



## **ORIENTAL BANK OF COMMERCE**

### **Background**

Established in Lahore (Now in Pakistan) on 19th February 1943, Oriental Bank of Commerce made a modest beginning. After the partition of the country, its Registered Office was shifted to Delhi. The Bank was nationalised on April 15, 1980 when it had a network of 307 branches with total business of around Rs 4350 million (US Dollar 108 million). The Bank has not only made phenomenal progress in terms of its reach and business levels, but also maintained an impeccable track record of declaring profit.

### **Operations & Financial Performance**

Now, Bank has a network of 1302 branches, being controlled by 29 Regional Offices. Total business of the bank stood at Rs 1,25,404 crore (YoY growth of 23%) on December 2007, with deposits of Rs 74,180 crore and advances of Rs 51,224 crore.

Between April to December 2007, total income of the Bank increased to Rs 5,384 crore. Net Profit stood at Rs 453 crore (after amalgamation write-off). CRAR of the bank stood at a comfortable level of 12.67%. Banks' productivity per employee stood at Rs 8.4 crore (Highest in the country), while business per branch was Rs 96 crore.

### **Products & Services**

The bank offers deposits in the form of savings and current accounts and term deposits, various types of loans to individuals and corporates, collection of Government taxes, distribution of insurance products (life as well as non-life) and mutual fund products, demat services, and merchant banking services among others. NRI services include non-resident deposit accounts, money transfers (in tie-up with Western Union Money Transfer) etc.

### **Technology**

OBC offers an array of delivery channels like Core Banking Solution, ATMs, Telebanking, Internet banking (through select branches) etc. Customers of the bank have the access to 726 ATMs of the bank and over 22000 ATMs of member banks under sharing basis which operate in a networked arrangement. Bank's total business is being routed through Core Banking Solution.

### **Priority Sector Lending**

In its endeavor to work for upliftment of rural & weaker sectors, the Bank has designed various credit schemes whereby a sizeable amount has been disbursed to Agriculture sector, Agro and Food Processing industry etc. As at December 2007, advances under priority sector increased to reach a level of Rs 17,652 crore. Out of this, credit to SME segments was of the order of Rs 6,150 crore.

### **New Initiatives**

#### **Bancassurance and Mutual Funds**

With a view to diversifying business, the bank has tied-up with Life Insurance Corporation of India and Oriental Insurance Company for distribution of life and non-life products, respectively.

Besides, the bank has entered into an agreement with different Mutual Fund Houses for distribution of Mutual Fund products, as well.

### **JV for Life Insurance**

The Bank has signed a MoU with Canara Bank and HSBC Insurance (Asia Pacific) Holdings Ltd to participate in the equity of the proposed Joint Venture Company for Life Insurance business.

### **Accolades/Recognition**

- Bank was selected under the "FORBES-2000 World's Biggest Companies"- Rank upgraded from 2000th in 2004 to 1974th Place in 2007.
- The Bank was awarded the "Amity Corporate Excellence Award" for the year 2006 by Amity International Business School, India.
- Included in the list of successful 300 mid-sized publicly traded companies of S&P Global Challengers during 2005-06.
- Ranked 12th as per total income in Banking Sector in Dun & Bradstreet's India's top 500 companies and 6th amongst Indian Banks from top 200 Asian Banks by The Banker-September 2006.
- During 2003-04, listed amongst "Best Under a Billion, 200 Best Small Companies for 2003" by Forbes Global and also rated as "Best Bank" by Business India Group for the year 2003.

### **MANPOWER**

The Bank has well-qualified and committed staff strength of 14,500 personnel. Apart from personnel trained in general banking practices, bank has employed specialist cadre staff like Chartered Accountants, Agriculture Graduates, Engineers, Financial Analysts, and IT trained personnel. Bank has carried out competency mapping of all officers in the bank.

### **BANK'S FLAGSHIP PROJECTS ON POVERTY ALLEVIATION AND RURAL DEVELOPMENT BANK'S MICROFINANCE MODEL - ORIENTAL BANK GRAMEEN PROJECT**

As an innovation in Rural Development, bank pioneered a Micro finance programme called '**Oriental Bank Grameen Project**' based on the lesson drawn from successful microfinance models world-wide. The project was designed to prove that poor are bankable. The project encompasses banking at doorstep, easy access to credit, capacity building, sanitation, environment, family welfare, literacy and making beneficiaries independent in decision-making. It hinges on active participation of people of homogenous socio-economic background through groups.

#### **Salient Features of the Project**

- Only poor are the target beneficiaries. A team of any 5 poor members of the same village may form a group to join the Bank's Grameen Project.
- Preference is given to women. 95% beneficiaries are women.
- Banking at doorstep & easy access to credit and saving services are the key ingredients. *No client is required to visit bank's branches for any type of transactions.*
- Groups start functioning with compulsory saving of at least Rs. 7/- per week is made by each member. They are free to save higher amounts and avail various saving products offered by the bank.

- A few weeks of regular savings by the group make it eligible to raise loan. It becomes eligible for raising loans up to Rs. 15000/- per member (Rs. 75000/- per group) after the group is stabilised. Groups older than 3 years are eligible for loans up to Rs. 2,50,000/-. The credit line is established enabling the group members avail repeat loans.
- Banking transactions for the groups are done through meetings at every centre/ village once every week.
- The programme promotes non-subsidy orientation.

The pilot of Grameen Project was introduced in village Rudrapur, Block Vikasnagar in Dehradun district, Uttarakhand state and a village in Hanumangarh district, Rajasthan state in May 1995. The first loan to the members of first group was as paltry as Rs 75 each member. Each started with making a few kilogrammes of pickle. Within a few days they earned profit of matching amount. The subsequent loan amount increased gradually and so increased their profits. The members were always eager to pay their loans sooner than later.

The pilot showed encouraging results and spurred the bank to enlarge its implementation. Beginning with two villages as pilot, the project is, now, being implemented in 315 villages. There are 68 branches in 9 different Regions of the Bank engaged in implementation of the Grameen Project. So far, the Project has reached out to about 22,000 poor families and has provided credit facilities of Rs 25.00 crore. The project has reached in six states of the country covering Uttarakhand, Rajasthan, UP, Jharkhand, Punjab and Haryana states.

Bank's endeavour is to promote micro finance with a view to reach out to the rural poor to foster financial inclusion.

#### **Specialised Micro Credit Branch: Rudrapur**

The bank's branch at village Rudrapur in Vikasnagar Block of Dehradun District of Uttarakhand state (foothills of Himalayas) is a specialised Micro Credit Branch. It is, indeed, the first such specialized branch in the Indian banking industry. All its customers are poor women of the area. The branch is providing micro credit services in 92 villages spread over radius of 20 kilometer. The poor households of the area have improved their living conditions, besides creating long-term income generating and family assets.

#### **BANK'S INITIATIVE IN RURAL DEVELOPMENT THROUGH TRAINING, CAPACITY BUILDING AND HANDHOLDING**

The bank has instituting a Special Purpose Vehicle called OBC Rural Development Trust with the purpose to set up Rural Development Training & Resource Centres.

The **main objective** of the Trust is to establish training colleges/institutes and workshops for providing training for **farmers** on modern techniques of farming, tractor/ farm machinery repair & maintenance and other aspects of agriculture/ rural development; **micro finance** and capacity building of the **rural youth** and **women**. The other objectives are:-

- To assist/ guide the farmers in diversification by switching over to new crops and to undertake alternate income and employment generating activities in rural areas.
- To do extension work for the development of agriculture and allied activities.
- To undertake research work for agriculture and rural development.

- To establish library on agriculture and rural development
- To organize human health and cattle health improvement programmes.
- To organize Farmers' Clubs, Youth Clubs and Children's Clubs.
- To promote & liaise with Agri-Clinic & Agri-business Centres.
- To conduct capacity building training programmes for SHGs, NGOs, and other stakeholders in micro finance.
- To work as Micro Finance Institution (MFI).
- To assist promotion of non-conventional sources of energy.
- To adopt villages for the overall development as model villages.

The Bank has set up the training centers for providing trainings. Presently, four centers are functional. The training programmes are being conducted on various subjects of agriculture, animal husbandry and non-farm rural activities. Special programmes on traditional craft are arranged with the help of master craftsmen. Exclusive programmes for people below poverty line have been designed to build their capacity in livelihood activities. The rural youth are, specially taking interest in new technology based work like mobile telephone repair and Desk Top Data processing, for which trainings for educated unemployed youth are being organized. This has enabled to channel youth energy in productive direction.

So far, training programmes have covered about 5000 people. Each successful trainee is offered credit facility from the bank enabling him or her to start his or her venture. Counseling is a regular feature of the training centers. The incubation programme of the Centres provides handholding for 2 years after training. We are received encouraging response from candidates across the age and gender. The initiative has created self-employment opportunities for youth, women and budding entrepreneurs. It has brought perceptible improvement in agronomic practices in the area of operation.

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