39991.13	46945.98
04	Provisions & contingencies	12233.07	23641.50
	Total	134726.46	160717.39

26. Financial Ratio:

Financial Ratios of last two years shown are as under -

(Rs. In lakhs)

Sl. No.	Particulars	31.03.2017	31.03.2018
01	Average Working Fund	1877453.23	2120786.60
02	Financial Return	7.31	7.75
03	Financial Cost	4.39	4.25
04	Financial Margin	2.92	3.50
05	Operating Cost	2.13	2.21
06	Misc. Income	0.23	0.28
07	Operating Profit	19103	33332.33
08	Risk Cost	0.65	1.11
09	Net Margin	0.37	0.46
10	Net Profit	6870.29	9690.83
11	Cost of Deposits	5.00	4.70
12	Cost of Borrowings	6.33	6.68
13	Yield on Advances	9.11	10.32
14	Return on Investment	8.05	8.00
15	Cost to income Ratio	67.67	58.48

27. Progress Under Development Action Plan – DAP / MOU

The achievements under MOU for the year 2017-18 entered with Sponsor Bank (Bank of Baroda) are as under:-

(Amt. in Lakhs)

Sl. No.	Particulars	MOU Target 2017-18	Achievement 31.03.2018	% achievement
1	Deposits	1991500.00	1858981.50	93.35%
	Low cost deposits	1458000.00	1336051.62	91.64%
	Term Deposits	533500.00	522929.88	98.02%
2	Borrowings:			
	Total Outstanding	168500.00	198435.67	117.77%
3	Advances (Total)	864000.00	767685.38	88.85%
	Priority Sector	692000.00	677173.02	97.86%
	Non-Priority Sector	172000.00	90512.35	52.62%
4	Loan issued during the year	577800.00	691920.37	119.75%
	Priority Sector	509514.00	623936.51	122.46%
	Non-Priority Sector	68286.00	67983.86	99.56%
5	C.D.Ratio	43.38	41.30	95.21%
6	Investment	1244104.01	1097732.81	88.23%
7	Net Profit for the year	15000.00	9690.83	64.61%
8	Per Branch Business	2782.66	2842.71	102.16%
9	Per Employee Business	665.59	628.99	94.50%
10	N.P.A. at the end of the year	40027.00	70370.95	175.81%

28. Progress under Tripartite MOU Between GOI & Sponsor Bank.

The achievements under tripartite MOU for the year 2017-18 entered with GOI & Sponsor Bank (Bank of Baroda) are as under:-

(Amt in lakhs)				
Sl.No.	Particulars	MOU Target (2017-18)	Achievement 31.03.2018	% achievement
1	C.D.Ratio	43.38	41.30	95.21%
2	Per Employee Net Profit	3.88	2.32	59.79%
3	Gross NPA (%)	4.63%	9.17%	198.05%
4	Percentage of Non Interest income	5%	3.55%	71%
5	Loss Assets	0.00	1928.69	-

29. Self Help Group:

Bank has emerged as one of the premier institution in the State in channelizing micro credit in each nook & corner of its service area villages. It has been instrumental in facilitating various activities in micro finance involving all possible partners in the area. Bank has been encouraging the NGOs, farmers clubs, good SHGs, other formal & informal entities including government functionaries to promote and nurture self help groups. The focus was on capacity building and training of SHGs.

The progress of formation / linkage under the NABARD SHGs as on 31.03.2018 is given below:

(Rs. In lakhs)		
Sl.No.	Particulars	31.03.2018
		NABARD SHGs
01	No of groups formed during the year	4567
02	No of groups linked during the year	1248
03	Total groups formed (since inception of the scheme)	48784
04	Total groups linked (since inception of the scheme)	31506
05	Total loan disbursed(since inception of the scheme)	27283.97

30. Financial Inclusion:

Financial Inclusion aims to provide easy access to financial services to all sections of the society who are deprived of it so far at affordable cost thereby bringing them into the mainstream of society. Financial Inclusion activities are being implemented by the Bank since inception through various Governments sponsored programs, lending to the poorest of the poor, lending to the minority communities, lending to SC/ST, lending to priority sectors, etc. Bank has approved Financial Inclusion Plan for all 11878 service area villages of our Bank.

Models used by our Bank for FI

Bank has adopted following models for providing banking services under financial inclusion viz. Information and Communication Technology (ICT) based Business Correspondents models like POS based BC Model; KIOSK BC Model and Brick and Mortar branch.

Urban Financial Inclusion

The rural inhabitants have largely remained the focus of our financial inclusion efforts since a large proportion of our villages are still unbanked. Besides, people living in rural and far flung areas, urban poor who are largely migrants from villages to urban area still have no access to formal financial products and services like savings, credit, remittance and insurance, forcing them to depend on unscrupulous informal sources to meet their personal, health, and livelihood-related needs. Many of those are normally migrant labors, hawkers, slum dwellers from rural areas that generally leave their villages for livelihood. In order to cover them under financial inclusion, the Government of India has completed first phase of Jan Dhan Yojana campaign in all states to bring these vulnerable groups under

mainstream financial system. Bank has deployed 53 urban BCs at various locations in Kanpur , Bareilly & Allahabad districts.

Product/Services offered at our BC Points are Basic Savings Bank Deposit Account with in-built OD facility, Instant Account Opening, E-KYC Account Opening, Cash Withdrawal, Cash Deposit & Fund transfer, Loan a/c, Term Deposit & Recurring Deposit. Account, Enrollment for social security scheme – PMJJBY, PMSBY & APY and Aadhaar Seeding and Mobile seeding.

Highlights of Performance under Financial Inclusion for the year 2017-18

- ✓ Bank surpassed annual Basic Saving Bank Deposit Account opening target for financial year 2017-18(achievement was 201.11%).
- ✓ The balance outstanding in the “Basic Savings Bank Deposit Account” opened at BC point is stood at Rs. 481.38 cr. as of March 2018.
- ✓ Bank had a network of 2091 BCs as of March 2018.
- ✓ Bank has achieved 91 APY per branch against the target of 60 APY per branch.
- ✓ Enrollment under Social Security Schemes (APY, PMJJBY & PMSBY) through BC point made available

Promoting Financial Literacy

The desired objective of Financial Inclusion can be achieved only when enough demand for banking services is generated from the targeted group of population. In order to invoke responses amongst villagers, it requires financial literacy on various banking facilities and its benefits particularly the benefits of savings habit, Aadhaar seeding, maintaining minimum balance, eligibility for availing Overdraft, use and safekeeping of RuPay cards and its pin, USSD facility, eligibility of availing accidental & life insurance, lodgment of claim under insurance, micro insurance products, pensions, benefits of KCC, GCC, prompt repayment, availability of other retail and SME loans to them. Financial literacy would be the key to success of financial inclusion initiatives of the Bank. Financial Literacy Centre and BCs are organizing Financial Literacy campaign regularly by conducting meetings in their service area villages and schools.

The Bank has also taken the following major initiatives towards financial literacy in the area of operation.

1. Financial Literacy Centre was setup at each district.
2. Organized Going Digital Camps in villages of service area.
3. Organized special camps for targeted group of people
4. Appointed 10 BC Supervisors for better penetration and effective monitoring of customer service at BC point.

Pradhan Mantri Jan Dhan Yojana

PMJDY is comprehensive financial inclusion plan wherein the ambit of financial inclusion is enlarged to make it more meaningful. PMJDY is a National Mission for financial Inclusion .Every household having bank account would gain access to banking and credit facilities .This will enabled them to secure their saving in better manner and also to come out from the habit of raising funds from informal sources .As a first step, every person who opens the account under PMJDY will get a RuPaY Debit card and would be eligible for RS.1,00,000 accidental insurance cover .After six month of satisfactory conduct of account , they would be able to get an overdraft facility up to Rs. 5000/. Further, account

holder to open a account between 16.08.2014 to 31.01.2015 will get an additional term insurance of Rs.30000/ from LIC. Financial Literacy is another aspect of PMJDY.

Further Govt. of India launched Jan Suraksha Yojana on 9th May, 2015 whereby two insurance products like PMSBY, PMJJBYBY and pension product like Atal Pension Yojana were introduced

Initiatives under PMJDY

- Bank has been allotted 2164 SSAs by SLBC by covering 11878 villages in our area of operation.
- Survey has been completed in all SSA & Wards. Accordingly there are total 30,93,525 households in Bank's service area
- It has been Bank's endeavor to provide banking services to each & every household in the service area. Bank has since saturated all 30, 93,525 household in SSA by opening at least one account per house hold.
- Bank has opened 2485259 accounts with deposits of 987.41 crores and issued 2113776 RuPay Debit cards.
- Bank is organizing camps periodically for opening of account, conducting financial session distributing literacy materials, pass book & RuPay Debit Cards.
- E -KYC has been implemented at BC point for opening Adhaar based accounts.
- Bank has rolled our Adhaar enabled payment system (AEPPS OFUS & ON US) facility at BC points.
- Adopted 851 schools in our area of operation for imparting Financial Literacy to Schools Children. Regular financial Literacy session /Camps/Chaupals are conducted by Branches in school, village along with BC.
- Bank has implemented Model village concept by all Rural & Semi urban branches with sole objective of achieving 100% adhaar seeding, Mobile seeding, PMJJBY, PMSBY, Funding of Zero Balance accounts.
- Introduced special incentive for BCs for mobilizing deposits , Generation of loan proposal for KCC & follow up & recovery in small loans account including NPA & PWO accounts

Pradhan Mantri Social Security Schemes

1. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

- The scheme will be a one year cover Term Life Insurance Scheme, renewable from year to year, offering life insurance cover for death due to any reason.
- All savings Bank account holders in the age 18 to 50 years in participating banks will be entitled to join.
- Rs. 2 lakhs is payable on a subscriber's death due to any reason. The premium payable is Rs. 330/- per annum per subscriber.
- Bank has tie-up arrangement with India First Life Insurance Company Ltd for this scheme.

2. Pradhan Mantri Suraksha Bima Yojana(PMSBY)

- Rs.2 lakhs is payable on a subscriber's death or disability due to accident. The premium payable is Rs. 12/-per annum per subscriber.
- All savings Bank account holders in the age 18 to 70 years in participating Banks will be entitled to join. In case of multiple saving Bank accounts held by an individual in one or different Banks, the person would be eligible to join the scheme through one savings bank account only.

- Bank has tie-up arrangement with National Insurance Company Ltd for this scheme.

3. Atal Pension Yojana (APY)

- Atal Pension Yojana is open to all banks account holders.
- The minimum age of joining APY is 18 years and maximum age is 40 years. The age of exit and start pension would be 60 years.
- Subscriber would receive the fixed minimum pension of Rs. 1000/- or Rs. 2000/-, Rs. 3000/-, Rs. 4000/- & Rs.5000/- per month at the age of 60 years depending upon their contribution.
- Under the scheme corpus amount is returned to nominee of subscriber after death of spouse.
- It is Govt. of India Scheme, which is administered by the pension fund Regulating and Development Authority.

Performance of your Bank under PMJJBY, PMSBY, APY as on 31.03.2018 is as under:

- No of Policies enrolled under PMJJBY – 1.36 lakhs
- No of Policies enrolled under PMSBY – 4.80 lakhs
- Subscribed 84067 customers against the target of 55440 APY, thus achievement stood at 151.64%

31. Interest Rate:

An ALCO committee with well defined policy has been constituted at Head Office to decide interest rate structure both for deposits & advances. Bank decides the interest rate of deposit & advances with consideration of the availability of resources, cost of funds, its utilization and competitive market forces.

32. Non Fund Business:

In order to increase earning from Non –Fund Business the Bank has taken various initiatives like cross selling of insurance products, issuance of demand drafts, recoveries from written off debts, income from credit processing charges, realization of lockers rent, issuance of Bank Guarantee. Besides this the Bank has been instrumental in better cash management at the branches.

33. Bank assurance business on Corporate Agency Basis

(i) With Future Generali India Insurance Co Ltd.

The Bank also entered into a MOU for Asset Insurance Business on Corporate basis with M/s Future Generali India Insurance Co Ltd on 31.12.2015 in order to get full coverage of the assets created out of Bank finance to increase the profitability through miscellaneous income. We earned a commission of Rs.94.26 lakhs during current fiscal.

(ii) With M/s India First Life Insurance Co. -Life Insurance coverage to Bank's Clientele

The bank has also obtained Corporate Agency of M/s India First Life Insurance Co. for Life Insurance products for distribution of insurance products through the network of its branches. We sold policies to 7143 Clienteles and earned commission of Rs. 200.72 lakhs during the year 2017-18.

34. Profit Performance:

The Bank has continued to witness a robust income generation in Gross Profit and Net Profit. During the year 2017-18, the Bank has posted a Gross profit of Rs. 333.32 crore and net profit of Rs. 96.91 crore.

35. Income Tax

The Bank has made a provision of Income Tax of Rs. 64.16 crore during the year 2017-18.

36. Technological Upgradation

Post migration to CBS platform in 2011, our Bank has taken various initiatives for ongoing development in Banking Technologies with an objective to create and deliver digital literacy and services to people living especially in rural areas by extending e-Banking, Mobile Banking, account balance enquiry facility through Missed Call, Aadhaar Enable Payment Service etc. for which huge expenditure on technology induction and regular training to our staff has been imparted to make them for all time readiness to implement new technologies inducted in bank from time to time.

A. EMV chip RuPay debit card & KCC RuPay ATM debit card

With enhanced security features introduced in newly aesthetic in-house developed design with POS transaction facility and on-line Debit Card Management cum Complaint Resolution module for ATM card related issues.

With technological advancement, our bank introduced EMV chip RuPay Debit Card and KCC RuPay debit card and so far issued 29.45 Lakh RuPay Debit Card and 5.65 Lakh KCC RuPay cards to our customers and our Debit Card Management System by providing on-line portals to all branches.

B. E-Commerce

BUPGB RuPay ATM Debit card has been enabled with online shopping, mobile recharge, railway reservation facilities etc.

C. A.T.M. facility

Bank has network of 9 onsite ATM machines catering to the needs of Rural/Semi Urban/Urban populace.

D. Net Banking

The internet banking facility has been implemented with NEFT/RTGS facilities equipped with “2 Factor Authentication” security features.

E. Mobile Banking:

Mobile banking facility under nomenclature “**BUPGB M-Connect**” has been implemented for customers which is a robust and safe banking utility on customers’ mobile phone, enabling the customer to perform a series of banking transactions with great ease through NEFT and IMPS (24X7) in addition to intra Bank (Within BUPGB) transactions.

F. CTS Clearing :

In compliance of RBI guidelines, a speedy fund collection through CTS clearing has been started at Kanpur, Allahabad & Bareilly centres as a sub member of our Sponsor Bank.

G. ECS (Debit and Credit) facility:

Besides, CTS clearing, our Bank has implemented fund transfer system through ECS-Inward debit and credit to cater to need of customers. We have further initiated the process of ECS- Outward facility with NPCI.

H. APBS/ DBTL:

APBS (Aadhaar Payment Bridge System), and DBTL (Direct Benefits Transfer for LPG) facility has been operational at Head Office to cater the need of customers.

I. Aadhaar Enable Payment System (AEPS)

In order to inculcate financial literacy among rural mass and to provide financial/Non financial transaction at door step of rural populace, our bank has implemented Aadhaar Enable Payment System to facilitate financial inclusion transactions through kiosk/Micro-ATM with help of VLE/BC.

J. Back-up Link for Branches having Lease Line as single connectivity

We have provided 125 BSNL VSAT and 304 Hughes VSAT back up link to 429 lease line Branches to ensure that functioning of these Branches may not hampered due to failure of lease line connectivity.

Our 457 Branches are functioning on Airtel VSAT as primary and single link. We have enhanced performance speed of Airtel VSAT from 10 kbps to 32 kbps for better functioning of CBS. During this financial year, Network up gradation of some BSNL lease line Branches have been migrated from 64 kbps to 128/256/512 kbps. All our Regional Offices have been migrated on 2 mbps BSNL lease line.

K. Missed Call service for Balance enquiry

With a view to provide hassle free and convenient banking services to Rural Masses, specially Marginal/Small farmers, labourers and account holders of various government sponsored schemes including PMJDY, MNREGA, “Missed Call Facility” through 24X7 Toll-Free Number 1800 3010 1886 is implemented by our Bank, initially for “Account Balance Inquiry” for all customers maintaining accounts viz CA/SB/CC/OD/Loan/TD in which mobile number of customers are registered.

L. SMS Alert Service :

SMS Alert facility has been implemented for our customers on all electronic transactions.

M. Immediate Payment Service (IMPS) (Outward & Inward):

With commencement of Mobile Banking service, our bank has implemented IMPS outward facility for customers on Real-Time 24X7 fund transfer facility under which a customer can transfer funds from his mobile to beneficiary mobile number based on MMID or to beneficiary account based on IFSC code and account Number.

N. Implementation of FASSET module:

Bank has successfully implemented an automated module “FASSET” in CBS for capturing individual details of all furniture & fittings maintained at Branches/ offices to keep records of purchases/sales/transfers/write-off of fixed asset, which also provides for an errorless computation of depreciation along with quarterly 6a & 6b returns.

O. Automation of Demographic Authentication service:

With a view to get online and real time Aadhaar Number verification of customers through UIDAI repository, Demographic Authentication service has been implemented

P. During this fiscal 94 Aadhar enrolment centre established at the Branches in our Bank to serve Customers

Q. Online PAN validation facility:

Bank has implemented online PAN validation facility in Finacle through which Branch user can verify details of PAN with NSDL server on real time.

R. E-KYC:

Bank has completed integration of our CBS with UIDAI server for E-KYC services to get online real-time verification of Aadhaar Number of customers through Bio-Metric device, however Bio-Metric devices installed at Branches are required to be upgraded by DC / Vender as registered devise to facilitate Branch level operations.

S. Internet Protocol Version 6 (IPv6):

We have migrated our system from IPv4 to most advanced and secured Network Level Protocol IPv6 with a view to safeguard our system security as per RBI/ NABARD guidelines.

T. Appointment of Chief Information Security Officer (CISO):

Bank has appointed Chief Manager (I.T.) as CISO with a view to take care of system security in coordination with Sponsor Bank and take necessary steps to review system security requirement for prevention of any possible untoward incidents.

U. Analysis of Disclosure of Customer complaints on Account of ATM Transactions

COMPLAINTS DURING THE YEAR 2017-2018		
SR.NO	PARTICULARS	Count
(a)	No. of complaints pending at the beginning of the year	73
(b)	No. of complaints received during the year	4768
(c)	No. of complaints redressed during the year	4773
(d)	No. of complaints pending at the end of the year	68
(e)	No of Proactive credit given to customers	NIL
B. Awards passed by the Banking Ombudsman		
SR.NO	PARTICULARS	Count
(a)	No. of unimplemented Awards at the beginning of the year	00
(b)	No. of Awards passed by the Banking Ombudsmen during the year	00
(c)	No. of Awards implemented during the year	00
(d)	No. of unimplemented Awards at the end of the year	00

In view of GOI thrust on promotion of digital transactions by Banks, target for all Banks for FY 2017-18 in respect of number of digital transactions have been allocated and monitored by SLBC. In the matter,

target of 122.55 Lakh Digital Transactions has been assigned for our Bank for FY 2017-18 against which our Bank has achieved 176.45% as per details appended below:

Number of Digital Transactions to be done by Banks in the State-Progress (FY 2017-18) (Count in Lakh)										
Target for FY 2017-18 (count in lacs)	Achievement									
	Quarter Ending	Debit Card	Credit Card	Net Banking	NEFT/RTGS	IMPS	Aadhaar Pay (AEPS)	UPI	Other Mode of Transaction, if any (Mobile Banking)	Total (count)
122.55	Dec 17	29.94	0	0.15	35.3	9.21	55.24	0	21.07	150.91
	March 18	37.97	0	0.24	51.95	16.87	78.63	0	31.33	216.94

V. CBS Operations :

As an ongoing process of improvement in CBS functions, various activities have been decentralized from Data Centre to our Head Office. This decentralization has steeply reduced the time earlier taken in resolving CBS issues with quicker monitoring of vital operational functions thus enhanced controls.

- I. Reduction in Interest Failure cases through cause-identification at Head Office level.
- II. Enhanced resolution system by making L-1 Help Desk as the single point of contact for all branches for all CBS issues.
- III. Penalty clause has been brought in effect in terms of Resolution by HP within the stipulated time.
- IV. Several reports identifying critical errors at account level are now being generated at Head Office level which supplements the Regional Offices/ Branches to closely monitor and check repetition of such errors. Branch wise User Exception Report for Regional Heads, Interest Failure Report etc are a few examples.
- V. Cash remittance in CBS is no more an issue for IBTA reconciliation as a procedure for real-time responding in the system has been established.
- VI. Daily Dash-board with age of pending resolution of all CBS related issues introduced for HO monitoring.
- VII. Interest table modification in accounts is available to branches only for one day every to handle identified interest rate related errors.
- VIII. Data provided by DC for Weekly balance sheet earlier can now be retrieved at Head Office itself. Thus, balance sheet analysis can now be done any day besides weekly analysis.

37. Human Resources:

The human resource of the Bank consists of:

Sl. No.	Staff	Position as on 31/03/2017	Position as on 31/03/2018
On deputation from Sponsor bank			
1.	Chairman	01	01
2.	Other Officers	09	11
TOTAL		10	12
Bank Staff			
1.	Officer Scale IV	22	27
2.	Officer Scale III	223	217

3.	Officer Scale II	598	512
4.	Officer scale I	1242	1577
5.	Office Assistant (M)	1256	1551
6.	Office Attendant (M)	332	292
TOTAL		3673	4176

Composition of Scheduled Castes and Scheduled Tribes in the Employee Strength:

Cadre	SC & ST %	
	31.03.2017	31.03.2018
Officers	20.29%	20.75%
Office Assistant (M)	18.71%	20.25%
Office Attendant (M)	11.45%	12.67%

The Bank has introduced Group Medical Insurance Scheme for its existing staff effective from 01-09-2017.

During the year under review, the Bank has recruited staff under different cadre as under:

Sr. No.	Cadre/Post	No
1	Officer Scale-II (Specialist Cadre)	11
2	Assistant Manager (Officer Scale-I)	361
3	Office Assistant (M)	473
Total		845

38. Training

To keep with the fast changing scenario, product profile and customer preferences, numerous technology applications and compliance of regulatory requirements, training has become a centre stage activity. Bank has given priority to equip the staff with update knowledge, upgrade skills and enhance efficiency of its officers and employees by organizing the training programmes at Bank's Internal Training Centre. Newly promoted and recruited staff members have also been given trainings in the Internal Training Centre.

Our Internal Training Centre conducted **53** Programmes covering **1567** staff members of the bank during the year.

Apart from above, during the year as many as **62** staff members have been deputed to various external training institutes e.g. Sponsor Bank Training Centre, BIRD, and Lucknow etc.

39. Capacity Building for CBS:

All the branches of the Bank are fully CBS. In order to update and enhance the skills related to CBS, our training centre has covered CBS related topics in major training programme conducted at training centre.

40. Internal Control:

(i) Audit Committee of Board (ACB):

The Bank in consonance with the fundamentals of Corporate Governance and in pursuance of directions of the NABARD has constituted an Audit Committee of the Board comprising of 4 Directors.

The basic responsibilities of the ACB are to oversee internal control and financial reporting process of the Bank as implemented and maintained by the Management including risks and controls of that process.

The composition of the committee is as under-

Sl.No.	Designation	Head/Members
01	Director from NABARD	Head of Sub-committee
02	Director From Central Government	Member
03	Director from DIF	Member
04	Director from Sponsor Bank	Member
05	General Manager	convener

During the year Audit Committee of Board met on four occasions and gave valuable directions for qualitative improvement in the area of internal control system and other financial issues.

(ii) ALCO Committee of Board

As per NABARD guidelines, Bank has constituted an ALCO Committee of Board which is assisted by Sub Committee. The ALCO Sub Committee includes Chairman and Heads of the Departments like Credit, Investment, and Operation etc. Bank has implemented well defined ALCO Policy in the Bank for the purpose of effective management of interest rates and investment decisions. The structure of ALCO Committee of Board is as under:

Sl. No.	Designation	Head/Members
01	Director from RBI	Head of Sub-committee
02	Director from NABARD	Member
03	Director from DIF	Member
04	Director from Sponsor Bank	Member
05	General Manager	convener

41. Inspection:

The Bank has a well established inspection department that examines and ensures the adherence to systems and procedures, policies, directives and guidelines of the Bank. The directions / instructions and guidelines received on various issues of internal control from NABARD, RBI, Government of India, Bank's Board, the Audit Committee of the Board (ACB) have become part of the Internal Control System for better risk management. With the size of business increasing year after year, the inspection division is continuously and consistently aiming for curbing the inherent risks through effective control mechanism so as to safeguard the Bank's interest.

The Regular Branch Inspection Report is the most comprehensive feedback to the Management about the degree of compliance of the Bank's norms at the operational level and, hence, the most important tool for banking internal control. The compliance is monitored through Rectification certificate.

With a view to ensuring proper rectification of irregularities emerging from the inspection reports and taking other corrective remedial measures in various operational areas a Central Audit Committee has been constituted which holds its monthly meetings. Further to facilitate the functioning at more micro level, a Sub- committee of Central Audit Committee has also been constituted. In order to discuss the various irregularities of branches and providing proper guidance to them, Regional Audit Committee is also constituted at regional level to hold their periodical meetings wherein the reports of inspected

branches are discussed with the respective Branch Managers. This has helped in identifying the areas of concern in the regions and the branches and has helped in effective rectification.

Inspection of all 802 Branches, which were due for inspection in 2017-18 have been completed during the year.

The Inspection Division oversees the credit risk management through the Credit Audit. Credit Audit of all eligible advances accounts of Rs.10.00 Lakh & above (both fund based and non-fund based) have been carried out during the year.

To sum up, the Inspection Department's principal function is to monitor compliance of systems & procedures laid down by the Bank, the Regulator and the Government of India.

Gradation secured by the Branches is as under-

Sl.No.	Rating	Percentile 2015-16	No. of Branches (2016-17)	No. of Branches (2017-18)
1	A+	80% & above	41	43
2	A	Above 60 % to 80%	706	662
3	B	Above 50 % to 60%	44	96
4	C	Above 33.3 % to 50%	0	1
5	D	Up to 33.3%	0	0
		Total	791	802

Snap Audit System:

The concept of Snap Audit of branches categorized under High Risk and newly opened branches has been introduced to improve upon the areas where such branches have not fared well.

Concurrent Audit System:

In compliance of NABARD guidelines the bank has introduced Concurrent Audit System by independent empanelled Chartered Accountants. Accordingly the following parameters have been adopted for selection of branches & Head Office.

1. Branches whose total credit and other risks exposures aggregate to not less than 50% of total credit and other risk exposure of the bank; and
2. Branches whose aggregate deposits cover is not less than 50% of the aggregate deposits of the bank.

During the current year 294 Branches & Investment Department at Head Office have been identified for Concurrent Audit covering Business of Rs.11722.56 crore (Deposits Rs.8403.71 crore and Advances Rs.3318.85 crore) being 50% of aggregate business.

Risk Based Internal Audit

As per guidelines of NABARD/RBI, Risk Based Internal Audit System has been introduced in the Bank with existing FSA rating system .We have also equipped our inspecting officers for better performance & results.

42. Compliance:

The Bank has framed a “Compliance Policy” as per the directive of NABARD/ Sponsor Bank and initiated measures for implementation of standards & codes prescribed by “Banking Codes & Standards Board of India” (BCSBI) and other regulatory guidelines from time to time.

Bank has adopted the “Code of Commitment to the Customers” prescribed by the BCSBI. It has also adopted the “Code of Bank’s Commitment to MICRO and Small Enterprises”. These have been placed on your Bank’s website and also made available to its customers at the branches.

43. Systems for KYC-AML-CFT

Know Your Customer (KYC) norms/Anti-Money Laundering (AML) Standards / Combating of Financing of Terrorism (CFT) measures and Obligation of Bank under PMLA, 2002

Bank has a Board approved KYC-AML-CFT Policy. The said Policy is the foundation on which the Bank’s “implementation of KYC norms, AML standards, CFT measures and obligation of the Bank under Prevention of Money Laundering Act (PMLA) 2002” is based. The Bank issues guidelines to operational units on issues relating to KYC-AML-CFT issues based on the directives of the regulators.

44. Customer-Centric initiatives

As always, efficient customer service and customer satisfaction are the primary objectives of the Bank in its day to day operations. Bank is highly responsive to the needs and satisfaction of its customers, and is committed to the belief that all technology, processes, products and skills of its people must be leveraged for delivering superior banking experience to its customers. Recently, Bank has taken several measures to improve customer service at its branches.

- (i) Implemented **Depositor Education and Awareness Fund Scheme-2014 (DEAF)** of the RBI
- (ii) **Process of refund of balances of unclaimed deposit** accounts (Current and Savings Bank) transferred to the RBI under Depositor Education and Awareness Fund Scheme - 2014 (DEAF) of the RBI has been advised to branches.
- (iii) **SMS alerts services** has been implemented on financial transition in customers’ accounts :
- (iv) **Customer Meet:** Customer meets at all the branches organized on monthly basis to resolve the problem on the spot itself. The suggestions/views generated during such meetings are collected and an appropriate follow-up action is taken to examine the feasibility to implement the suggestions for improving the service quality.
- (v) **Acknowledgement of Form 15G/15H:** Branches have been advised to acknowledge receipt of form 15G /15H to ensure non deduction of TDS and eliminate complaint in this respect.
- (vi) **Revision of Cash Handling Charges** To increase CASA deposits and to attract high net worth business clients, cash handling charges have been revised downwards from amount-based charges to packet-based charges.
- (vii) **Customer Service Committee of the Board**

Bank has a **Sub-Committee of Board for Customer Service** with the following members as on 31st March 2018:

- 1 Shri Birendra Kumar, Representative from sponsor Bank (Committee Head)
2. Mr. M.T. Muanding Guite, Dy. G.M. (RBI) (Member)
3. Mr. Ajay K Srivastava (OSD to APC) Government of Uttar Pradesh (Member)

4. Shri Shiv Shanker, Deputy Director, DIF, Lucknow (Member)
5. Shri G.K. Dixit, General Manager of the Bank (Convener/Member)

This Sub-Committee addresses the issues relating to the formulation of policies and assessment of their compliance which brings about consistent improvement in the quality of customer service. It also monitors the status of the number of deceased claims pending for settlement beyond 15 days pertaining to depositors/locker hirers/depositors of safe custody articles, and reviews the status of implementation of awards passed by the Banking ombudsman.

45. Vigilance

Vigilance in your Bank aims at identifying leakages within the organization that leads to financial loss and, taking corrective and preventive actions to plug these leakages and simultaneously ensuring proper justice and fair play in the organization. Thus, this helps in protecting the innocent employees by supporting quality decisions, while striving to bring the real offenders to book thereby eliminating forces that thwart integrity and preventing loss to the bank. With the objective of bringing awareness among the staff members about preventive vigilance and also to put forth consequences of flouting the rules and regulations, which may lead to perpetration of frauds by unscrupulous elements, sensitive branches of the Bank are identified on the basis of risk perception and Preventive Vigilance

The Bank has also created a pool of trained officers for skilled investigation and expeditious conduct of enquiry proceedings. **Two dedicated enquiry officers have been posted at Head Office** to speed up the disposal of disciplinary action. It may be noted that there was significant improvement in disposal of disciplinary action **during the financial 2017-18**. A work shop of **Officers posted at Regional Office** has been organized to speed up disposal process.

46 Awards, Recognitions & Felicitations:

We are pleased to apprise that during current fiscal 2017-18 bank was in receipt of many awards, recognitions & felicitations from PFRDA, NABARD and NPCI.

- Bank has enrolled 10590 APY application in Indian Pension League Campaign during **17th April to 24th April 2017** and secured 1st position among all RRBs and overall 3rd Rank among all banks.
- Bank had secured 1st Position among all banks in Five for Sure campaign ran by PFRDA during **28th April to 02nd May 2017**.
- Our All Regional Offices Qualified in APY Brand Ambassador Campaign ran by PFRDA during **30th June to 15th July 2017**.
- Our Bank had been awarded APY Challengers Silver Trophy on the basis of performance from **01st April to 30th September 2017**.
- Our Bank had been awarded by Champions Classic award in Champion of Change campaign on the basis of achievements made from **01st April 2017 to 30th December 2017**.
- Bank has enrolled maximum no. of APY among All RRBs during the period of **7th November to 20th November 2017** in “Peoples First Campaign” ran by PFRDA.
- Our Bank has Qualified in Makers of Excellence Campaign ran by PFRDA during **07th December to 31st December 2017**.
- Bank had secured 1st position among all RRBs in APY Splendid Seven campaign ran during **07th February to 23rd February 2018**.
- Qualified for We for Victory Award for enrolments during 08th to 31st January 2018.
- Gramin Sammridhi Samman by NABARD for highest SHG linkage in F.Y. 2016-17 received during March 2018.
- NABARD had awarded Bank for doing exceptional work in Going Digital Camps.
- NPCI has selected our Bank as winner for ‘National Payment Excellence Award 2017’ under category Regional Rural banks in recognition of excellent performance in Instant Payment Products (UPI+IMPS+USSD+BHIM)

47. Board of Directors:

The Board of Directors of Baroda Uttar Pradesh Gramin Bank held -6- meetings during the financial year fully complying with the Rules.

Mr. D.P Gupta Chairman Baroda Uttar Pradesh Gramin Bank w.e.f. 13/12/2016.

Mr. Ajay K Srivastava (OSD to APC) was appointed as Director of the Bank representing Government of Uttar Pradesh w.e.f. 13.05.13.

Mrs. Pratima Mishra , Deputy General Manager , was appointed as Director representing NABARD . w.e.f. 14.06.2016.

Shri Shiv Shankar Dy. Director, DIF was appointed as Director of the Bank representing Government of Uttar Pradesh w.e.f. 13.05.13

Mr. M.T. Muanding Guite, Dy. G.M. (RBI) was appointed as Director of the Bank representing Reserve Bank of India w.e.f. 22.5.2017.

Mr. Birbal Singh Dhaka , General Manager. Bank of Baroda Lucknow Zone was appointed as Director of the Bank representing Bank of Baroda w.e.f. 8.11.2016 .

Mr. Birendra Kumar, General Manager & Zonal Head, Bank of Baroda , Bengaluru was appointed as Director of the Bank representing Bank of Baroda w.e.f. 26.7.2017.

48. ACKNOWLEDGEMENT:

Board of Directors of the Bank is pleased to place on record its deep appreciation for the valuable contribution to the representatives of Government of India, State Government, RBI, NABARD, Sponsor Bank and DIF for their valuable suggestions & support. Board also thanks District Administration, all the Government and Non Government institutions / Authorities for extending Co-operation.

The Board of Directors of the Bank place on record their appreciation and gratitude for the valuable contributions made by outgoing Directors. & heartily welcome to new incumbents

The Board expresses its gratitude towards the valuable suggestions & assistance provided by the Chairman, CEO & MD & Managing Director, Executive Directors, General Manager (Rural & Agri Banking) of Bank of Baroda, General Manager (Financial Inclusion) of Bank of Baroda, General Manager U.P. & Uttaranchal Zone, Bank of Baroda, Lucknow, (Dy. General Manager (R & AB), Dy. General Manager (Financial Inclusion)) & other officials of RRB Division, Bank of Baroda).

The Board expresses special gratitude to valued customers & well-wishers of the Bank who have demonstrated their faith in the bank.

The Board is thankful to the Statutory Central Auditor, Branch Auditors, and Auditors of Regional Offices for their co-operation & assistance in timely finalization of financial returns of the bank.

The Bank has taken a number of initiatives on technology, customers' and HR fronts. Successful translation of these initiatives into business and earnings growth has primarily due to the staff of the Bank. We are **grateful** to our people for their continued commitments and dedication towards the bank

The Board looks forward with confidence to achieve higher goals with the co-operation, support, continued dedication and involvement of the customers, staff and well-wishers.

For & on behalf of the Board of Directors

Place: Raebareli
Date: 21.05.2018

(D.P.Gupta)
Chairman