

SCHEDULE 17:

SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION:

The accompanying financial statements have been prepared by following the going concern concept, on a historical cost basis and conform to the statutory provisions and practices prevailing in the country, except as otherwise stated.

2) INVESTMENT:

Investments are classified under 'Held to Maturity - HTM', 'Held for Trading -HFT' and 'Available for Sale- AFS' categories as per Reserve Bank of India (RBI) guideline. In conformity with the requirements in Form A of the Third Schedule to the Banking Regulation Act, 1949, these are classified under five groups – i) Government Securities ii) Other Approved Securities iii) Shares iv) Debentures and Bonds v) Others like Mutual Fund units, etc.

In accordance with the Reserve Bank of India guidelines vide Circular No.: RBI/2013-14/434 RPCD.CO.RRB.BC.NO.74/03.05.33/2013-14 dated 07-01-2014 for RRBs, all the investment of the Bank in SLR Securities is classified into 'Held to Maturity' (HTM), 'Held for Trading' (HFT) and 'Available for Sale' (AFS) category. Whereas all the Investment in Non-SLR category has been treated as "current" investment and classified in AFS (available for sale) category.

2.1 Basis of classification

Classification of an investment is done at the time of its acquisition:

Held to Maturity

These comprise of investments that the Bank intends to hold on to maturity.

Held for Trading

Investments acquired with the intention to trade within 90 days from the date of purchase are classified under this head.

Available for Sale

Investment which are not classified either as 'Held to Maturity' or as 'Held for Trading' are classified under this head.

2.2 Method of valuation

Held to Maturity

For investments falling under this category need not be marked to market and will be carried at acquisition cost unless it is more than the face value, in which case the Premium, if any, paid on acquisition is amortized over the remaining period to maturity. The book value of the security should continue to be reduced to the extent of the amount amortized during the relevant accounting period.

Held for Trading

For investments falling under this category will be 'marked to market' at monthly or at more frequent intervals. The book value of the individual securities would not undergo any change after the

revaluation. Appreciation/depreciation is aggregated for each class of securities and net depreciation as per applicable norms is recognized in the profit and loss account, whereas net appreciation is ignored.

Available for Sale

Investments under this category will be marked to market at quarterly or at more frequent intervals. The book value of individual securities in this category would not undergo any change after marking to market. Appreciation/depreciation is aggregated for each class of securities and net depreciation as per applicable norms is recognized in the profit and loss account, whereas net appreciation is ignored.

3) ADVANCES:

a) In terms of guidelines issued by the RBI/NABARD, advances to borrowers are classified into "Performing" or "Non-Performing" assets based on recovery of principal/interest. Non-Performing Assets (NPAs) are further classified as Sub-Standard, Doubtful and Loss Assets, and Provision thereon is made in accordance with the prudential norms prescribed by the RBI for RRBs from time to time.

b) Specific provisions in respect of NPAs made are based on the management's assessment of the degree of impairment of the advances, taking into account the minimum provisioning norms prescribed by the RBI for RRBs from time to time.

4) FIXED ASSETS:

- a) Bank does not hold any premises
- b) Other fixed assets are stated at historical cost.

5) DEPRECIATION ON FIXED ASSETS:

Depreciation on fixed assets is charged on the written down value at the rates determined by the bank (Same as of Sponsor Bank).

6) REVENUE RECOGNITION:

Income/Expenditure is generally accounted for on accrual basis, except in case of income on NPAs, which is recognized on realization, in terms of RBI guidelines issued from time to time.

In terms of RBI guidelines issued from time to time, recoveries made from NPA accounts are appropriated first towards interest and thereafter towards other dues.

7) RETIREMENT BENEFITS:

- a) Contribution to the Provident Fund for the year is charged to Profit and Loss account.
- b) Liabilities in respect of Gratuity and leave encashment benefits to staff are provided as per actuarial valuation. Bank had provided Rs.2.08 crores for Gratuity liabilities and Rs.2.60 crore additions for leave encashment liabilities for the year 2016-17.

8) CAPITAL TO RISK ASSET RATIO:

In terms of RBI guidelines, CRAR norms have been made applicable for the RRBs w.e.f. March'08. RBI has also revised the norms for calculating CRAR for RRB vide their circular no-RBI/2014-15/270 dated October 21, 2014. As per revised norms of RBI, CRAR of the Bank as on 31.03.2017 comes to 11.37%.

9) Inter Bank Participation

As on 31.03.2017, Bank has issued IBPC to Bank of India for Rs. 50.00 crores under Priority sector in terms of RBI guidelines and policy of the Bank. Bank has displayed the same in schedule 9 as under:

Advances in India	
Priority Sectors	7928122

LESS INTER BANK PARTICIPATION (IBPC) WITH BANK OF INDIA	500000
GROSS PRIORITY SECTOR AFTER IBPC	7428122
ADD INTER BANK PARTICIPATION WITH BANK OF INDIA	500000
GROSS NON PRIORITY SECTOR	1800071
Total Advances	9728193

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**Chartered Accountants
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For Jharkhand Gramin Bank

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Partner (Membership No.: 08991)

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Date: 05.05.2017

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(Brij Lal)

Chairman

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Satendra Singh, IAS
Director**

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A. K. Sarangi,
Director**

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Rajesh Kumar Shukla,
Director**

SCHEDULE 18:

NOTES ON ACCOUNTS

1. Additional Disclosure in terms of NABARD circular:

i) Shareholding: Govt. of India: 50%, Sponsor Bank: 35% & State Govt.: 15%.

There is no change in share capital during this year, it remains same as that of last year. Share Capital Deposit of Rs. 108.67 had been converted into Share Capital (equity) as per directions issued by NABARD vide their letter no-IDD.RRCBD/637/316(Gen)/2015-16 dated 30.03.2016 in light of RRB (Amendment)

Act,2015 in financial year ended March 2016. As per said guidelines, Fresh Share Certificates at face value of Rs. 10/- each for entire paid up capital (Rs.112.67 crores) are to be issued to Share holders.

No additional capital infusion has been done during the year.

ii) Percentage of gross NPA to Outstanding advances for the year ended March, 2017 is 13.14%.

iii) Provisions made for the Advances (Standard & NPA) as on 31.03.2017 is as follows:

Rs. In Lacs

Classification	Advances	Provisions
a) Standard	84497.59	252.00
b) Sub – Standard	3240.11	318.13
c) Doubtful	8875.31	4621.77
d) Loss	668.92	603.50
Additional Provisioning	----	663.10
Total	97281.93	6458.50

iv) Investment:

Investments are valued in accordance with RBI guidelines vide Circular No.: RBI/2013-14/434 RPCD.CO. RRB.BC.No. 74/03.05.33/2013-14 dated 07th January 2014, applicable to RRBs. As per RBI guidelines valuation standard is as under:

- i. Investments classified under **Held to Maturity** category need not be marked to market and will be carried at acquisition cost unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity. The banks should reflect the amortized amount in schedule 13-Interest earned: item 2 – Income on investments as a deduction. However, the deduction need not be disclosed separately. The book value of the security should continue to be reduced to the extent of the amount amortized during the relevant accounting period.
- ii. The individual scrips in the **Available for Sale** category will be ‘marked to market’ at quarterly or at more frequent intervals. The book value of the individual securities would not undergo any change after the revaluation.
- iii. The individual scrips in the **Held for Trading** category will be marked to market at monthly or at more frequent intervals. The book value of individual securities in this category would not undergo any change after marking to market.

Bank has investment of Rs.328.24 crore (Face Value) Book Value being Rs.330.30 crore under **Held to Maturity** category. The book value of the securities has been reduced to the extent of the amount amortized during the relevant accounting period.

Bank has investment of Rs.1033.35 crore (Face Value) Book Value being Rs.1053.29 crore under **Available for Sale** category. Bank is marking to market at quarterly interval under this category; there is an appreciation of Rs.16.93 crore as on 31.03.2017.

(Amt. in crore)

Security	Book Value	Face Value	Market Value	Appreciation/ depreciation
GOI Sec	791.43	773.68	791.55	+0.12
State Development Loans	261.86	259.67	278.67	+16.81
Treasury Bill	0.00	0.00	0.00	0.00
Total (AFS)	1053.29	1033.35	1070.22	+16.93

Bank has no investment under **Held for Trading** category.

Non-SLR Securities:

(Amt. in crore)

Security	Book Value	Face Value	Market Value	Appreciation/ depreciation
Bonds/ NCDs*	357.89	357.95	378.85	+20.96
UDAY Bonds	20.36	20.00	21.16	+0.80
Mutual Fund	12.93	12.93	18.28	+5.35
Liquid M/F	12.00	12.00	12.04	+0.04

*Non-Performing Investment (NPI) in NCDs of Rs.3.95 crore is not included in above amount. Bank has made 100% provision against the NPI. Further, investment of ₹15.00 crore in Amtek Auto Ltd slipped into NPI (Sub-Standard category) during current year and as per the norms provision of ₹1.50 crore (10% of ₹15.00 crore) has been made during the current year. This amount (₹15.00 crore) is also not included in above amount.

Valuations of securities are based on Fixed Income Money Market and Derivatives Association of India (FIMMDA) rate/ Year End MTM prices of CCIL and units of mutual fund valued at NAV of respective MF.

Non-SLR Investment Portfolio----- Details are mentioned in point no-ix

vi) Dividend income Rs.26.75 lacs and income from long term capital gain of Rs.8.29 lacs is shown in the other income in Schedule-14 of Balance Sheet.

vii) Business per employee is Rs.622 lacs (it was Rs.441 lacs as on 31.03.2016).

viii) Gross profit and net profit per employee is Rs.95 lacs for the year ended 31.03.2017.

ix) Pursuant to the guidelines issued by NABARD vide their circular no-NB.DOS.HO.POL/1270/J-11 2008-09 dated 30-06-2008 on Disclosures in financial statements; the additional Disclosures are enumerated as under:

a. Capital

Sr. No.	Particulars	Current year	Previous year
I	CRAR (%)	11.37%	11.09%
ii	CRAR- Tier I Capital (%)	11.37%	11.09%
iii	CRAR- Tier II Capital (%)	nil	nil
iv	Percentage of Shareholding of the		
A	Government of India	50%	50%
B	State Government	15%	15%
C	Sponsor Bank	35%	35%

b. Investments (Rs. lakh)

Sr. No.	Particulars	Current year	Previous year
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1	Value of Investments		
I	Gross Value of Investments	238850.93	188481.36
ii	Provisions for Depreciation/NPI	545.00	395.00
iii	Net Value of Investments	238305.93	188086.36
2	Movement of provisions held towards depreciation on investments		
I	Opening Balance	395.00	395.00
ii	Add: Provisions made during the year	150.00	0.00
iii	Less: Write off/ write back of excess provisions during the year	0.00	0.00
iv	Closing Balance	545.00	395.00

c. Repo Transactions

(Rs. lakh)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on 31 March
Securities Sold under Repos	Nil	Nil	Nil	Nil
Securities purchased under reverse repos	Nil	Nil	Nil	Nil

d. Non-SLR Investment portfolio**(i) Issuer composition of Non SLR Investments**

(Rs. lakh)

No	Issuer	Amount	Extent of Private placement	Extent of below investment grade securities	Extent of unrated securities	Extent of unlisted securities
1	2	3	4	5	6	7
i)	PSUs	12324.82	12324.82	100.00	100.00	100.00
ii)	FIs	8564.01	8564.01	50.00	50.00	50.00

iii	Banks	9850.00	9850.00			
iv	Private Corporates	6400.06	6400.06	245.00	2145.00	245.00
v	Subsidiaries/ Joint	0.00	0.00			
vi	Others	4528.64	4528.64			
vii	Provision held towards depreciation	545.00	545.00	xxx	xxx	Xxx
	Total	42212.53	42212.53	395.00	2295.00	395.00

(ii) **Non-performing Non-SLR investments**

(Rs. lakh)

Particulars	Amount
Opening balance	395.00
Additions during the year since 1st April	1500.00
Reductions during the above period	0.00
Closing balance	1895.00
Total provisions held	545.00

6. Asset Quality

6.1 Non-Performing Asset

(Rs. Lakh)

Sr	Particulars	Current year	Previous year
i	Net NPAs to Net Advances (%)	6.43%	7.43%
ii	Movement of NPAs (Gross)		
(a)	Opening balance	13466.62	13180.97
(b)	Additions during the year	4884.72	6625.65
(c)	Reductions during the year	5567.00	6340.00
(d)	Closing balance	12784.34	13466.62
iii	Movement of Net NPAs		
(a)	Opening balance	6579.68	9302.88
(b)	Additions during the year	4616.30	4516.29
(c)	Reductions during the year	5667.10	7239.49
(d)	Closing balance	5528.88	6579.68
iv	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	5297.29	3878.09
(b)	Provisions made during the year	11.40	1507.33
(c)	Write-off/ write-back of excess provisions	231.78	88.13
(d)	Closing balance	6205.51	5297.29

6.2 Details of Loan Assets subject to Restructuring

(Rs. lakh)

Sr	Particulars	Current year	Previous year
i	Total amount of loan assets subject to restructuring, rescheduling, renegotiation	Nil	Nil
ii	The amount of Standard assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
iii	The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
iv	The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
	Note [(i) = (ii) + (iii) + (iv)]	Nil	Nil

6.3 Details of financial assets sold to Securitisation (SC)/ Reconstruction Company (RC) for Assets Reconstruction

Sr	Particulars	Current year	Previous year
i	No. of accounts	Nil	Nil
ii	Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
iii	Aggregate consideration	Nil	Nil
iv	Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil
v	Aggregate gain/ loss over net book value	Nil	Nil

6.4. Details of non-performing financial assets purchased/ sold

Banks which purchase non-performing financial assets from other banks shall be required to make the following disclosure in the Notes on Accounts to their Balance Sheets :

A. Details of non-performing financial assets purchased :

(Rs. lakh)

Sr	Particulars	Current year	Previous year
1 (a)	No. of accounts purchased during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil
2 (a)	Of these, number of account restructured during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil

B. Details of non-performing financial assets sold

(Rs. lakh)

Sr	Particulars	Current year	Previous year
1	No. of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

6.5 Provisions on Standard Asset

(Rs. lakh)

Sr	Particulars	Current year	Previous year
	Provisions towards Standard Assets	252.00	251.00

7. Business Ratio

Sr	Particulars	Current year	Previous year
i	Interest Income as a percentage to Working Funds	7.17%	7.95%
ii	Non-interest income as a percentage to Working Funds	0.69%	0.29%
iii	Operating Profit as a percentage to Working Funds	0.86%	(-)0.01%
iv	Returns on Assets	0.23%	(-)0.80%
v	Business (Deposits plus advances) per employee	622 lacs	441 lacs
vi	Profit per employee	0.95 lacs	(-)2.80 lacs

8. Asset Liability Management-Maturity pattern of certain items of assets and liabilities

(Rs. Crore)

Particulars	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	290.49	120.36	177.54	175.75	225.93	1966.62	166.01	162.99	3285.69
Advances	150.96	0	18.50	24.83	47.01	610.33	43.27	77.91	972.81
Investments	111.09	22.01	192.26	135.96	165.58	223.42	221.44	1316.75	2388.51
Borrowings	0	0	0	15.05	7.20	16.96	5.60	1.00	45.81
Foreign currency assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign currency liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Although there is mismatch from 15 days to 3 months and 6 months to 3 years buckets but there is no liquidity risk as Bank has parked Rs.582.80 crores in Bank FDRs, which can be used as per requirement. Bank had parked these FDRs for longer period for better returns.

9. Exposures - Exposure to Real Estate Sector

Sr	Category	Current year	Previous Year
A	Direct exposure	Nil	Nil
(I)	Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loan upto Rs.20 lakh may be shown separately)	Nil	Nil
(ii)	Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits ;	Nil	Nil
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures	Nil	Nil
	a. Residential	Nil	Nil
	b. Commercial Real Estate	Nil	Nil
b)	Indirect Exposure	Nil	Nil
	Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

10. Details of Single Borrower (SGL), Group Borrower Limit (GBL) exceeded by the bank

Bank had not exceeded the prudential exposure limits under Single or Group Borrower Limit during the year.

11. Miscellaneous - Amount of provisions made for Income-tax during the year

(Rs. lakh)

Particulars	Current year	Previous Year
Provision for Income Tax	Nil	Nil

12. Disclosure of Penalties imposed by RBI

Reserve Bank of India has not imposed any type of penalties during the year.

13. Disclosure Requirements as per Accounting Standards where the RBI has issued guidelines in respect of disclosure items for 'Notes to Accounts'

13.1. Accounting Standard 5 - Net Profit or Loss for the period arrived at after provisions on advances, adjustment to the value of Investments and other usual and necessary provisions.

13.2. Accounting Standard 9 - Revenue Recognition

Revenue recognition has not been postponed during the year.

13.3. Accounting Standard 15 - Employee Benefits

(a) Provident Fund---Contribution to the provident Fund is Charged to Profit and Loss account. Employees Provident fund & Miscellaneous Provisions Act provides for deduction and contribution to Provident fund at the rate of 12% of Basic pay in respect of both Employee and Employer.

b) Banks Liability towards Gratuity and Leave encashment is being arrived as per actuarial valuation reports of M/S K. A. Pandit Consultants and Actuaries and accordingly Rs. 208.00 lacs towards Gratuity and Rs.260.00 lacs towards Leave encashment has been charged in Profit & Loss account.

c) The summarized position of Gratuity and Leave encashment benefits as required under AS-15 are as under

Accounting Standard 15 (Revised)	
Particulars	Gratuity
	Discount Rate Previous year
Salary Escalation Previous year	3.00%
Attrition Rate Previous year	2.00%
Discount Rate Current year	7.24%
Salary Escalation Current year	3.00%
Attrition Rate Current year	2.00%
Other Details	
No. of Members	822
Total Monthly Salary (Act)	40,715,773.00
Projected Benefit Obligation (PBO)	467,653,553.00

Particulars	
	Leave Encashment
Discount Rate Previous year	7.76%
Salary Escalation Previous year	3.00%
Attrition Rate Previous year	2.00%
Discount Rate Current year	7.74%
Salary Escalation Current year	3.00%
Attrition Rate Current year	2.00%
Other Details	
	Leave Encashment
No. of Members	822
Total Salary (Encashment)	47,414,697.00
Projected Benefit Obligation (PBO)	254,364,142.00

13.4. Accounting Standard 17 - Segment Reporting

While complying with the Accounting Standard, banks are required to adopt the following :

Primary and Business Segment

- i) Treasury operations---Treasury for the purpose of segment reporting includes the entire Investment portfolio I,e, dealing in Government and other Securities and Money market operations.
- ii) Wholesale Banking---Wholesale Banking includes all Advances which are not included under Retail banking.
- iii) Retail Banking-Retail banking includes exposures, which are being complied during the year.

Geographical Segments

Bank's area of operation is confined to 15 Districts of Jharkhand State, hence reporting under this segment is not necessary.

13.5 Accounting Standard 18 - Related party disclosure

List of Related Parties-----Sponsor Bank—Bank of India

Key Managerial Personnel as on 31.03.2017

Sri Brij Lal-----Chairman
Sri A.K.Sharma-----General Manager

DISCLOSURE OF RELATED PARTY ITEMS AS PER AS-18 (AS ON 31.03.2017)

	Amt in crores of Rs
	With ASSOCIATES OF BANK OF INDIA (Note-2)
Transactions during the year 2016-17	
Interest Received	25.73
Interest Paid	0.11
Dividend	-
Other Income	-
Sale of Govt. Securities/Treasury Bills	-
Purchase of Govt. Securities/Treasury Bills	-
Purchase of Corporate Bonds and Other money market instruments	-
Deposits	808.76
Matured Deposits	618.12
Loans Provided (IBPC Issued to us)	
Loans Repaid (IBPC Repaid)	50.00
Sale of NPA	-
Outstanding as on 31.3.2017	
Payable	
Deposits	
Maximum During the Year	
Outstanding as on 31.3.2017	
Borrowing:- (Overdraft Against TDR)	
Maximum During the Year	159.00
Outstanding as on 31.3.2017	3.54
Placement of the Deposits	
Maximum During the Year	551.86
Outstanding as on 31.3.2017	478.28
Other Liabilities	
Receivables (Advances)	
Maximum During the Year (IBPC issued by us)	50.00
Outstanding as on 31.3.2017	50.00
Investment	
Maximum During the Year	6.50
Outstanding as on 31.3.2017	6.50
Non Funded Commitment	
Maximum During the Year	-
Outstanding as on 31.3.2017	-
Leasing / HP arrangements availed	
Maximum During the Year	-
Outstanding as on 31.3.2017	-
Leasing / HP arrangements provided	
Maximum During the Year	-
Outstanding as on 31.3.2017	-
Purchase of fixed assets	-
Sale of fixed assets	-
Other Assets	-

13.6. Accounting Standard 22 - Accounting for Taxes on Income

Deferred Tax Asset' (DTA) or a 'Deferred Tax Liability' (DTL) in the books of accounts of banks has not been considered during the year.

13.7. Accounting Standard 25 - Interim Financial Reporting

Half yearly review has been done by SCA and total items were covered under the half yearly review as per the relative guidelines..

14. Other Accounting Standards

Bank has complied others Accounting Standards issued by the institute of Chartered Accountants of India (ICAI).

15. Additional Disclosures

15.1. Provisions and Contingencies

(Rs. Lakh)

Sr	Particulars	Current Year	Previous Year
a	Opening balance in the floating provisions account	Nil	Nil
b	The quantum of floating provisions made in the accounting	Nil	Nil
c	Amount of draw down made during the accounting year	Nil	Nil
d	Closing balance in the floating provisions account	Nil	Nil

15.2. Draw Down from Reserve

Movement in Reserves during the year:

Particulars	As on 31.03.2017	As on 31.03.2016
Opening Balance	2428.78	4797.60
Addition during the year	781.23	0
Reduction	-	2368.82
Closing Balance	3210.01	2428.78

15.3. Disclosure of complaints

Position of Complaints are as under:

A. Customer Complaints

Sr	Particulars	Details
a	No. of complaints pending at the beginning of the year	1
b	No. of complaints received during the year	36
c	No. of complaints redressed during the year	37
d	No. of complaints pending at the end of the year	0

B. Award passed by the Banking Ombudsman

Sr.	Particulars	Details
a	No. of unimplemented Awards at the beginning of the year	0
b	No. of Awards passed by the Banking Ombudsmen during the year.	0
c	No. of Awards implemented during the year	0
d	No. of unimplemented Awards at the end of the year.	0

x) Movement in NPAs was as follows:

(Amount in Rupees lacs)

Gross NPAs as on 1 st April of particular year (Opening balance)		13466.62
Additions (Fresh NPAs) during the year		4884.72
Sub-total (A)		18351.34
Less:		
(i)	Upgradations	3841.36
(ii)	Recoveries (excluding recoveries made from upgraded accounts)	1493.86
(iii)	Write-offs	231.78
Sub-total (B)		5567.00
Gross NPAs as on 31st March of 2017 (closing balance)(A-B)		12784.34

xi) Bank has no exposure to sensitive sector.

In compiling the above data, certain assumptions as per RBI guidelines and instructions have been followed.

1. Bank has provided Rs. 260.00 lacs for leave encashment and Rs. 208.00 lacs for Gratuity on actuarial basis.
2. Balancing of SLR securities account and reconciliation of bank accounts has been completed up to 31.03.2017.
3. Bank has contingent liability on account of Guarantees issued on behalf of its constituents amounting to Rs.364.96 lacs and Income Tax demand of Rs.1258.00 lacs aggregating to Rs.1622.96 lacs. The guarantees are secured by liquid collateral securities.
4. No provision is made for the bonus for 2016-17.
5. Bank has opted out of DICGC scheme on advances and no Risk Fund has been created however we are paying premium for deposit insurance to DICGC and Bank has paid Rs.287.60 lacs as premium for financial year 2016-17.
6. The CIT (A) has ordered for the AY 2007-08, 2008-09, 2009-10 and 2010-11 on 20.11.2015 allowing partial relief. Further, the Bank has received the Appeal Orders for the AY 2011-12, 2012-13 and 2013-14 on 25.08.2016 and 09.02.2017 during the current Financial Year allowing partial relief.

On account of allowing partial relief, the Assessed Income was reduced by Rs.131.54 crore (Income Assessed by AO was Rs.152.98 crore) for the aforesaid Assessment Years and accordingly the tax demand was also substantially reduced. As per the Notice U/S 226(3) of the Income Tax Act, 1961 dated 17.03.2017 of the department, the demand for AY 2010-11, 2011-12 and 2013-14 was at Rs.12,58,00,000/- only.

The Bank preferred Appeal before the Hon'ble Income Tax Appellate Tribunal (ITAT), Ranchi against the Appeal Orders of CIT (A) for the AY 2011-12 and 2012-13 and filed petition on 25.08.2016. The bank has not filed Appeal for AY 2013-14. The Appeals for the AY 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 continued to be pending with ITAT, Ranchi.

Further, scrutiny assessment for the AY 2014-15 has also been completed on 28.12.2016 and income was assessed at Rs.3,53,77,312 with "Nil" demand by the Department. Due to disallowance of some expenses by the Assessing Officer, the Bank has filed Appeal against the Assessment Order before CIT (Appeals), Ranchi on 15.02.2017.

Bank has deposited Rs.7.40 Crore against the demands up to 31.03.2016 and the department has also adjusted Rs.16.40 crore against the pending demands from refund of TDS due to Bank. The balance demands (up to AY 2013-14) stand at Rs.12.58 crore as per Notice U/S 226(3) of the Income Tax Act, 1961 dated 17.03.2017. In view of the substantially reduced assessed income in Appeal Orders of (CIT-A), tax collected and refund adjusted by the department, the demand raised by the department is unrealistic/inflated. The Bank is, now, in the process of claiming refund from the Department.

During the Current Year Bank has made Provision of Rs.280.00 lakh out of our P&L account. Hence total provision for tax stands at Rs 764.31 lacs in the books of accounts.

The Bank is expecting substantial relief in the Tax Demand and get refund, on disposals of the Appeals, which are pending before the ITAT, Ranchi.

7. As on 31.03.2017, net Inter branch Reconciliation is in credit of Rs.60.67 lacs, therefore provision has not been made as per RBI guidelines.

(As on 31.03.2017----Credit---Rs.169.70 lacs (Rs 551.85 lacs in March, 2016) and debit----Rs.109.03 lacs(Rs. 273.69 lacs in March,2016)

8. DEAF Fund: As per RBI circular no. RBI/2013-14/614 dated 27.05.2014, disclosure of amounts transferred to DEAF account regarding unclaimed deposit in the prescribed format is as under:

Amt in lacs

	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	113.09	109.53
Add-Amounts transferred to Deaf Fund during the year	0.88	3.87
Less-Amounts reimbursed by DEAF towards claims	6.03	0.31
Closing balance of amounts transferred to DEAF	107.94	113.09

9. As per RBI circular no. RBI/2013-14/150 dated 28.07.2014, disclosure of Deposits, Advances, Exposures and NPA are as under as per prescribed format:

I. Concentration of Deposits, Advances, Exposures and NPAs

Concentration of Deposits	
(Amount in Rupees lakh)	
Total Deposits of twenty largest depositors	4689.25
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	1.43%

Concentration of Advances	
(Amount in Rupees lakh)	
Total Advances of twenty largest Borrowers	4578.43
Percentage of Advances of twenty largest borrowers to Total advances of the bank	4.71%

Concentration of exposures	
(Amount in Rupees lakh)	
Total exposure of twenty largest Borrowers/Customers	4578.43
Percentage of exposures of twenty largest borrowers/customers to Total exposure of the bank	4.71%

Concentration of NPAs	
(Amount in Rupees lakh)	
Total Exposure to top four NPA accounts	138.77
Percentage of exposures of top four NPA accounts to Total NPA of the bank	1.08%

II. Sector-wise NPAs

(Amount in Rupees lakhs)

S N		Current Year(31.03.2017)			Previous Year(31.03.2016)		
		Outstanding Total Advances	Gross NPAs	Percentag e of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture & Allied Activities	39987.69	5587.50	13.97%	39421.02	5964.66	15.13%
2	Advances industries sector eligible as priority sector lending	694.93	309.30	44.51%	702.62	318.82	45.38%
3	Services & other PS	33598.6	6106.01	18.17%	32874.64	6289.40	19.13%
4	Personal loans						
	Sub-total (A)	74281.22	12002.81	16,15%	72998.28	12572.88	17.22%
B	Non- Priority Sector						
1	Agriculture & Allied Activities						
2	Industry						
3	Services						
4	Personal loans/Other s	18000.71	781.53	4.34%	22346.27	893.74	4.00%
	Sub-total (B)	18000.71	781.53	4.34%	22346.27	893.74	4.00%
	Total (A+B)	92281.93	12784.34	13.85%	95344.55	13466.62	14.12%
	Total advances without IBPC of Rs. 50.00 crores	97281.93	12784.34	13.14%	90344.55	13466.62	14.91%

10. The total migration on CBS system has been achieved by the Bank during the year 2010-11. The errors of migration are under process of rectification. It is being kept under Sundry credit and Suspense accounts and net difference is in credit.

Figures relating to the previous year have been regrouped /rearranged, wherever necessary. Contra Amount for Rs.7335.51 lacs for Gratuity, leave encashment, Deaf fund and publicity has been excluded from other assets and other Liabilities.

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For M/s K C Tak & CO.**

**Chartered Accountants
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For Jharkhand Gramin Bank

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(CA K C Tak)
Partner (Membership No.: 08991)**

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Date: 05.05.2017

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(Brij Lal)
Chairman**

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Satendra Singh, IAS
Director**

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A. K. Sarangi,
Director**

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Rajesh Kumar Shukla,
Director**