

CHAPTER II

THE KARNATAKA STATE CO-OPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANK LTD

INTRODUCTION

In the year 1929 on 25th November the Mysore State Co-operative Land Mortgage Bank was established in pursuance of recommendation of Malnad Development Board which was established during the year 1925. The main objective of the bank was to redeem the earlier mortgages and to free the farmers from the clutches of moneylenders. The central Land Mortgage Bank was organized in the state to finance the primary banks and to Co-ordinate their working. The organization and working of the primary banks as well as the central Land Mortgage Bank have followed the model of Madras. The borrowers who have obtained long term loans are also advanced short term loans in select cases. The state has passed special legislation for facilitating the working of Land Mortgage Banks in the state on the lines of the Madras Land Mortgage Banks Act.

In pursuance of the recommendations of the All India Rural Credit Survey Committee (1954), emphasis was shifted from Land Mortgage Banking to Land Development Banking. In 1964 the Land Mortgage Bank was renamed as Land Development Bank. The objective was to cater loan mainly for productive purposes. Then the bank started giving credit for minor irrigation, land leveling, horticulture/plantation crops, tractors/tillers and cattle shed.

In pursuance of the recommendations of CRAFTICARD (1980), in 1986 once again the LDB was rechristened as PCARD Banks. The objective is to broad base the lending operation and to provide credit for all types of rural activities and all types of rural people. As a result bank has started giving loan for NFS activities and non-land based activities which are subsidiary to agriculture and also rural housing.

There are two types of ARDBS in the country namely unitary and federal. Karnataka State Co-operative Agriculture and Rural Development Bank is federal in nature consisting of 177 membership bank. These banks

are called Primary Co-operative Agriculture and Rural Development Banks situated in each taluk has its own board of directors and has its areas of operations in the entire taluk.

The KSCARD Bank Ltd. has its Head Office at Bangalore and there are 23 Branch Offices at District Level for supervising the activities of the PCARD Banks in their jurisdiction. The Bank has six Associated Members which are institutions like Karnataka Agro Industries Corporation, Ware Housing Corporation, Karnataka Electricity Board and Command Area Development Authorities of Major Irrigation Projects, State Marketing Board, Karnataka, State Co-Operative Marketing Federation Ltd.

ACTIVITIES

The main activity of the Bank is dispensation of Long Term Credit for Agricultural and Rural Development. The Bank advances, loans under “Normal Programme” and “Special Development Programme”. The Normal Programme Covers items like leveling, bunding, fencing, and construction of cattle shed, farmhouse, and redemption of old debts, acquiring ownership of land by tenants under Land Reforms Act etc. The Special Development Programmes cover productive purposes like Minor Irrigation, Horticultures, plantation crops, Farm Forestry, Waste Land Development, Dairy Development, Piggery, Gobar/Bio-Gas Plants, Sheep rearing, Fish Culture, Prawn culture, Poultry, Sericulture, Bullock and Bullock carts, Farm Mechanization, Integrated loans for Agriculture and Non-agriculture and for the Development of lands under major and Medium Irrigation projects. Non Farm Sector, Rural Housing, Small Rural Transport Operator (SRTTO) Scheme and Deposit Mobilization are the new areas covered by the Banks.

ROLE OF KSCARD BANK

The Karnataka State Co-operative Agriculture and Rural Development Bank Limited is the apex bank of all the primary co-operative agriculture and rural development banks in the state. All the PCARD Banks in the state are affiliated to it. The KSCARD Bank provides financial accommodation to the PCARD Banks for their lending operations. In order to quick sanction and

disbursement of loans and supervision over the PCARD Banks the KSCARD Bank has opened district level branches.

MEMBERSHIP

The membership of KSCARD Bank was confined to primary Co-operative Agriculture and Rural Development Banks and the state Government. But recently the bye-laws of the KSCARD Bank were amended to admit the institutions which are directly involved in agriculture and rural development so as to enable the KSCARD Bank to finance them. As per the progressive report of KSCARD Bank 2011 there are 184 members: 177 PCARD Banks, State Government and 6 corporate bodies and boards.

Table 2.1

MEMBERS OF KSCARD BANK LTD

| Sl No. | Name of the District | No of PCARD Banks |
|---------------|-------------------------------------|--------------------------|
| 1 | Bangalore Urban and Bangalore Rural | 11 |
| 2 | Kolara Chikkaballapura | 11 |
| 3 | Tumakuru | 10 |
| 4 | Chithradurga | 06 |
| 5 | Davanagere | 06 |
| 6 | Shimoga | 08 |
| 7 | Mysore | 07 |
| 8 | Chamarajanagara | 04 |
| 9 | Madikeri | 03 |
| 10 | Mondya | 07 |
| 11 | Hasana | 08 |
| 12 | Chikkamagalore | 08 |
| 13 | Mangalore | 05 |
| 14 | Udapi | 03 |
| 15 | Belgum | 10 |
| 16 | Bijapur | 05 |
| 17 | Bagalkot | 06 |
| 18 | Dharawada | 05 |
| 19 | Gadag | 05 |
| 20 | Haveri | 07 |
| 21 | Sirasi (Karwar) | 11 |
| 22 | Gulbarga and Yadgir | 11 |
| 23 | Raichur | 05 |
| 24 | Koppal | 04 |
| 25 | Bidar | 05 |
| 26 | Bellary | 07 |
| Others | | |
| 1 | Karnataka Govt. | 01 |
| 2 | Corporates/bodies | 06 |
| Total | | 184 |

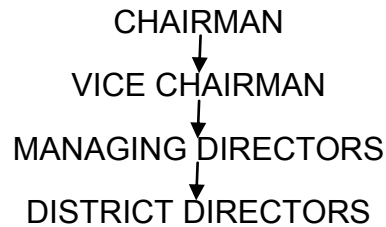
Source: administrative report 2010-11

MANAGEMENT

The management of the KSCARD Bank vests in a Board of Management elected as per the provisions of the KSCARD Bank Act. The ultimate authority of the administration of the KSCARD Bank lies in the general body which comprises the elected representatives of PCARD Banks and ex-officio directors. The administrative Board of KSCARD Bank consists of 25 members. Out of 25 members 20 are directors, and remaining 5 are ex-officio directors, they are managing director of KSCARD Bank Ltd Bangalore, Registrar of Karnataka state Co-operative societies Bangalore, Chief general manager of NABARD Regional office Bangalore, Joint secretary, Finance department of Karnataka government vidhan sowda Bangalore and president of Karnataka state Co-operative Apex bank Ltd. Bangalore

Chart 2.1

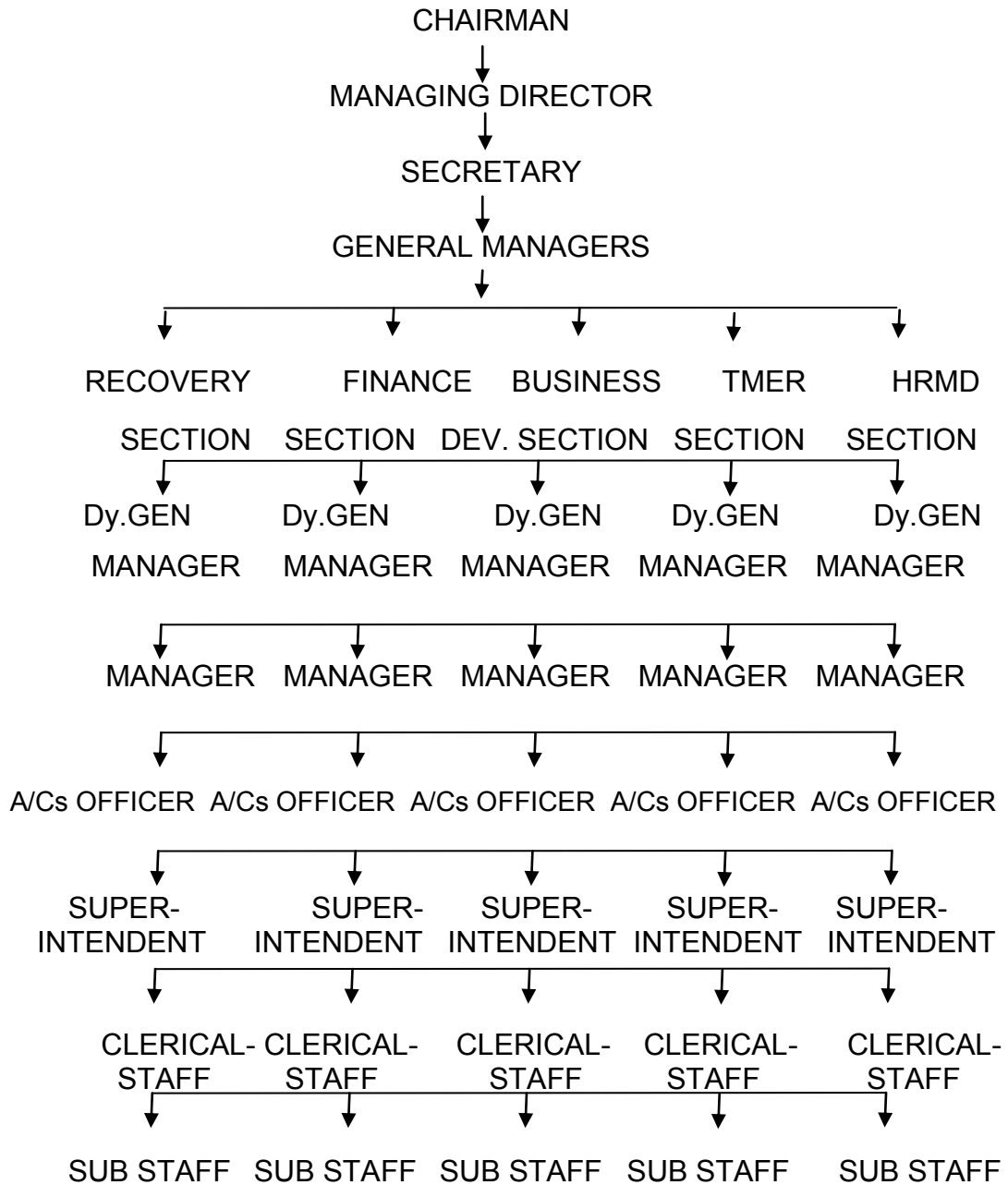
ORGANISATION STRUCTURE OF HEAD OFFICE BOARD



Source: administrative report 2010-11

Chart 2.2

**ORAGANISATION STRUCTURE OF HEAD OFFICE LEVEL
ADMINISTRATION**



Source: administrative report 2010-11

BRANCH OFFICES

KSCARD Bank., Ltd. has 23 branches at district head quarters, through these branches long term credit are provided to PCARD Banks to enable them to advance loans to their members for agriculture and rural development. KSCARD Bank supervises and guides in loans utilization and recovery. It also assists and guides in daily affairs of the PCARD Banks. The following are district headquarters KSCARD Bank functioning branches.

Table 2.2

DISTRICT HEADQUARTERS KSCARD BANK FUNCTIONING BRANCHES

| | |
|--------------------|--------------|
| 1. Bangalore Urban | 13. Belagum |
| 2. Kolara | 14. Bijapur |
| 3. Tumakuru | 15. Bagalkot |
| 4. Chithradurga | 16. Dharawad |
| 5. Davanagere | 17. Haveri |
| 6. Shimoga | 18. Sirasi |
| 7. Mysore | 19. Gulbarga |
| 8. Madikeri | 20. Raichur |
| 9. Mandya | 21. Koppal |
| 10. Hasana | 22. Bidar |
| 11. Chikkamagalore | 23. Bellary. |
| 12. Mangalore | |

Source: administrative report 2010-11

OBJECTIVES

Providing long term credit to PCARD Banks to enable them to advance loans to their members for agricultural and rural development is the primary objective of the bank.

FUNCTIONS

To fulfill the objectives as said above the bank undertakes:

- To get funds through deposits;
- To borrow loans;
- To grant loans to PCARD Banks;
- To establish branches;
- To act as a link between the long term banking institutions and the NABARD;
- To inspect and supervise the PCARD Banks;
- To acquire assets, construction of office buildings and appointing suitable staff for the conduct of its affairs and
- To perform such function as may be conducive to fulfill the above objective.

RESOURCES

The main financial sources of the Bank are its Share Capital, Reserves, Deposits and Debentures. Normal/Ordinary Debentures are raised with contribution from different financial institutions for normal lending programme. The Special Development Debentures are subscribed by National Bank for Agriculture and Rural Development, the State and Central Governments for advance under Special Development Programme. The State Government Guarantees all debentures floated by the Bank for payment of principal and interest. Government guarantee is extended for drawls of cash credit accommodation also for initial lending. During the year 2010-11, the Bank has floated ` 162.98 Crores under Special Development Programme.

Since inception up to 31-03-2011, the Bank has floated ` 342.03 Crores of debentures under Ordinary Programme, and ` 3169.01 Crores under Special Development Programme and ` 63.18 Crores under Rural Housing (NHB). In total, debentures worth of ` 3574.22 Crores have been floated. Debentures outstanding as on 31-03-2011 are ` 1540.29 Crores.

Table 2.3

DEBENTURES FLOATED, REPAID AND BALANCE OUTSTANDING

(` in Crores)

| SI No. | Types of Debenture/Name of the subscriber | Total floated since inception | Amount repaid | Balance outstanding 31-03-2011 |
|----------------------------|---|-------------------------------|---------------|--------------------------------|
| SPECIAL DEBENTURES | | | | |
| 1. | NABARD | 2888.01 | 1469.65 | 1418.36 |
| 2. | State Government | 144.59 | 73.96 | 70.63 |
| 3. | Central Government | 136.41 | 93.95 | 42.46 |
| 4. | N.H.B (Rural Housing) | 63.18 | 63.18 | - |
| TOTAL | | 3232.19 | 1700.74 | 1531.45 |
| ORDINARY DEBENTURES | | | | |
| 1. | State Government | 38.57 | 36.37 | 2.20 |
| 2. | Central Government | 26.73 | 24.53 | 2.20 |
| 3. | Sister ARD Banks | 68.81 | 64.37 | 4.44 |
| 4. | Comer. Banks & Others | 207.92 | 207.92 | - |
| TOTAL | | 342.03 | 333.19 | 8.84 |
| GRAND TOTAL | | 3574.22 | 2033.93 | 1540.29 |

Source: Progress at a glance 2010-11

SPECIAL DEBENTURES: The schemes, which are refinanced by the NABARD.

ORDINARY DEBENTURES: Schemes, which are not refinanced by the NABARD.

LIC, SBI, Nationalized Banks and other sister LD Banks are contributing to these debentures as per NABARD guidelines. Floatation of these debentures was discontinued since 2003.

Table 2.4

**THE SCHEME WISE DETAILS OF ADVANCES FROM
INCEPTION TO 31-03-2011**

| SI No. | SECTOR | No of Accounts | Amount Disbursed in (Crores) |
|---------------|---------------------------------------|-----------------------|---|
| 1. | Minor Irrigation | 660501 | 781.77 |
| 2. | Land development | 106031 | 316.14 |
| 3. | Horticulture/Plantation | 173963 | 439.64 |
| 4. | Sericulture | 63127 | 131.34 |
| 5. | Diversified | 192536 | 375.17 |
| 6. | Farm Mechanization | 45257 | 1025.39 |
| 7. | General Scheme | 330365 | 213.14 |
| | Total under Agri. Loan | 1612897 | 3161.76 |
| 8. | Non-farm/SRTO | 46905 | 222.75 |
| 9. | Rural Housing | 27343 | 386.63 |
| | Total under Non Agri. Loan | 74248 | 609.38 |
| 10. | Crop Loan | 797 | 6.49 |
| | Grand Total | 1687145 | 3771.15 |

Source: Progress at a glance 2010-11

**The Bank Advanced at 6%, 4% & 3% interest rate under agriculture
purpose**

- The Bank has advanced `85.62 crores covering 19949 accounts and 135.88 Crores covering 28833 accounts for the year 2004-05 and 2005-06 respectively. At the rate of 6%. Interest.
- The Bank has advanced `156.97 Crores covering 30581 accounts and `195.79 Crores covering 25305 accounts for the year 2006-07 and 2007-08 respectively at the rate of 4% interest.

- The Bank has advanced Agriculture loans of `182.57 Crores covering 23327 accounts at the rate of 3% interest during 2009-10 and `190.87 Crores covering 20782 account during 2010-11

CROP LOAN

Bank has started Crop loan during the year 2009-10, and bank has disbursed the crop loan of `1.92 Crores during 2009-10 and `4.57 Crores during 2010-11.

E-STAMPING

The Bank has taken Steps to introduce E-stamping business in the selected 31 PCARD Banks in consultation with Stock Holding Corporation of India. The same is in progress.

FIXED DEPOSITS:

The Bank has rejuvenated its fixed deposit section. Rules have been framed to accept deposits as per NABARD guidelines. In order to deploy the deposits mobilized in a profitable way the Bank has framed the rules to issue the following loans both to its Staff and general public from April 2011 onwards in the segments of jewel loan, mortgage loan, salary loan and vehicle loan In order to increase deposits bank organizes “Deposits Mobilization Month”

TRAINING INSTITUTE

Bank has its own training college called “Staff Training College” in Padmanabhanagar, Bangalore, which was established in the year 1975 under the guidance and financial assistance from NABARD. The primary aim of the college is to train both official and non-official members under various programmes relating to Co-operative Development activities with main focus on HRD matters.

WOMEN DEVELOPMENT CELL

Bank has established Women Development Cell to promote entrepreneurship among women in 2005. The Bank is identifying women borrowers in the rural areas by assigning suitable projects to motivate their

self-confidence to lead independent life. Progress made in financing women entrepreneurs during the last six years is given in table 2.5

Table 2.5

FINANCE OF WOMEN ENTREPRENEURS

| SI No. | Year | No. of Accounts | Amt Disbursed in Cr. | Percentage to Total disbursement |
|--------|---------|-----------------|----------------------|----------------------------------|
| 1. | 2005-06 | 4849 | 26.29 | 14.83 |
| 2. | 2006-07 | 6907 | 37.59 | 14.98 |
| 3. | 2007-08 | 4170 | 31.31 | 14.88 |
| 4. | 2008-09 | 3988 | 27.21 | 15.32 |
| 5. | 2009-10 | 3112 | 26.11 | 14.23 |
| 6. | 2010-11 | 2994 | 28.19 | 14.93 |

Source: Progress at a glance 2010-11

SPECIAL ATTENTION TO WEAKER SECTION

Almost every scheme implemented by the Bank has a bearing on the upliftment of vulnerable sections of the society, namely small holders, scheduled caste and scheduled tribe farmers, in particular. Many of the schemes like dairy, Piggery, Bullock and Bullock-Carts, Sheep/goat rearing are beneficial for such farmers.

Table 2.6

ATTENTION TO WEAKER SECTION

| SI No. | Particulars | No. of Accounts | Amt. disbursed in Cr |
|--------|----------------------------|-----------------|----------------------|
| 1. | Total | 1688766 | 3771.15 |
| 2. | Small & Marginal farmers | 1146442 | 2006.97 |
| 3. | Percentage to total | 67.85 | 53.22 |
| 4. | SC and ST Farmers | 93157 | 151.39 |
| 5. | Percentage to total | 5.51 | 4.01 |

Source: Progress at a glance 2010-11

The total coverage of the weaker section from inception of the bank on 31.03.2011

Table 2.7
OPERATIONAL PERFORMANCE OF KSCARD BANK AT A GLANCE

(` in Lakhs)

| S. No. | Particulars | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|--------|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 1. | Owned funds | | | | | | | | |
| | a. Share capital | 4520.91 | 4735.88 | 4807.38 | 4656.07 | 4893.19 | 5003.07 | 4980.02 | 5112.48 |
| | b. Statutory Reserves | 728.43 | 728.43 | 1085.07 | 2003.06 | 2003.06 | 2003.07 | 2003.70 | 2647.56 |
| | c. Other Reserves | 2117.84 | 2174.30 | 1090.38 | 1687.57 | 1731.38 | 2032.94 | 2095.00 | 2196.00 |
| | Total | 7367.18 | 7638.61 | 6982.83 | 8346.70 | 8627.63 | 9039.08 | 9078.09 | 9956.04 |
| 2. | Deposits | 3681.57 | 4227.27 | 4515.26 | 4090.52 | 4315.75 | 4305.82 | 4401.50 | 5690.53 |
| 3. | Borrowings (out standings) | 122906.89 | 129767.94 | 118798.59 | 123201.94 | 136716.52 | 146644.89 | 152740.57 | 155816.78 |
| | Total Resources | 133954.64 | 141633.32 | 130296.68 | 135639.16 | 149658.90 | 159989.79 | 166220.16 | 171463.35 |
| | Growth rate (%) | - | 5.42 | (-) 8.70 | 3.94 | 9.37 | 6.46 | 3.75 | 3.06 |

Source: LT-DOSSIERS

Table 2.7 Indicates the trends in resources of KSCARD Bank for the period from 2003-04 to 2010-11. The growth rate of resources in the year 2004-05 is 5.42%. In the year 2005-06 it decreased to (-) 8.70%. But in the year 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 the resource growth rates increased i.e., 3.94%, 9.37%, 6.46%, 3.75% and 3.06% respectively.

Table 2.8

INVESTMENT OF THE KSCARD BANK

(` in Lakhs)

| SI No | Particulars | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|-------|---------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1. | Total Investments | 10063.99 | 13460.80 | 21765.80 | 23088.90 | 30964.40 | 33371.20 | 34607.32 | 40076.62 |
| 2. | Sinking Fund Investments: | | | | | | | | |
| | a. Required to be made | | | | | | | | |
| | b. Actually made | 13094.57 | 12999.04 | 949.00 | 884.00 | 884.00 | 884.00 | 884.00 | 884.00 |
| | c. Deficit, if any (a-b) | 9138.82 | 12609.52 | 952.91 | 952.91 | 952.91 | 957.91 | 991.41 | 884.00 |
| | | 3935.75 | 389.52 | Nil | Nil | Nil | Nil | Nil | Nil |

Source: LT-DOSSIERS

Table 2.8 Indicates the trends in Investments of KSCARD Bank. In the year 2003-04 and 2004-05 there is deficit in Investment `3935.75 Lakhs and `389.52 Lakhs. But in the year 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 Bank has invested more than required to be made hence there is no deficit in investment in these years.

Table 2.9
TRENDS IN OUTREACH OF THE KSCARD BANK

(` in Lakhs)

| SI No | Particulars | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 1. | Loans issued (No of acct) (PCARD Banks and Associate members) | 182 | 182 | 182 | 182 | 182 | 173 | 174 | 175 |
| 2. | Loans outstanding (No. of acct) | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 |
| 3. | Loans issued (Amt) | | | | | | | | |
| | For agriculture | 7598.00 | 11439.00 | 17296.88 | 24636.67 | 19579.54 | 17189.54 | 18258.36 | 19057.58 |
| | For non agriculture | 779.20 | 474.90 | 434.60 | 450.19 | 1463.66 | 754.85 | 276.98 | 285.55 |
| Total | | 8377.20 | 11913.90 | 17731.48 | 25086.86 | 21043.20 | 17764.39 | 18535.34 | 19343.13 |
| Growth Rate (%) | | - | 29.69 | 32.81 | 29.32 | (-) 19.21 | (-) 18.46 | 4.16 | 4.18 |
| 4. | Loans outstanding (accumulated) | | | | | | | | |
| | From agriculture | 121039.00 | 127335.00 | 107500.01 | 117103.34 | 120141.42 | 124938.07 | 129434.95 | 128494.71 |
| | From non agriculture | 12363.00 | 12292.00 | 12802.11 | 11390.81 | 9542.16 | 8375.13 | 7176.35 | 5674.33 |
| Total | | 133402.00 | 139627.00 | 120302.12 | 128494.15 | 129683.58 | 133313.20 | 136611.30 | 134169.04 |
| Growth Rate (%) | | - | 4.46 | (-) 16.06 | 6.38 | 0.92 | 2.72 | 2.41 | (-) 1.82 |

Source: LT-DOSSIERS

Table 2.8 Indicates the trends in loans issued and accumulated loans outstanding of the KSCARD Bank. Loans issued for agriculture and non-agriculture to PCARD Banks and associate members amounts to `8377.20 Lakhs in 2003-04, it is increased to `11913.90 Lakhs in 2004-05 and `17731.48 Lakhs in 2005-06. Again it is increased to `25086.86 Lakhs in 2006-07. But loans issued in 2007-08 and in 2008-09 decreased i.e., `25086.86 to 21043.20 Lakhs and `21043.20 Lakhs to `17764.39 Lakhs. In the year 2009-10 it is increased to `18535.34 Lakhs from `17764.39 Lakhs and again it is increased to `19343.13

Growth rate of loans issued was in 2004-05 is 29.69%, it is increased to 32.81% in 2005-06 but in the year 2006-07 it is decreased to 29.32% again in the year 2007-08, and 2008-09 growth rates are decreased to (-) 19.21% and (-) 18.44% respectively. In the years 2009-10 and 2010-12 growth rate is increased to 4.16 % and 4.18%.

Accumulated loan outstanding from PCARD Banks and associate members was `133402.00 lakhs in 2003-04, it is increased to `139627.00 lakhs in the year 2004-05. But in the year 2005-06 outstanding loans were reduced to `120302.12 lakhs. In years 2006-07, 2007-08, 2008-09 and 2009-10 loans outstanding increased to `128494.15 lakhs, `129683.58 lakhs, `133313.20 lakhs and `136611.30 lakhs respectively. In 2010-11 it is decreased to `134169.04 lakhs

Growth rate of loans outstanding in years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 are 4.46%, (-) 16.06%, 6.38%, 0.92%, 2.72% and 2.41% (-)1.82% respectively. In the year 2005-06, and 2010-11 discloses that there is an improvement in the recovery performance of the bank.

Table 2.10
TRENDS IN RECOVERY PERFORMANCE OF THE KSCARD BANK

(` in Lakhs)

| Particulars | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Demand | 79306.02 | 97731.68 | 91085.07 | 67833.47 | 65724.16 | 69586.65 | 77180.81 | 83514.16 |
| Collection | 10909.90 | 32535.68 | 44757.69 | 23961.83 | 22079.12 | 22513.18 | 25796.73 | 34240.81 |
| Balance | 68396.12 | 65196.00 | 46327.38 | 43871.64 | 43645.04 | 47073.47 | 51384.08 | 49273.35 |
| % of collection to demand | 13.76 | 33.29 | 49.14 | 35.32 | 33.59 | 32.35 | 33.42 | 41.00 |

Source: LT-DOSSIERS

Table 2.10 Indicates trends in recovery performance of the KSCARD Bank. The percentage to collection to demand is on 30-06-2004 was 13.76, but it increased to 33.29 and 49.14 as on 30-06-2005 and 30-06-2006. And it decreased to 35.32, 33.59 and 32.35 as on 30-06-2007, 30-06-2008 and 30-06-2009 respectively. However it is increased to 33.42 from 32.35 as on 30-06-2010, and from 33.35% to 41.00% as on 30-06-2011. The recovery performance is the highest in the year 2005-06 and 2010-2011. The recovery performance is very poor in the year 2003-2004. But however the recovery performance of the KSCARD Bank is satisfactory.

Table 2.11
TRENDS IN PROFITABILITY OF THE KSCARD BANK

(` in Lakhs)

| S. No. | Particulars | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|--------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 | Working Funds (Average) | 146572.00 | 149132.00 | 160289.35 | 162618.18 | 172613.33 | 182857.10 | 188746.17 | 195686.00 |
| 2 | Average Return on Funds *(%) | 7.02 | 9.33 | 17.67 | 9.32 | 6.51 | 5.47 | 2.43 | 2.86 |
| 3 | Average Cost of funds *(%) | 8.86 | 7.57 | 6.37 | 8.20 | 6.47 | 6.70 | 6.37 | 7.13 |
| 4 | Financial margin* (2-3) | (-) 1.84 | 1.76 | 11.30 | 1.03 | 0.04 | (-) 1.23 | (-) 3.94 | (-) 4.27 |
| 5 | Transaction Cost *(%) | 1.17 | 1.76 | 0.10 | 0.84 | 0.88 | 1.38 | 0.93 | 1.21 |
| 6 | Operating Margin* (4-5) | (-) 3.01 | - | 11.20 | 0.19 | (-) 0.84 | - | (-) 3.01 | (-) 3.06 |
| 7 | Miscellaneous income *(%) | 0.01 | - | 0.01 | 0.01 | 0.01 | 0.03 | 0.03 | 0.03 |
| 8 | Risk cost *(%) | 1.83 | 0.66 | - | - | - | 0.54 | - | 0.25 |
| 9 | Net Margin *(6+7-8) | (-) 4.83 | (-) 0.66 | 11.21 | 0.20 | (-) 0.83 | (-)0.51 | (-) 2.98 | (-)2.78 |
| 10 | Amount of Profit | - | - | 17968.44 | 325.24 | - | - | - | - |
| 11 | Amount of Loss | 7079.45 | 984.27 | - | - | 1432.70 | 932.57 | 5624.64 | 5440.07 |

*as percent to working Funds (average) as per DAP statement

Source: LT-DOSSIERS

Table 2.11 Indicates amount of profit or loss made by the KSCARD Bank. In the year 2003-04 Bank incurred a loss of `7035.45 lakhs. And in the year 2004-05 also incurred a loss of `984.27 lakhs. But in the years 2005-06 and 2006-07 earned profit of `17968.44 and `325.24 respectively. Again in the years 2007-08, 2008-09, 2009-10 and 2010-11 Bank incurred loss of `1432.70, `932.57, `5624.64 and `5440.07 lakhs respectively.

Table 2.12
CLASSIFICATION OF ASSETS OF THE KSCARD BANK

(` in Lakhs)

| S. No. | Particulars | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|--------|---|----------|----------|----------|----------|----------|----------|----------|----------|
| 1 | Standard | 68443.30 | 58582.36 | 87232.63 | 98068.76 | 95697.31 | 95086.50 | 97084.75 | 94358.31 |
| 2 | Sub-standard | 23256.98 | 31357.69 | 13144.80 | 10080.85 | 13946.80 | 17394.27 | 19905.24 | 20745.07 |
| 3 | Doubtful | 40409.48 | 48281.84 | 18690.10 | 19348.31 | 19103.01 | 19832.41 | 1907.67 | 18304.33 |
| 4 | Loss | 1393.44 | 1372.32 | 1234.59 | 996.24 | 1031.91 | 1000.02 | 546.60 | 766.33 |
| 5 | Total impaired assets (2+3+4) | 65059.90 | 81011.25 | 3069.49 | 30425.40 | 34081.72 | 38226.70 | 39526.51 | 39810.73 |
| 6 | Total impaired assets as % to total assets | 38.76 | 45.73 | 20.57 | 18.71 | 19.60 | 20.91 | 20.94 | 20.34 |
| 7 | Total impaired assets as % to total outstanding | 48.73 | 58.20 | 27.49 | 23.68 | 26.26 | 288.70 | 28.96 | 29.67 |
| 8 | Provision required to be made* | 18259.28 | 19240.47 | 9708.05 | 8972.48 | 8867.71 | 9871.04 | 9608.76 | 10100.82 |
| 9 | Provision actually made against 8 above | 18259.28 | 19240.47 | 9708.05 | 8972.48 | 8867.71 | 9871.04 | 9608.76 | 10100.82 |
| 10 | Short-fall(8-9) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

* Cumulative Provision required as at the end of each year to be indicated

Source: LT-DOSSIERS

Table 2.13
FINANCIAL STATEMENTS OF KSCARD BANK
POSITION OF ASSETS & LIABILITIES

(` in Lakhs)

| SI No | LIABILITIES | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|-------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 | Owned Funds | | | | | | |
| | a) Paid up Capital | 4807.37 | 4656.07 | 4893.19 | 5003.07 | 4980.02 | 5112.48 |
| | b) Reserves | 11883.49 | 12663.10 | 12626.30 | 13907.24 | 13707.01 | 14944.38 |
| 2 | Profit & Loss A/c. | 484.32 | 619.51 | - | 625.04 | 635.93 | 16.42 |
| 3 | Deposits | 4515.25 | 4090.52 | 4315.75 | 4305.82 | 4401.50 | 5690.53 |
| 4 | Borrowings (Total) | 122719.86 | 124991.75 | 136716.52 | 146644.90 | 152740.57 | 155816.78 |
| 5 | Interest Payable | -- | 7085.93 | 6432.57 | 7300.27 | 8031.67 | 8390.00 |
| 6 | Provisions/others Payable | -- | 5535.23 | 3228.58 | 3742.21 | 1544.24 | 2160.10 |
| 7 | Other Liabilities | 8537.11 | 3165.65 | 5625.37 | 1328.55 | 2730.35 | 3555.31 |
| | Total Liabilities | 160743.12 | 162767.76 | 173838.26 | 182857.1 | 188771.29 | 195686.00 |

Source: LT-DOSSIERS

Table 2.14
FINANCIAL STATEMENTS OF KSCARD BANK POSITION OF ASSETS & LIABILITIES

(` in Lakhs)

| SI No | ASSETS | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|-------|--|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 | Cash & Bank Balance (Total) | 4188.40 | 1755.19 | 1621.67 | 2844.10 | 2852.86 | 4169.99 |
| 2 | Investment (Total) | 22365.13 | 23088.90 | 30964.40 | 33371.20 | 34607.32 | 40078.62 |
| 3 | Loans & Advances (Total) | 120302.12 | 128630.30 | 129826.21 | 133313.20 | 136611.30 | 134169.04 |
| 4 | Fixed assets (Total) | 235.91 | 484.48 | 495.09 | 493.34 | 504.10 | 518.23 |
| 5 | Interest Receivable | 5964.33 | 6844.01 | 6848.10 | 2368.35 | 1501.85 | 1501.85 |
| 6 | Other Assets | 7687.13 | 1964.88 | 3226.26 | 10466.91 | 12693.86 | 15248.27 |
| 7 | Accumulated Losses | -- | -- | 856.55 | -- | -- | -- |
| | Total Assets | 160743.12 | 162767.76 | 173838.28 | 182857.1 | 188771.29 | 195686.00 |

Source: LT-DOSSIERS