



## **PERFORMANCE OF HARYANA GRAMIN BANK AND GURGAON GRAMIN BANK IN HARYANA**

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In this paper it has been tried to assess the functioning and performance of Regional Rural Banks in Haryana, in terms of loans to beneficiaries, deposits with banks, etc. At present in Haryana, some banks like, Haryana Kshetriya Gramin Bank. Gurgaon Gramin Bank, Ambala-Kurushetra Gramin Bank and Hisar-Sirsa Kshetriya Gramin Bank are functioning in the 18 districts of state. These banks provide credit facilities to the weaker section of the rural society i.e. landless labourers, small and marginal farmers, small entrepreneurs etc., for various purposes like Crop. Diesel Engine, Tubewell, Camel, Bullocks and Camel Cart, Tractor, Sheep and Goat, Buffalo. Mini Dairy, Small Industries, Small Business and Consumption purposes under various rural development programmes. Banks have divided these purposes in four categories namely Agricultural activities, Agricultural Allied Activities, Priority sector and Non- Priority sector. Agricultural and its allied activities are like Crop inputs, establishment of Jhallar, purchasing of Bullocks and Carts, rearing of Sheep and Goats, purchasing of Buffaloes and other milch animals, etc. Instalation of Bio-gas plants, establishment of Poultry and Piggeiy farms, construction of Cattle Sheds and establishment of Mini- Diaries are included in priority sector. And non-priority sector includes loans for purposes other than discussed above such as Rural Technology, Self Service Small Scale Industries, Small Business and Consumption loans.

This chapter studies the growth and performance of RRBs in Haryana. The growth and performance of Haryana Gramin Bank and Gurgaon Gramin Bank has been measured from 2007-08 to 2012-13 and of Sarva Haryana Gramin Bank from 2013-14 to 2017-18. The variables which have been considered are as follows:-

1. Branch Expansion
2. Growth of Staff
3. Deposit Organisation
4. Owned Funds
5. Borrowings Outstanding
6. Credit Distribution
7. Credit-Deposit ratio
8. Investments Outstanding
9. Average Working Funds



10. Non-Performing Assets (NPAs)

11. Recovery Performance

## **Haryana Gramin Bank**

### **1. Branch Expansion**

Branch Expansion has always been an important variable which contributes to the growth of banking sector in India. RRBs have been provided with various guidelines in the Branch licensing policies as formulated by RBI from time to time. The main focus of almost all the policies has been on opening of new branches in unbanked rural areas, increasing the flow of credit facilities and removing regional inequalities in distribution of banking facilities.

Here, the overall growth, area-wise growth and district-wise growth in the number of branches of HGB has been explained. Table 4.1 shows the overall growth in the number of branches of HGB. It has been revealed that the total number of branches of HGB increased from 185 (2007-08) to 276 (2012-13). It showed that there has been a continuous increase in the number of branches of HGB during the study period. The highest growth rate of 12.25 per cent (2010-11) and lowest of 1.09 per cent (2007-08) has been registered. It is also observed that the growth in number of branches of HGB has been positive during the study period (2007-08 to 2012-13).

**Table 4.1: Growth of Number of Branches of HGB**

<b>Year</b>	<b>Number of Branches</b>	<b>Increase/Decrease (Growth %)</b>
2007-08	185	2 (1.09)
2008-09	191	6 (3.24)
2009-10	204	13 (6.81)
2010-11	229	25 (12.25)
2011-12	251	22 (9.61)
2012-13	276	25 (9.96)

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

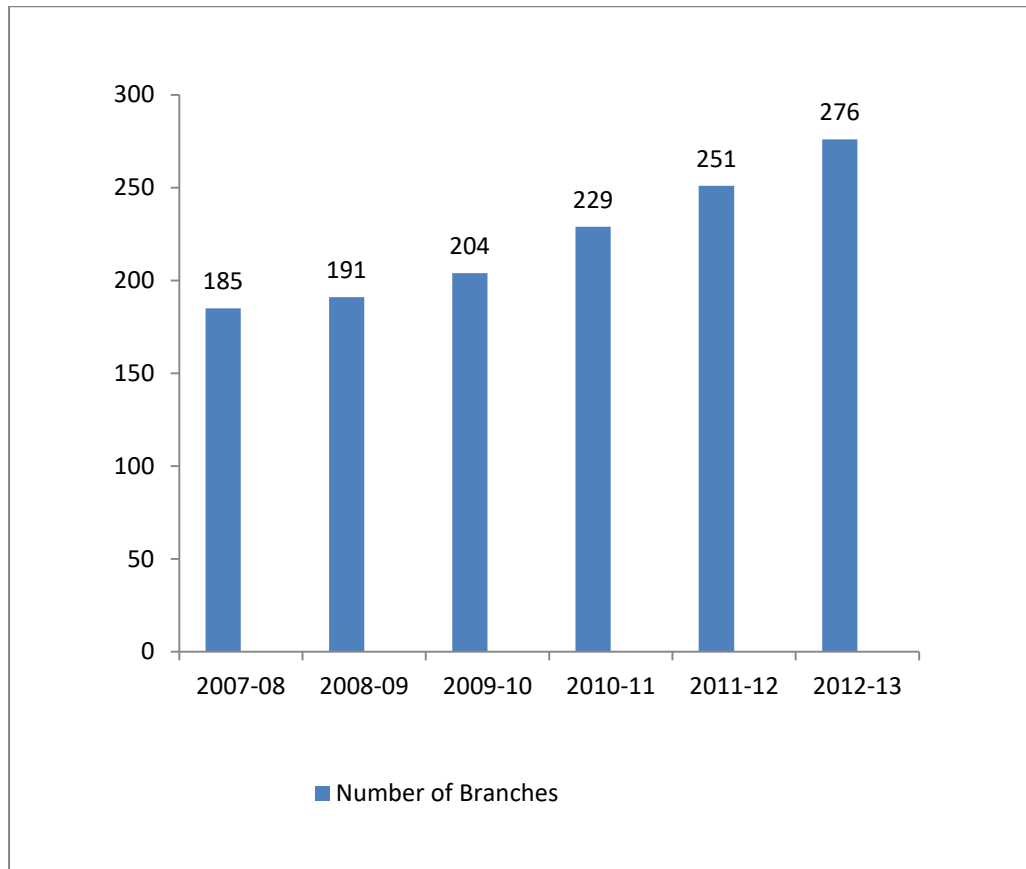
**i. Area-wise growth and division of branches**

Table 4.1 (a) shows the area-wise growth of branches of HGB. The number of rural branches increased from 154 (2007-08) to 201 (2012-13). It has been revealed that the number of semi-urban branches increased from 22 to 56 and urban branches from 9 to 19 during the study period. Thus, an increasing trend has been reported in rural, semi-urban and urban branches of HGB. The growth of rural branches has been highest in 2012-13 (9.84 per cent), in case of semi-urban branches in 2010-11 (51.72 per cent) and of urban branches in 2009-10 (55.56 per cent).

**Table 4.1(a): Area-Wise Growth of Branches of HGB**

Year	Rural Branches	Increase/Decrease (Growth %)	Semi-Urban	Increase/Decrease (Growth %)	Urban Branches	Increase/Decrease (Growth %)
2007-08	154	-	22	1 (4.76)	9	1 (12.5)
2008-09	156	2 (1.30)	26	4 (18.18)	9	-
2009-10	161	5 (3.21)	29	3 (11.54)	14	5 (55.56)
2010-11	170	9 (5.59)	44	15 (51.72)	15	1 (7.14)
2011-12	183	13 (7.65)	53	9 (20.45)	15	-
2012-13	201	18 (9.84)	56	3 (5.66)	19	4 (26.67)

**Source:** Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

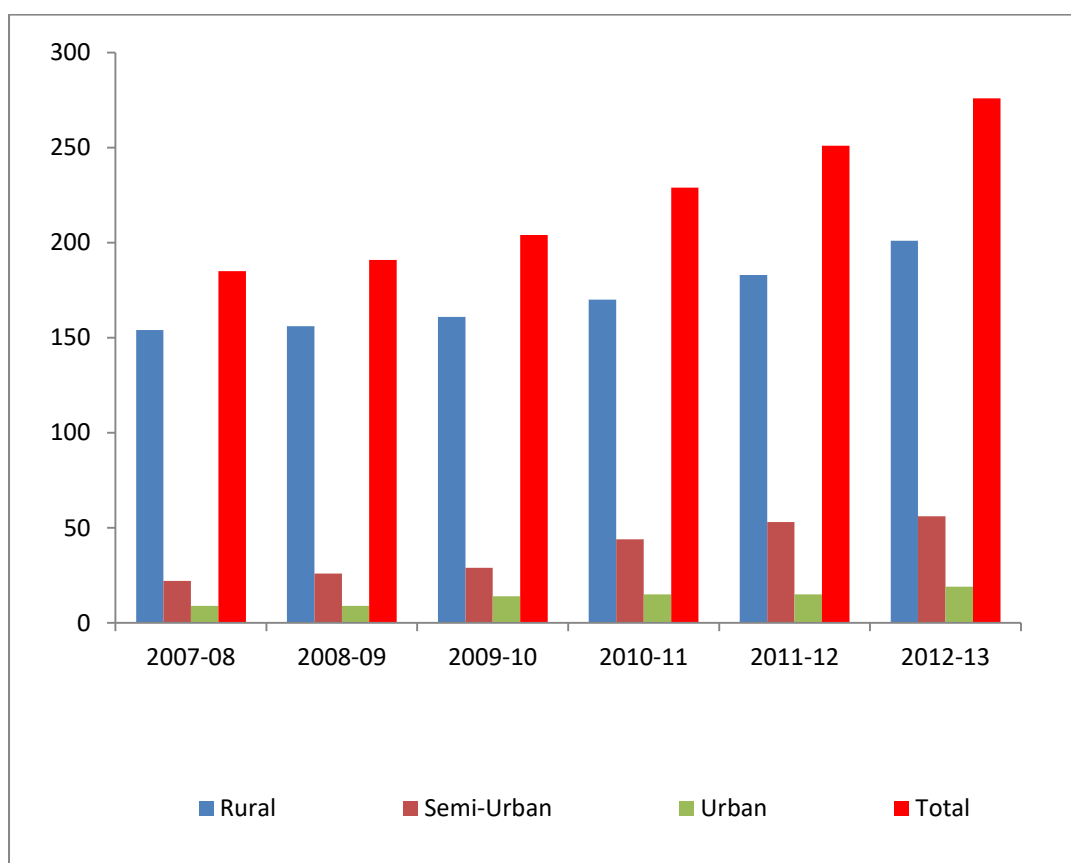
In total branches of HGB, the percentage share of rural branches has been highest as compared to semi-urban and urban branches throughout the period of study (Table 4.1(b)).

**Table 4.1(b): Area-Wise Division of Branches of HGB**

Year	Rural Branches	Semi-Urban Branches	Urban Branches	Total Branches
2007-08	154 (83.24)	22 (11.89)	9 (4.87)	185
2008-09	156 (81.66)	26 (13.61)	9 (4.73)	191
2009-10	161 (78.92)	29 (14.22)	14 (6.86)	204
2010-11	170 (74.24)	44 (19.21)	15 (6.55)	229
2011-12	183 (72.91)	53 (21.12)	15 (5.97)	251
2012-13	201 (72.81)	56 (20.29)	19 (6.88)	276

**Source:** Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages



## ii. District-wise division of branches

The district-wise division of branches of HGB has been shown in Table 4.1(c). It exhibits that the number of districts covered by branches of HGB no change from 16 (2007-08) to 16 (2012-13). Bhiwani district has been found at number one with 60 branches in 2012-13 whereas Mahendergarh district is at the last spot with only one branch under it.

**Table 4.1(c): District-Wise Division of Branches of HGB**

Name of District	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Bhiwani	51	51	51	52	52	60
Hisar	23	23	23	24	29	31
Jhajjar	15	15	15	16	20	21
Mahendergarh	1	1	1	1	1	1
Rewari	4	4	4	4	4	4
Rohtak	17	17	18	19	20	20

Fatehabad	11	14	14	19	21	23
Sirsa	18	21	21	20	24	24
Ambala	9	9	11	12	14	15
Kaithal	9	9	11	17	19	22
Kurukshetra	10	10	11	13	14	15
Panchkula	3	3	5	5	6	6
Yamunanagar	8	8	10	11	11	14
Panipat	3	3	3	5	5	6
Jind	2	2	2	5	5	6
Karnal	1	1	4	6	6	8
<b>Districts Covered</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Number of Branches</b>	<b>185</b>	<b>191</b>	<b>204</b>	<b>229</b>	<b>251</b>	<b>276</b>

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

## 2. Growth of Staff

The efficiency of human resources plays a dominant role in the success of any institution such as banking sector. Therefore, the success of RRBs also depends on the employees working in these banks. The politeness and efficiency of employees of RRBs in providing services to the rural people will write their success story. Therefore, for the growth of RRBs the growth of employees, their skills and outlook is very essential.

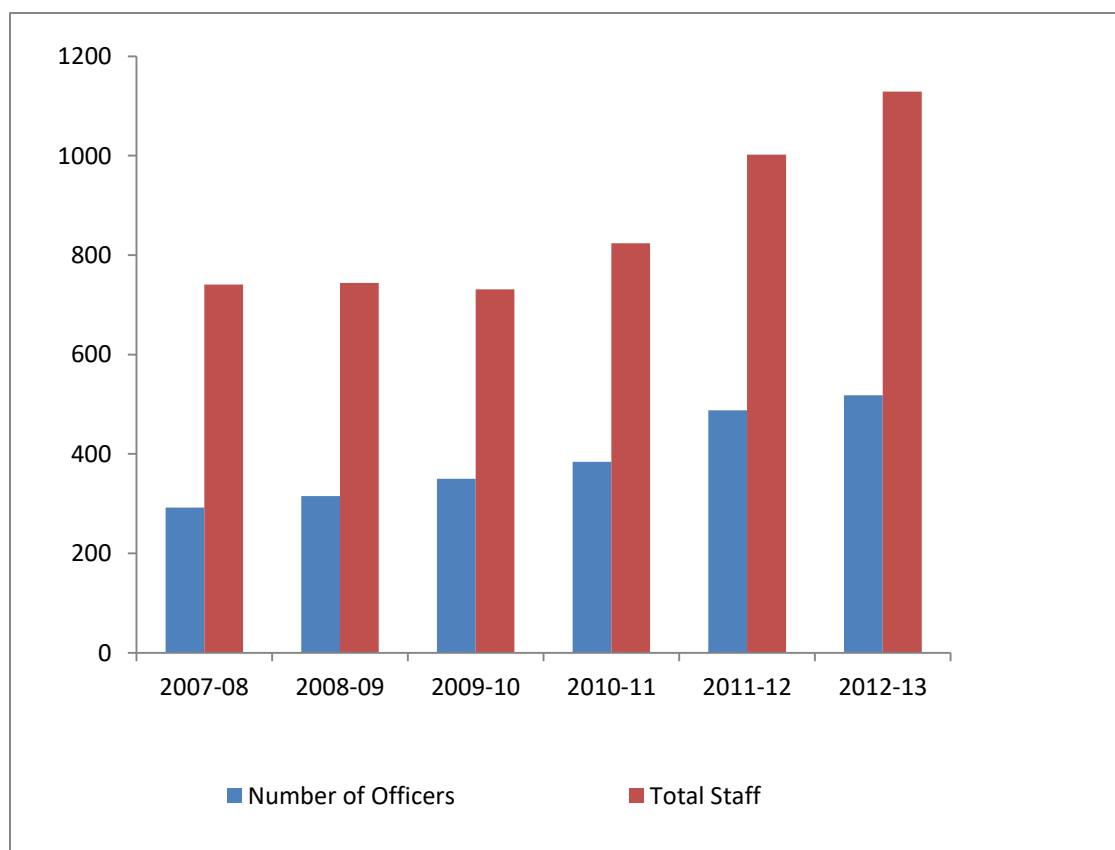
The number of employees working in HGB increased from 741 (2007-08) to 1129 (2012-13). Out of total staff of 756, officers have been 292 in 2007-08 which increased to 518 by the end of study period (2012-13). Initially, the growth of staff has been negative (2007-08 to 2009-10) but it turned positive in 2010-11 (12.72 per cent). It has been highest in the year 2011-12 (21.60 per cent) (Table 4.2). Therefore, the growth of staff in HGB has been negative in earlier years but it turned positive in the later years of study.

**Table 4.2: Growth of Staff in HGB**

Year	Number of Officers	Total Staff	Increase/Decrease (Growth %)
2007-08	292	741	-12 (-1.59)
2008-09	315	744	3 (-0.40)
2009-10	350	731	-13 (-1.75)
2010-11	384	824	93 (12.72)
2011-12	488	1002	178 (21.60)
2012-13	518	1129	127 (12.67)

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages



### 3. Deposit Organisation

Deposit Organisation is a significant variable which helps in measuring the growth and performance of various financial institutions. The amount of deposits in a bank depends on the saving habits of people of the area in which it is functioning. It also depends on the rate of interest which the bank is offering to its customers. If rate of interest is high, deposits would be more and vice-versa. Therefore, proper organization of deposits in RRBs will help in promoting banking and saving habits among people in rural areas. The total number of accounts in HGB increased from 6,00,401 (2007-08) to 12,82,616 (2012-13). The growth of accounts has been highest in 2008-09 (27.58 per cent) and lowest in 2009-10 (10.71 per cent). The total deposits of HGB grew from ₹1323.24 crore to ₹3636.66 crore during the study period (2007-08 to 2012-13). The highest growth in deposits has been registered in 2009-10 (156.56 per cent). The two years i.e. 2010-11 and 2011-12 has been marked by a negative growth in deposits. AAGR and CAGR of deposits have been recorded as 19.75 per cent and 21.84 per cent respectively (Table 4.3).

**Table 4.3: Growth of Deposits in HGB (₹ Crore)**

Year	Number of Accounts	Increase/Decrease (Growth %)	Total Deposits	Increase/Decrease (Growth %)
2007-08	6,00,401	66551 (12.47)	1323.24	171.72 (14.91)
2008-09	7,65,980	165579 (27.58)	1652.92	329.68 (24.91)
2009-10	8,48,045	82065 (10.71)	4240.81	2587.89 (156.56)
2010-11	9,71,950	123905 (14.61)	3481.01	-759.80 (-17.92)
2011-12	10,79,672	107722 (11.08)	2967.33	-513.68 (-14.76)
2012-13	12,82,616	202944 (18.80)	3636.66	669.33 (22.56)''
<b>AAGR (%)</b>		19.75		
<b>CAGR (%)</b>		21.84		

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages



In Haryana, RRBs accept deposits in three types of accounts viz. current account, saving account and fixed or term deposit account. The economical source of finance for the banks is current accounts but they need a huge amount of liquidity. These accounts are generally opened by business class. In order to inculcate saving habits among people, saving bank deposit accounts are opened and a nominal rate of interest is offered on the deposits. Fixed deposits or term deposits prove to be costlier for the banks as a higher rate of interest is to be paid on such deposits. The only benefit of such deposits to the bank is that they can advance such money for a long-term period.

In 2007-08, Saving Deposits has the highest percentage (53.10 per cent) share in total deposits of HGB as compared to current deposits (3.08 per cent) and fixed deposits (43.82 per cent). This trend continued till 2008-09. In 2009-10, fixed deposits have the highest percentage (74.21 per cent) in comparison to current deposits (2.80 per cent) and saving deposits (22.99 per cent) (Table 4.3 (a)).

**Table 4.3(a): Types of Deposits in HGB ( ` Crore)**

Year	Current Deposits	Saving Deposits	Fixed Deposits	Total
2007-08	40.80 (3.08)	702.63 (53.10)	579.81 (43.82)	1323.24
2008-09	47.60 (2.88)	826.62 (50.01)	778.70 (47.11)	1652.92
2009-10	118.85 (2.80)	975.12 (22.99)	3146.84 (74.21)	4240.81
2010-11	107.37 (3.08)	1327.75 (38.14)	2045.88 (58.78)	3481.01
2011-12	68.98 (2.32)	1512.36 (50.97)	1386.19 (46.71)	2967.33
2012-13	63.14 (1.74)	1492.47 (41.04)	2081.05 (57.22)	3636.66

**Source:** Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

The current deposits of HGB increased till 2009-10 from `28.66 crore to `118.85 crore and then declined considerably and reached to `63.14 crore by the end of 2012-13. The highest

growth has been registered in 2009-10 (149.68 per cent) and after that an era of negative growth started. AAGR and CAGR of current deposits during the study period has been 11.28 and 11.94 per cent respectively (Table 4.3(b)).

**Table 4.3(b): Growth in Current Deposits of HGB (₹ Crore)**

Year	Current Deposits	Increase/Decrease (Growth %)
2007-08	40.80	6.21 (17.95)
2008-09	47.60	6.80 (16.67)
2009-10	118.85	71.25 (149.68)
2010-11	107.37	-11.48 (-9.66)
2011-12	68.98	-38.39 (-35.75)
2012-13	63.14	-5.84 (-8.47)
<b>AAGR (%)</b>	11.28	
<b>CAGR (%)</b>	11.94	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

The saving deposits of HGB increased from ₹702.63 crore (2007-08) to ₹1512.36 crore (2011-12) and then declined to ₹1492.47 crore by the end of 2012-13. In case of saving deposits, the highest growth has been registered in 2010-11 (36.16 per cent) and a negative growth in 2012-13 (-1.32 per cent). During the study period, AAGR and CAGR of saving deposits has been 16.32 per cent and 17.73 per cent respectively (Table 4.3(c)).

**Table 4.3(c): Growth in Saving Deposits of HGB (₹ Crore)**

Year	Saving Deposits	Increase/Decrease (Growth %)
2007-08	702.63	73.44 (11.67)
2008-09	826.62	123.99 (17.65)
2009-10	975.12	148.50 (17.96)
2010-11	1327.75	352.63 (36.16)
2011-12	1512.36	184.61 (13.90)
2012-13	1492.47	-19.89 (-1.32)
<b>AAGR (%)</b>	<b>16.32</b>	
<b>CAGR (%)</b>	<b>17.73</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*



**Note:** Figures shown in brackets are in percentages

Table 4.3(d) indicates that the fixed deposits of HGB increased from ₹579.81 crore (2007-08) to ₹3146.84 crore (2009-10) and then declined to ₹2081.05 crore by the end of 2012-13. The growth in fixed deposits has been highest in 2009-10 (304.11 per cent) and it turned negative in 2010-11 and 2011-12. It is observed that AAGR and CAGR of fixed deposits have been 23.29 per cent and 26.23 per cent respectively.

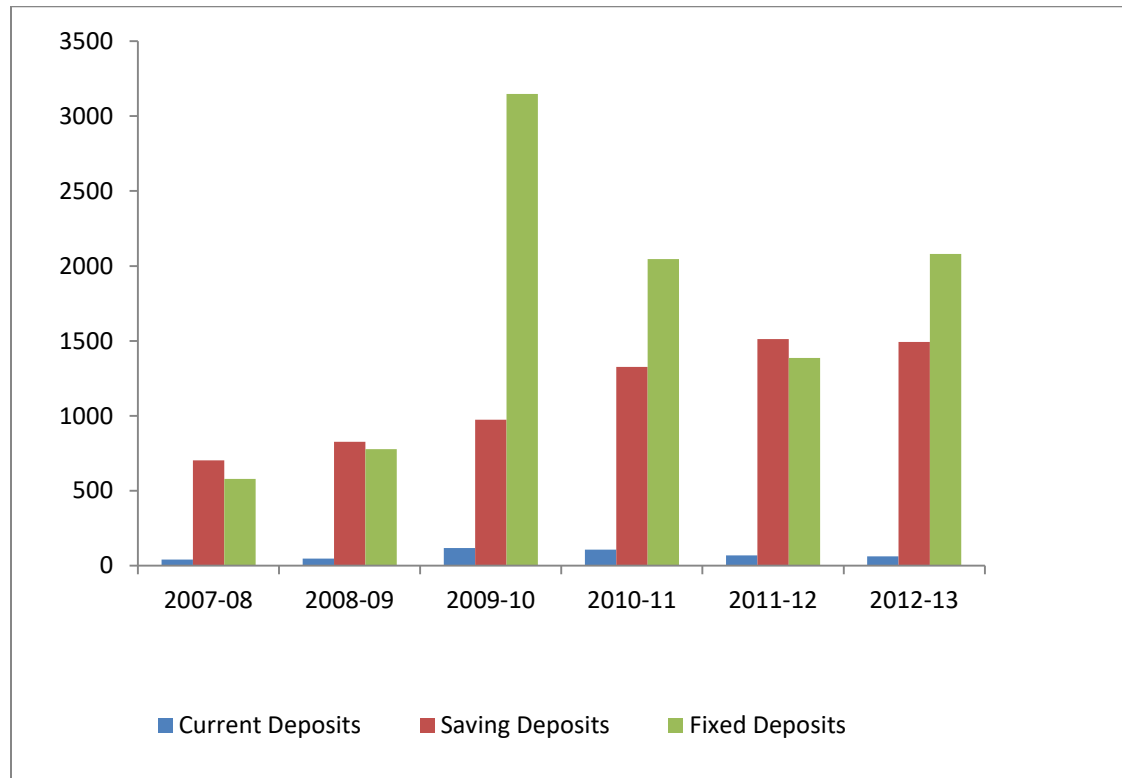
**Table 4.3(d): Growth in Fixed Deposits of HGB (₹ Crore)**

Year	Fixed Deposits	Increase/Decrease (Growth %)
2007-08	579.81	92.07 (18.88)
2008-09	778.70	198.89 (34.30)
2009-10	3146.84	2368.14 (304.11)
2010-11	2045.88	-1100.96 (-34.99)
2011-12	1386.19	-659.69 (-32.24)
2012-13	2081.05	694.86 (50.13)
<b>AAGR (%)</b>	<b>23.29</b>	
<b>CAGR (%)</b>	<b>26.23</b>	

*Source:* Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

On comparing the three types of deposits, it is found that AAGR and CAGR of fixed deposits have been highest as compared to current and saving bank deposits. It indicated that the average as well as overall growth in fixed deposits has been greater than growth in current and saving deposits. Besides, the highest growth in current deposits and fixed deposits has been registered in 2009-10 whereas in case of saving deposits in 2010-11.



#### 4. Owned Funds

Owned funds of a bank are a combination of share capital, share capital deposit and reserve funds. The contribution of Government of India, state government and sponsor bank in the share capital of RRBs is in the ratio of 50:15:35. The funds which are provided to RRBs under the recapitalization programme are held by RRBs under a special head which is known as “Share Capital Deposit Account”. The reserves which are created by RRBs by investing back a part of their business earnings are called Reserve funds.

Table 4.4 indicates that the owned funds of HGB increased from ₹141.80 crore (2007-08) to ₹392.70 crore (2012-13) thereby registering AAGR of 20.37 per cent and CAGR of 22.60 per cent. The highest growth in owned funds has been registered in 2010-11 (24.47 per cent) and lowest in 2012-13 (19.67 per cent).

**Table 4.4: Growth of Owned Funds of HGB (₹ Crore)**

Year	Owned Funds	Increase/Decrease (Growth %)
2007-08	141.80	25.07 (21.48)
2008-09	173.32	31.52 (22.23)
2009-10	215.43	42.11 (24.30)
2010-11	268.14	52.71 (24.47)
2011-12	328.15	60.01 (22.38)
2012-13	392.70	64.55 (19.67)
<b>AAGR (%)</b>	<b>20.37</b>	
<b>CAGR (%)</b>	<b>22.60</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

The share capital of the bank stood at ₹3 crore and share capital deposit at ₹24.06 crore during the study period. The reserve funds of HGB increased from ₹114.74 crore to ₹365.64 crore with a growth of 24.18 per cent (AAGR) on an average annual basis and of 27.35 per cent (CAGR) when compounded. The highest percentage growth in reserve funds has been registered in 2007-08 (33.26 per cent) and lowest in 2012-13 (21.44 per cent) (Table 4.4(a)).

**Table 4.4(a): Types of Owned Funds of HGB (₹ Crore)**

Year	Share Capital	Share Capital Deposit	Reserve Funds	Increase/ Decrease (Growth %)
2007-08	3.00	24.06	114.74	25.07 (27.96)
2008-09	3.00	24.06	146.26	31.52 (27.47)
2009-10	3.00	24.06	188.37	42.11 (28.79)
2010-11	3.00	24.06	241.08	52.71 (27.98)
2011-12	3.00	24.06	301.09	60.01 (24.89)
2012-13	3.00	24.06	365.64	64.55 (21.44)
<b>AAGR (%)</b>	-	-	<b>24.18</b>	
<b>CAGR (%)</b>	-	-	<b>27.35</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

Table 4.4(b) reveals that the percentage of reserve funds has been highest in the owned funds. This percentage increased from 80.91 per cent (2007-08) to 93.11 per cent by the end of

2012-13. On the other hand, the percentage of share capital deposit declined from 25.50 per cent to 6.13 per cent during the study period.

**Table 4.4(b): Composition of Owned Funds of HGB (₹ Crore)**

Year	Share Capital	Share Capital Deposit	Reserve Funds	Total
2007-08	3.00 (2.12)	24.06 (16.97)	114.74 (80.91)	141.80
2008-09	3.00 (1.73)	24.06 (13.88)	146.26 (84.39)	173.32
2009-10	3.00 (1.39)	24.06 (11.17)	188.37 (87.44)	215.43
2010-11	3.00 (1.12)	24.06 (8.97)	241.08 (89.91)	268.14
2011-12	3.00 (0.91)	24.06 (7.33)	301.09 (91.76)	328.15
2012-13	3.00 (0.76)	24.06 (6.13)	365.64 (93.11)	392.70

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 5. Borrowings Outstanding

Borrowings are the amount of money which is received from another party with an agreement that it will be repaid by the end of a fixed time period along with interest. In other words, borrowings mean some value which is received in exchange for an obligation to pay back something generally of greater value at a particular point of time in future.

In 2007-08, the borrowings of the bank has been ₹ 252.24 crore which ultimately increased to ₹ 1572.38 crore in 2012-13. The percentage growth in borrowings has been lowest in 2008-09 (4.61 per cent) and it increased drastically in 2009-10 (145.28 per cent). The borrowings recorded AAGR of 34.26 per cent and CAGR of 40.86 per cent during the study period (2007-08 to 2012-13) (Table 4.5).

**Table 4.5: Growth in Borrowings of HGB (₹ Crore)**

Year	Borrowings	Increase/Decrease (Growth %)
2007-08	252.24	65.56 (35.12)
2008-09	263.87	11.63 (4.61)
2009-10	647.23	383.36 (145.28)
2010-11	728.84	81.61 (12.61)
2011-12	1202.86	474.02 (65.04)
2012-13	1572.38	369.52 (30.72)
<b>AAGR (%)</b>	<b>34.26</b>	
<b>CAGR (%)</b>	<b>40.86</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 6. Credit Distribution

Credit distribution is also a significant constituent of growth in banking sector. It is a vital component in those banking institutions whose main objective is to fulfil the credit needs of unexploited sectors of the economy. Therefore, it is necessary to examine the growth pattern of credit distribution in RRBs. It consists of the growth of outstanding loans and advances and growth of loans disbursed to priority and non-priority sector, SC/STs, Minorities and SF/MF/AL.

### 6.1 Growth of Loans and Advances Outstanding

The total advances of HGB recorded an increase from ₹1128.56 crore (2007-08) to ₹3452.55 crore (2009-10) and then a decline to ₹2942.62 crore (2012-13). The same is the case with net advances of the bank which increased from ₹1113.66 crore (2007-08) to ₹3422.60 crore (2009-10) and then declined to ₹2913.75 crore (2012-13). Therefore, the growth in total advances and net advances has been fluctuating. The percentage growth in case of both total and net advances is found negative in 2010-11 and 2011-12. AAGR of total advances and net advances

has been 17.91 per cent and 18.04 per cent respectively whereas CAGR is 19.61 per cent and 19.77 per cent (Table 4.6).

**Table 4.6: Growth of Loans and Advances Outstanding of HGB ( Crore)**

Year	Total Advances	Increase/Decrease (Growth %)	Net Advances	Increase/Decrease (Growth %)
2007-08	1128.56	235.27 (26.34)	1113.66	237.34 (27.08)
2008-09	1481.16	352.60 (31.24)	1469.50	355.84 (31.95)
2009-10	3452.55	1971.39 (133.10)	3422.60	1953.10 (132.91)
2010-11	3287.71	-164.84 (-4.77)	3276.73	-145.87 (-4.26)
2011-12	2600.03	-687.68 (-20.92)	2572.76	-703.97 (-21.48)
2012-13	2942.62	342.59 (13.18)	2913.75	340.99 (13.25)
<b>AAGR (%)</b>	<b>17.91</b>		<b>18.04</b>	
<b>CAGR (%)</b>	<b>19.61</b>		<b>19.77</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 1. Loans and Advances Outstanding to Priority and Non-Priority Sector

Table 4.6 (a) reveals that the outstanding loans and advances of HGB to priority sector increased from ₹1027.22 crore (2007-08) to ₹2815.15 (2012-13) crore during the study period and registered AAGR of 20.07 per cent and CAGR of 22.22 per cent. On the other hand, in case of non-priority sector the amount of outstanding loans and advances has been ₹101.34 crore in 2007-08 which extended to ₹1837.65 crore in 2009-10 but after that declined considerably and reached to ₹127.47 crore by the end of 2012-13. The growth has been negative in outstanding loans and advances to non-priority sector as reflected by negative AAGR and CAGR. The highest percentage increase in case of priority sector has been recorded in 2007-08 (29.21 per cent) and in case of non-priority sector in 2009-10 (720.60 per cent).



It has been clear from Table 4.6 (b) that in total outstanding loans and advances of HGB the percentage share of priority sector has been more in comparison to non-priority sector during the study period. The share of priority sector has been highest in 2012-13 (95.67 per cent) and lowest in 2009-10 (46.77 per cent). On the other hand the share of non-priority sector has been highest in 2009-10 (53.23 per cent) and lowest in 2012-13 (4.33 per cent).

**Table 4.6 (a): Loans and Advances Outstanding to Priority and Non-Priority Sector of HGB (₹ Crore)**

Year	Priority Sector	Increase/ Decrease (Growth %)	Non- Priority Sector	Increase/ Decrease (Growth %)
2007-08	1027.22	232.20 (29.21)	101.34	3.07 (3.12)
2008-09	1257.22	230 (22.39)	223.94	122.60 (120.98)
2009-10	1614.90	357.68 (28.45)	1837.65	1613.71 (720.60)
2010-11	2050.74	435.84 (26.99)	1236.97	-600.68 (-32.69)
2011-12	2450.74	400 (19.51)	149.34	-1087.63 (-87.93)
2012-13	2815.15	364.41 (14.87)	127.47	-21.87 (-14.64)
<b>AAGR (%)</b>	20.07		-2.26	
<b>CAGR (%)</b>	22.22		-2.24	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

**Table 4.6 (b): Composition of Loans and Advances Outstanding to Priority and Non-Priority Sector of HGB (`Crore)**

Year	Priority Sector	Non- Priority Sector	Total
2007-08	1027.22 (91.02)	101.34 (8.98)	1128.56
2008-09	1257.22 (84.88)	223.94 (15.12)	1481.16
2009-10	1614.90 (46.77)	1837.65 (53.23)	3452.55
2010-11	2050.74 (62.38)	1236.97 (37.62)	3287.71
2011-12	2450.74 (94.26)	149.34 (5.74)	2600.03
2012-13	2815.15 (95.67)	127.47 (4.33)	2942.62

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 2. Loans and Advances Outstanding to SC/ST, Minorities and SF/MF/AL

In 2007-08, the outstanding loans and advances of HGB to SC/ST has been `19.56 crore which increased to `52.90 crore by the end of 2012-13. The outstanding loans and advances in case of minorities increased from `98.29 crore to `238.39 crore and of SF/MF/AL from `559.08 crore to `1684.42 crore during the study period. AAGR and CAGR of outstanding loans and advances have been highest in case of SF/MF/AL and lowest in case of minorities. The percentage increase in outstanding loans and advances to SC/ST has been highest in 2008-09 (89.26 per cent) and in case of minorities (56.78 per cent) and SF/MF/AL (24.64 per cent) in 2007-08 (Table 4.6 (c)). Table 4.6 (d) shows that out of total outstanding loans and advances to SC/ST, minorities and SF/MF/AL, the percentage has been highest in case of SF/MF/AL followed by minorities and SC/ST throughout the study period (2007-08 to 2012-13). In case of SF/MF/AL the percentage has been highest in 2010-11 (86.24 per cent) and lowest in 2007-08 (82.59 per cent). The percentage share declined from 5.54 per cent to 2.68 per cent in case of SC/ST and from 26.87 per cent to 12.07 per cent in case of minorities during the study period.

**Table 4.6 (c): Loans and Advances Outstanding to SC/ST, Minorities and SF/MF/AL of HGB ( ` Crore)**

Year	SC/ST	Increase/ Decrease (Growth %)	Minorities	Increase/ Decrease (Growth %)	SF/MF/AL	Increase/ Decrease (Growth %)
2007-08	19.56	2.87 (17.20)	98.29	-39.94(- 28.89)	559.08	110.54 (24.64)
2008-09	37.02	17.46 (89.26)	131.20	32.91 (33.48)	669.61	110.53 (19.77)
2009-10	34.69	-2.33 (-6.29)	149.48	18.28 (13.93)	914.66	245.05 (36.60)
2010-11	35.00	0.31 (0.89)	183.61	34.13 (22.83)	1370.02	455.36 (49.78)
2011-12	48.49	13.49 (38.54)	209.30	25.69 (13.99)	1383.42	13.40 (0.98)
2012-13	52.90	4.41 (9.09)	238.39	29.09 (13.90)	1684.42	301 (21.76)
<b>AAGR (%)</b>		<b>15.27</b>	14.21		28.96	
<b>CAGR (%)</b>		<b>16.49</b>	15.27		33.59	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

**Table 4.6(d): Composition of Loans and Advances Outstanding to SC/ST, Minorities and SF/MF/AL of HGB (₹ Crore)**

Year	SC/ST	Minorities	SF/MF/AL	Total
2007-08	19.56 (2.89)	98.29 (14.52)	559.08 (82.59)	676.93
2008-09	37.02 (4.42)	131.20 (15.66)	669.61 (79.92)	837.83
2009-10	34.69 (3.16)	149.48 (13.60)	914.66 (83.24)	1098.83
2010-11	35.00 (2.20)	183.61 (11.56)	1370.02 (86.24)	1588.63
2011-12	48.49 (2.95)	209.30 (12.75)	1383.42 (84.29)	1641.21
2012-13	52.90 (2.68)	238.39 (12.07)	1684.42 (85.25)	1975.71

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 6.2 Growth of Loans Disbursed

Table 4.7 reveals that the total loans disbursed by the bank increased till 2010-11 from ₹1077.10 crore (2007-08) to ₹4017.21 crore (2010-11) and then declined to ₹2862.42 crore by the end of 2012-13. A negative growth has been registered in 2011-12 due to a decrease in the amount of loans disbursed. The bank registered AAGR of 20.82 per cent and CAGR of 23.15 per cent in loans disbursed during the study period.

**Table 4.7: Growth of Loans Disbursed by HGB (₹ Crore)**

Year	Loans Disbursed	Increase/Decrease (Growth %)
2007-08	1077.10	228.67 (26.95)
2008-09	1367.17	290.07 (26.93)
2009-10	3449.57	2082.40 (152.31)
2010-11	4017.21	567.64 (16.46)
2011-12	2367.64	-1649.57 (-41.06)
2012-13	2862.42	494.78 (20.90)

<b>AAGR (%)</b>	<b>20.82</b>
<b>CAGR (%)</b>	<b>23.15</b>

**Source:** Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

### 1. Loans Disbursed to Priority and Non- Priority Sector

The loans given by HGB to priority sector increased from ₹1021.08 crore (2007-08) to ₹2781 crore (2012-13) thereby registering AAGR of 22.29 per cent and CAGR of 24.97 per cent. On the other hand, the loans given to non-priority sector increased till 2010-11 from 82.17 crore (2007-08) to 1912.17 crore (2010-11) but after that decreased to 81.42 crore by the end of 2012-13. The growth in loans given to non-priority sector has been negative (-0.13 per cent) (Table 4.7(a)).

**Table 4.7(a): Loans Disbursed to Priority and Non-Priority Sector  
by HGB (₹ Crore)**

<b>Year</b>	<b>Priority Sector</b>	<b>Increase/ Decrease (Growth %)</b>	<b>Non- Priority Sector</b>	<b>Increase/ Decrease (Growth %)</b>
2007-08	1021.08	242.88 (31.21)	56.02	-14.21 (-20.23)
2008-09	1219.19	198.11 (19.40)	147.98	91.96 (164.16)
2009-10	1567.25	348.06 (28.55)	1882.32	1734.34 (1172.01)
2010-11	2105.04	537.79 (34.31)	1912.17	29.85 (1.59)
2011-12	2255.31	150.27 (7.14)	112.33	-1799.84 (-94.13)
2012-13	2781.00	525.68 (23.31)	81.42	-30.91 (-27.52)
<b>AAGR (%)</b>	<b>22.29</b>		<b>-0.13</b>	
<b>CAGR (%)</b>	<b>24.97</b>		<b>-0.13</b>	

**Source:** Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

Out of total loans disbursed, the percentage of loans given to priority sector has been more as compared to non-priority sector during the study period. The priority sector has the highest percentage of loans in 2012-13 (97.16 per cent) and lowest in 2009-10 (45.43 per cent) whereas in non-priority sector it is found highest in 2009-10 (54.57 per cent) and lowest in 2012-13 (2.84 per cent) (Table 4.7(b)).

**Table 4.7(b): Composition of Loans Disbursed to Priority and Non-Priority Sector by HGB (₹ Crore)**

Year	Priority Sector	Non- Priority Sector	Total
2007-08	1021.08 (94.80)	56.02 (5.20)	1077.10
2008-09	1219.19 (89.18)	147.98 (10.82)	1367.17
2009-10	1567.25 (45.43)	1882.32 (54.57)	3449.57
2010-11	2105.04 (52.40)	1912.17 (47.60)	4017.21
2011-12	2255.31 (95.26)	112.33 (4.74)	2367.64
2012-13	2780.99 (97.16)	81.42 (2.84)	2862.42

*Source:* Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

## 2. Loans Disbursed to SC/ST, Minorities, and SF/MF/AL

Table 4.7(c) indicates that the total loans disbursed to SC/ST, Minorities and SF/MF/AL increased from ₹233.02 crore (2007-08) to ₹1837.53 crore (2010-11). Further, the amount declined to ₹1815.76 crore (2011-12) and then to ₹1661.60 crore (2012-13) thereby registering a negative growth. AAGR of 34.27 per cent and CAGR of 40.88 per cent have been registered during the study period.

**Table 4.7(c): Loans Disbursed to SC/ST, Minorities, and SF/MF/AL by HGB (₹ Crore)**

Year	Loans Disbursed	Increase/Decrease (Growth %)
2007-08	233.02	16.69 (7.72)
2008-09	386.07	153.05 (65.68)
2009-10	1303.28	917.21 (237.58)
2010-11	1837.53	534.25 (40.99)
2011-12	1815.76	-21.77 (-1.18)
2012-13	1661.60	-154.16 (-8.49)
<b>AAGR (%)</b>	<b>34.27</b>	
<b>CAGR (%)</b>	<b>40.88</b>	

*Source:* Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

Out of total loans disbursed, the percentage of loans given to SF/MF/AL has been more as compared to SC/ST and minorities throughout the study period (Table 4.7(d)). The loans given to SC/ST increased till 2009-10 from `22.57 crore to `86.84 crore and afterwards decreased to `47.31 crore (2012-13). In case of minorities and SF/MF/AL the increase has been noticed till 2010-11 and 2011-12 respectively. AAGR has been highest (36.72 per cent) in case of SF/MF/AL and lowest (10.57 per cent) in case of SC/ST. It has been 30.76 per cent in case of minorities. The same is with CAGR which has been highest (44.37 per cent) in case of SF/MF/AL followed by minorities (36.01 per cent) and SC/ST (11.15 per cent) (Table 4.7(e)). Thus, it can be inferred that the growth of loans disbursed to SF/MF/AL has been higher as compared to SC/ST and Minorities.

**Table 4.7(d): Composition of Loans Disbursed to SC/ST, Minorities, and SF/MF/AL by HGB ( ` Crore)**

Year	SC/ST	Minorities	SF/MF/AL	Total
2007-08	27.77 (11.92)	80.88 (34.71)	124.37 (53.37)	233.02
2008-09	28.42 (7.36)	84.08 (21.78)	273.57 (70.86)	386.07
2009-10	86.84 (6.66)	100.18 (7.69)	1116.26 (85.65)	1303.28
2010-11	76.94 (4.19)	172.28 (9.38)	1588.31 (86.43)	1837.53
2011-12	35.13 (1.93)	158.70 (8.74)	1621.93 (89.33)	1815.76
2012-13	47.31 (2.85)	121.91 (7.34)	1492.38 (89.81)	1661.60

**Source:** Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

**Table 4.7(e): Loans Disbursed to SC/ST, Minorities, and SF/MF/AL by HGB (Crore)**

Year	SC/ST	Increase/ Decrease (Growth %)	Minorities	Increase/ Decrease (Growth %)	SF/MF/ AL	Increase/ Decrease (Growth %)
2007-08	27.77	4.63 (20.01)	80.88	14.11 (21.13)	124.37	-2.05 (-1.62)
2008-09	28.42	0.65 (2.34)	84.08	3.20 (3.96)	273.57	149.20 (119.96)
2009-10	86.84	58.42 (205.56)	100.18	16.10 (19.15)	1116.26	842.69 (308.03)
2010-11	76.94	-9.90 (-11.40)	172.28	72.10 (71.97)	1588.31	472.05 (42.29)
2011-12	35.13	-41.81 (-54.34)	158.70	-13.58 (-7.88)	1621.93	33.62 (2.12)
2012-13	47.31	12.18 (34.67)	121.91	-36.79 (-23.18)	1492.38	-129.55 (-7.99)
<b>AAGR (%)</b>		<b>10.57</b>	<b>30.76</b>		<b>36.72</b>	
<b>CAGR (%)</b>		<b>11.15</b>	<b>36.01</b>		<b>44.37</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 7. Credit-Deposit Ratio

Credit-Deposit ratio popularly known as CD ratio helps in evaluating a bank's liquidity and is an indicator of its health. It is the ratio of total credit disbursed by a bank to its total deposits. It regulates how much a bank advances out of the deposits it has mobilized. If the ratio is too low, it means that the bank may not be earning as much as it could be and if the ratio is too high, it means the bank might not have sufficient liquidity to cover any unanticipated fund



requirements which may affect capital adequacy and may lead to asset-liability mismatch. Table 4.8 indicates that CD ratio of HGB has been fluctuating during the study period (2007-08 to 2012-13). The highest amount of loans has been disbursed out of deposits in 2010-11 (94.45 per cent) and lowest in 2007-08 (85.29 per cent).

**Table 4.8: Growth in Credit-Deposit Ratio of HGB (₹ Crore)**

Year	Total Credit or Advances	Total Deposits	Credit-Deposit Ratio (%)
2007-08	1128.56	1323.24	85.29
2008-09	1481.16	1652.92	89.61
2009-10	3452.55	4240.81	81.41
2010-11	3287.71	3481.01	94.45
2011-12	2600.03	2967.33	87.62
2012-13	2942.62	3636.66	80.92

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 8. Investments Outstanding

An investment, in financial terms, may be defined as a monetary asset purchased with the idea that the asset will provide income or higher return in future or will be sold at a higher price for profit. Investments have been divided mainly into two categories viz. SLR (Statutory Liquidity Ratio) Investments and Non-SLR Investments. RBI, under the monetary policy, makes it mandatory for the commercial banks to hold a portion of their deposits in liquid form viz. cash, gold or government securities. The ratio of mandatory liquid assets total deposits is known as SLR and the investment made to meet stipulated SLR is known as SLR investment. In addition to this, banks have also been allowed to invest in capital markets, mutual funds, public and private sector units and commercial papers. Therefore, Non-SLR investments are those where the return is based on the prospects of the commercial market. Unlike SLR, it is not mandatory for the banks to invest in such forms of investments.

The investments of HGB has been ₹460.92 crore in 2007-08 which increased in 2009-10 to ₹1380.17 crore. Thereafter, the investments showed a decline in 2010-11 (₹969.27 crore) and 2011-12 (₹868.75 crore). But again it increased to ₹1019.45 crore (2012-13). The highest growth



(94.40 per cent) in investments has been registered in 2009-10. It also showed a negative growth in 2007-08, 2010-11 and 2011-12. The average increase in the value of investment has been recorded as 19.65 per cent (AAGR). It showed CAGR of 21.72 per cent thereby indicating that during the study period the investments grew with an overall return of 21.72 per cent (Table 4.9).

**Table 4.9: Growth in Investments of HGB (₹ Crore)**

Year	Investments	Increase/Decrease (Growth %)
2007-08	460.92	-20.28 (-4.21)
2008-09	709.97	249.05 (54.03)
2009-10	1380.17	670.20 (94.40)
2010-11	969.27	-410.90 (-29.77)
2011-12	868.75	-100.52 (-10.37)
2012-13	1019.45	150.70 (17.35)
<b>AAGR (%)</b>	<b>19.65</b>	
<b>CAGR (%)</b>	<b>21.72</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

SLR investments of the bank increased from ₹313.56 crore (2007-08) to ₹924.63 crore (2012-13) during the study period giving an overall return of 22.37 per cent (CAGR) and average return of 20.10 per cent (AAGR). On the other hand, Non-SLR investments grew from ₹32.51 crore (2007-08) to ₹94.82 crore (2012-13) registering an overall return of 16.52 per cent (CAGR) and average return of 15.29 per cent (AAGR) (Table 4.9 (a)).

In total investments, the percentage of SLR investments has been more as compared to Non-SLR investments. It has been observed highest in 2011-12 (98.14 per cent) and lowest in 2008-09 (50.37 per cent). On the other hand, Non-SLR investments have been recorded lowest in 2011-12 (1.86 per cent) and highest in 2008-09 (49.63 per cent) (Table 4.9 (b)).

**Table 4.9(a): Types of Investments of HGB (₹ Crore)**

Year	SLR Investments	Increase/Decrease (Growth %)	Non-SLR Investments	Increase/Decrease (Growth %)
2007-08	313.53	23.23 (8.00)	147.39	-43.51 (-22.79)
2008-09	357.60	44.07 (14.06)	352.37	204.98 (139.07)
2009-10	1023.69	666.09 (186.27)	356.48	4.11 (1.17)
2010-11	854.12	-169.57 (-16.56)	115.15	-241.33 (-67.70)
2011-12	852.59	-1.53 (-0.18)	16.16	-98.99 (-85.97)
2012-13	924.63	72.04 (8.45)	94.82	78.66
<b>AAGR (%)</b>	<b>20.19</b>		<b>15.29</b>	
<b>CAGR (%)</b>	<b>22.37</b>		<b>16.52</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

**Table 4.9 (b): Composition of Investments of HGB (₹ Crore)**

Year	SLR Investments	Non-SLR Investments	Total
2007-08	313.53 (68.02)	147.39 (31.98)	460.92
2008-09	357.60 (50.37)	352.37 (49.63)	709.97
2009-10	1023.69 (74.17)	356.48 (25.83)	1380.17
2010-11	854.12 (88.12)	115.15 (11.88)	969.27
2011-12	852.59 (98.14)	16.16 (1.86)	868.75
2012-13	924.63 (90.70)	94.82 (9.30)	1019.45

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 9. Average Working Funds

Average Working Funds of the bank showed an increase from ₹1619.50 crore (2007-08) to ₹4854.12 crore (2012-13) thereby registering an overall growth of 25.42 per cent (CAGR) and average growth of 22.65 per cent (AAGR). It registered a negative growth in 2011-12 (-14.84%) and the highest growth has been noted in 2009-10 (64.22 per cent) (Table 4.10).

**Table 4.10: Growth of Average Working Funds of HGB (₹ Crore)**

Year	Average Working Funds	Increase/Decrease (Growth %)
2007-08	1619.50	312.63 (23.92)
2008-09	1852.88	233.38 (14.41)
2009-10	3042.72	1189.84 (64.22)
2010-11	4619.80	1577.08 (51.83)
2011-12	3934.13	-685.67 (-14.84)
2012-13	4854.12	919.99 (23.38)
<b>AAGR (%)</b>	<b>22.65</b>	
<b>CAGR (%)</b>	<b>25.42</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 10. Non-Performing Assets (NPAs)

A loan or advance for which the principal or interest payment remained overdue for a period of 90 days is termed as Non-Performing Asset (NPA). These are further classified into three categories viz. Sub-standard assets, doubtful assets and loss assets. Sub-standard assets are those which remained NPA for a period less than or equal to 12 months. The assets would be classified as doubtful if these remained in the category of substandard assets for a period exceeding 12 months. According to RBI, Loss asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted, although there may be some salvage or recovery value. The NPAs of HGB are explained as under:-

### 10.1 Gross NPAs

“Gross NPA is the sum of all loan assets that are classified as NPAs as per RBI guidelines. Gross NPAs of HGB declined from ₹30.61 crore (2007-08) to ₹18.79 crore (2010-11) but thereafter increased to ₹54.39 crore (2011-12). In 2012-13, GNPA stood at ₹52.89 crore showing a decrease of ₹1.50 crore over previous year. A huge increase in NPAs has been noticed in 2011-12 (₹35.60 crore) which is not a good sign for the bank. This can be due to poor recovery performance of the bank. The declining growth is found in NPAs from 2007-08 to

2008-09 and then in 2010-11 and 2012-13. On an average, NPAs grew by 5.50 per cent (AAGR) and overall by 5.65 per cent (CAGR) during the study period (Table 4.11).

**Table 4.11: Growth in Gross NPAs of HGB (₹ Crore)**

Year	Gross NPAs	Increase/Decrease (Growth %)
2007-08	30.61	-1.10 (-3.47)
2008-09	18.64	-11.97 (-39.10)
2009-10	24.66	6.02 (32.30)
2010-11	18.79	-5.87 (-23.80)
2011-12	54.39	35.60 (189.46)
2012-13	52.89	-1.50 (-2.76)
<b>AAGR (%)</b>	<b>5.50</b>	
<b>CAGR (%)</b>	<b>5.65</b>	

*Source:* Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

The highest increase (₹ 35.87 crore) in sub-standard assets has been noticed in 2011-12. There has been a decline in sub-standard assets in 2008-09, 2010-11 and 2012-13 as reflected by negative growth rates which may be due to good recovery performance during these years. Overall growth in substandard assets has been registered as 9.17 per cent (CAGR) and average growth as 8.78 per cent (AAGR). In case of doubtful assets, CAGR is found to be 3.24 per cent and AAGR as 3.19 per cent. Loss Assets didn't form much part of NPAs and stood between the range of 0 to ₹ 1.50 crore during the study period (Table 4.11(a)).

**Table 4.11 (a): Category-Wise Distribution of Gross NPAs of HGB ( Crore)**

Year	Sub-Standard Assets	Increase/Decrease (Growth %)	Doubtful Assets	Increase/Decrease (Growth %)	Loss Assets	Increase/Decrease (Growth %)
2007-08	12.11	2.24 (22.70)	17.41	-3.69 (-17.49)	1.09	0.35 (47.30)
2008-09	9.61	-2.50 (-20.64)	7.68	-9.73 (-55.89)	1.35	0.26 (23.85)
2009-10	11.38	1.77 (18.42)	11.95	4.27 (55.60)	1.33	-0.02 (-1.48)
2010-11	5.43	-5.95 (-52.28)	12.45	0.50 (4.18)	0.91	-0.42 (-31.58)
2011-12	41.30	35.87 (660.59)	12.06	-0.39 (-3.13)	1.03	0.12 (13.19)
2012-13	28.78	-12.52 (-30.31)	24.11	12.05 (99.92)	0.00	-1.03 (-100)
<b>AAGR (%)</b>		8.78	3.19		-	
<b>CAGR (%)</b>		9.17	3.24		-	

**Source:** Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

Provisions are the funds which are kept by the banks for unexpected losses. The amount of provisions which has been made for NPAs by the bank increased from `13.18 crore to `28.87 crore during the study period. The highest increase in provisions has been recorded in 2009-10 (`14.22 crore) and lowest in 2012-13 (`1.60 crore). There has been decline in the provisions made by the bank in 2007-08, 2008-09 and 2010-11 as depicted by negative growth rates.

AAGR and CAGR of provisions has been 11.20 per cent and 11.85 per cent respectively (Table 4.11(b)). Prudential norms have been introduced by RBI for income recognition of the advances portfolio of banks. A bank uses these norms during the year for its income recognition. According to these norms, income on NPA should not be recognised on accrual basis but it should be treated as income only when it is actually received. Derecognised income of HGB has been `2.76 crore (2007-08) which became nil (2012-13) (Table 4.11(c)).

**Table 4.11(b): Growth in Total Provisions held against NPAs of HGB (₹ Crore)**

Year	Provisions	Increase/Decrease (Growth %)
2007-08	12.14	-2.07 (-14.57)
2008-09	8.57	-3.57 (-29.41)
2009-10	22.79	14.22 (165.93)
2010-11	22.07	-0.72 (-3.16)
2011-12	27.27	5.20 (23.56)
2012-13	28.87	1.60 (5.87)
<b>AAGR (%)</b>	<b>11.20</b>	
<b>CAGR (%)</b>	<b>11.85</b>	

*Source:* Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

**Table 4.11(c): Growth in Derecognized Income of HGB (₹ Crore)**

Year	Derecognized Income	Increase/Decrease (Growth %)
2007-08	2.76	0
2008-09	3.12	0.36 (13.04)
2009-10	1.87	-1.25 (-40.06)
2010-11	2.41	0.54 (28.88)
2011-12	0.00	-2.41
2012-13	0.00	0
<b>AAGR (%)</b>	-	
<b>CAGR (%)</b>	-	

**Source:** Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

Table 4.11(d) reveals that the percentage of Gross NPAs to total advances showed a declining trend during the study period. It has been 2.71 per cent in the initial year (2007-08) and 1.80 per cent in the last year (2012-13). The percentage has been highest in 2007-08 (4.28 per cent) which depicted a higher amount of NPAs in total loans advanced by the banks whereas it is found to be lowest in 2010-11 (0.57 per cent).

**Table 4.11 (d): Percentage of Gross NPAs to Total Advances of HGB (₹ Crore)**

Year	Net NPAs	Net Advances
2007-08	30.61 (2.71)	1128.56
2008-09	18.64 (1.26)	1481.16
2009-10	24.66 (0.71)	3452.55
2010-11	18.79 (0.57)	3287.71
2011-12	54.39 (2.09)	2600.03
2012-13	52.89 (1.80)	2942.62

**Source:** Compiled from Annual Reports of HGB from 2007-08 to 2012-13

**Note:** Figures shown in brackets are in percentages

## 10.2 Net NPAs

Net NPAs are calculated by deducting provisions and derecognized income from Gross NPAs. Table 4.12 shows that the amount of net NPAs of HGB has been ₹15.71 crore in 2007-08 which declined to ₹10.07 crore in 2008-09. In the next two years it remained nil but afterwards increased to ₹24.02 crore by the end of 2012-13. AAGR (2.72 per cent) and CAGR (2.76 per cent) of net NPAs have been nearly the same.

**Table 4.12: Growth in Net NPAs of HGB (₹ Crore)**



Year	Net NPAs	Increase/Decrease (Growth %)
2007-08	15.71	0.97 (6.58)
2008-09	10.07	-5.64 (-35.90)
2009-10	0.00	-10.07 (-100)
2010-11	0.00	0
2011-12	27.12	27.12
2012-13	24.02	-3.10 (-11.43)
<b>AAGR (%)</b>	<b>2.72</b>	
<b>CAGR (%)</b>	<b>2.76</b>	

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

The percentage of Net NPAs to Net Advances of the bank firstly declined from 1.41 per cent (2007-08) to 0.69 per cent (2008-09) and then became zero in 2009-10 and 2010-11. Afterwards, it increased to 1.05 per cent (2011-12) and then decreased to 0.82 per cent by the end of 2012-13 (Table 4.12 (a)).

**Table 4.12 (a): Percentage of Net NPAs to Net Advances of HGB ( Crore)**

Year	Net NPAs	Net Advances
2007-08	15.71 (1.41)	1113.66
2008-09	10.07 (0.69)	1469.50
2009-10	0	3422.60
2010-11	0	3276.73
2011-12	27.12 (1.05)	2572.76
2012-13	24.02 (0.82)	2913.75

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

## 11. Recovery Performance



Recovery performance is an important indicator which determines the path of growth and development of banks in India. The success of a bank, to a great extent, depends on the recovery of its loans. If the loans of a bank are recovered in time then there will be expansion in its lending activities through enhanced profitability and reusing of funds. Table 4.13 highlights the recovery performance of HGB (2007-08 to 2012-13). It is revealed that the demand for loans increased from `483.59 crore to `2182.35 crore and recovery increased from `432.74 crore to `1995.95 crore during the study period. The amount of over dues also grew from `50.85 crore to `186.40 crore. The recovery has been highest in 2007-08 (91.51 per cent) and lowest in 2009-10 (82.39 per cent).

**Table 4.13: Recovery Performance of HGB ( ` Crore)**

Year	Demand	Recovery	Over dues	Recovery Performance (%)
2007-08	718.78	657.74	61.04	91.51
2008-09	742.10	644.83	97.27	86.89
2009-10	1196.96	986.13	210.83	82.39
2010-11	1424.21	1213.53	210.69	85.21
2011-12	1677.03	1511.39	165.64	90.12
2012-13	2182.35	1995.95	186.40	91.46

*Source: Compiled from Annual Reports of HGB from 2007-08 to 2012-13*

**Note:** Figures shown in brackets are in percentages

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