

# MEGHALAYA RURAL BANK



## ANNUAL REPORT : 2015-16

Head Office : MTC Building, Police Bazar, Shillong –793001

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**MEGHALAYARURALBANK**

- established on 29<sup>th</sup> December 1981  
as a Scheduled Bank under the RBI Act of 1934,  
is mandated under the RRBs Act, 1971 and subsequent Orders  
to provide banking services to the state of Meghalaya as a whole,  
and its rural areas in particular.

***OUR VISION***

is to fulfill our mandate by extending sound  
and reliable banking service to every village and  
rural dweller of Meghalaya and to contribute  
thereby to the well-being and development of  
the state as a whole.

Our website: <http://meghalayaruralbank.co.in>

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***Outer cover photos:***

*Front:* Laitnongrim village (East Khasi Hills District)

*Back:* Sohing village, where the Bank has a busy and active rural branch

<b>BRANCH NETWORK</b>				
<b>EAST KHASI HILLS DISTRICT</b>				<b>38 Branches</b>
<b>CDBLOCK</b>	<b>Branch</b>	<b>Incumbency</b>	<b>Opened on</b>	<b>Relocated on</b>
<b>MYLLIEM</b>	SHILLONG	Scale - IV	29.12.1981	
	RYNDAH	Scale - II	30.10.1982	
	NONGMYNSONG	Scale - II	17.12.1982	
	MAWLAINGUT	Scale - I	16.06.1984	
	MYLLIEM	Scale - I	11.12.1984	
	MAWLAI	Scale - II	04.10.1986	28.02.1995
	IEWDUH	Scale - III	26.02.1990	25.10.1995
	DEMTHRING	Scale - II	23.03.1990	04.03.2002
	JHALUPARA	Scale - I	06.08.2008	
	GOLFLINKS	Scale - I	27.01.2010	
	JAIW	Scale - I	31.03.2011	
	BISHNUPUR	Scale - I	31.03.2011	
	KSEHBILAT	Scale - I	21.03.2012	
	NONGTHYMMAI	Scale - I	20.12.2012	
	UMLYNGKA	Scale - I	28.03.2013	
	POMLUM	Scale - I	19.12.2012	
	MAWPREM	Scale - I	26.03.2013	
	MAWLAI - MAWDATBAKI	Scale - I	25.03.2013	
	LABAN	Scale - I	20.12.2013	
	MAWIONG	Scale - I	20.12.2013	
NONGRAH	Scale - I	20.12.2013		
<b>MAWRYNGKNENG</b>	NONGKREM	Scale - I	22.01.1983	
	SOHRYNGKHAM	Scale - I	06.07.1983	
	SMIT	Scale - II	25.02.1985	
	TYNRING	Scale - I	27.12.1985	31.03.1995
	MAWRYNGKNENG	Scale - I	22.03.2012	
	DIENGPASOH	Scale - I	27.03.2014	
<b>MAWSYNRAM</b>	LAWBAH	Scale - I	27.12.1983	
	TYRSAD	Scale - I	13.12.1984	
	PONGKUNG	Scale - I	31.05.1983	
<b>MAWKYNREW</b>	MAWKYNREW	Scale - I	09.03.1984	
<b>PYNURSLA</b>	PYNURSLA	Scale - I	11.11.1988	15.04.1996
<b>KHADARSHNONG</b>	MAWKDOK	Scale - I	27.12.1984	
<b>LAITKROH</b>	LAITLYNGKOT	Scale - I	23.06.1984	
<b>MAWPHLANG</b>	NONSPUNG	Scale - I	18.12.1984	
	MAWNGAP	Scale - II	24.09.1988	24.09.1988
	SOHIONG	Scale - I	29.12.1984	
<b>SHELLA BHOLAGANJ</b>	SAITSOHPEN	Scale - I	28.01.1984	

<b>BRANCH NETWORK</b>				
<b>SOUTH WEST KHASI HILLS DISTRICT</b>				<b>2 Branches</b>
<b>CDBLOCK</b>	<b>Branch</b>	<b>Incumbency</b>	<b>Opened on</b>	<b>Relocated on</b>
<i>MAWKYRWAT</i>	MAWKYRWAT	Scale - II	10.10.1983	
	MAWTHAWPDAH	Scale - I	28.01.1984	
<b>WEST KHASI HILLS DISTRICT</b>				<b>13 Branches</b>
<i>MAWSHYNRUT</i>	ARADONGA	Scale - I	25.03.1985	
	RIANGDO	Scale - II	31.10.1983	
<i>NONGSTOIN</i>	SEINDULI	Scale - I	22.01.1992	
	RAMBRAI	Scale - I	28.02.1984	
	NONGSTOIN	Scale - III	15.03.1985	
	NONGPYNDENG	Scale - I	26.03.2013	
<i>MAWTHADRAISHAN</i>	NONDEIN	Scale - I	20.12.2013	
	MARKASA	Scale - I	30.05.1986	
	MYRIAW	Scale - I	04.09.1984	
<i>MAIRANG</i>	KYN Shi	Scale - I	26.02.1985	
	NONGKHLAW	Scale - I	23.03.1984	
	NONGTHLIEW	Scale - II	17.06.1986	
	MAIRANG	Scale - II	15.12.1984	
<b>EAST JAINTIA HILLS DISTRICT</b>				<b>12 Branches</b>
<i>LASKEIN</i>	MOWKAIW	Scale - I	10.03.1983	
	SHANGPUNG	Scale - III	13.08.1983	
<i>KHLIEHRIAT</i>	IOOKSI	Scale - I	05.11.1988	
	UMKIANG	Scale - II	20.07.1984	
	RYMBAI	Scale - III	22.03.1985	
	LUMSHNONG	Scale - II	29.10.1984	
	WAPUNG	Scale - III	05.05.1984	
	LAD-RYMBAI	Scale - II	27.02.1990	30.05.2007
	SOHKYMPHOR	Scale - I	31.12.2011	
<i>SAIPUNG</i>	KHLIEHRIAT	Scale - I	28.03.2013	
	SUTNGA	Scale - III	04.12.1996	
	LATYRKE	Scale - I	14.03.2013	
<b>WEST JAINTIA HILLS DISTRICT</b>				<b>7 Branches</b>
<i>THADLASKEIN</i>	KHANDULI	Scale - I	18.09.1984	
	JOWAI	Scale - III	21.03.1985	
	WAHIAJER	Scale - I	17.12.2012	
	MIHMYNTDU	Scale - I	20.12.2013	
	CHUDWAKHU	Scale - I	20.12.2013	
<i>AMLAREM</i>	AMLAREM	Scale - I	28.03.1985	
	NONGTALANG	Scale - I	16.07.1984	

<b>BRANCH NETWORK</b>				
<b>RI BHOI DISTRICT</b>				<b>11 Branches</b>
<b>CDBLOCK</b>	<b>Branch</b>	<b>Incumbency</b>	<b>Opened on</b>	<b>Relocated on</b>
<i>UMSNING</i>  <i>UMLING</i>	BHOIRYMBONG	Scale - II	31.01.1984	
	UMSNING	Scale - I	14.03.2013	
	ZERO POINT	Scale - I	20.12.2013	
	MAWHATI	Scale - I	27.03.2014	
	MAWLASNAI	Scale - I	27.03.2014	
	NONGPOH	Scale - III	28.02.1985	31.12.1994
	BYRNIHAT	Scale - II	14.02.1990	25.05.2002
	BARIDUA	Scale - I	31.12.2010	
	UMDEN	Scale - I	21.03.2012	
	MARNGAR	Scale - I	30.03.2015	
	PATHARKHMAH	Scale - I	03.03.2016	
<b>EAST GARO HILLS DISTRICT</b>				<b>1 Branch</b>
<i>SAMANDA</i>	WILLIAMNAGAR	Scale - I	09.01.2009	
<b>WEST GARO HILLS DISTRICT</b>				<b>6 Branches</b>
<i>RONGRAM</i>  <i>SELSELLA</i>	TURA	Scale - I	31.03.2008	
	RINGRE	Scale - I	23.03.2012	
	DALU	Scale - I	28.03.2013	
	PHULBARI	Scale - I	20.12.2013	
	GAROBADHA	Scale - I	20.12.2013	
	MAHENDRAGANJ	Scale - I	20.12.2013	
<b>NORTH GARO HILLS DISTRICT</b>				<b>1 Branch</b>
<i>RESUBELPARA</i>	RESUBELPARA	Scale - I	27.03.2014	
<b>SOUTH GARO HILLS DISTRICT</b>				<b>1 Branch</b>
<i>BAGHMARA</i>	BAGHMARA	Scale - I	28.03.2012	
<b>SOUTH WEST GARO HILLS DISTRICT</b>				<b>1 Branch</b>
<i>BETASING</i>	AMPATI	Scale - I	27.03.2013	
<b>TOTAL NUMBER OF BRANCHES : 93</b>				

<b>MEGHALAYA RURAL BANK : 1981 to 2016</b>	
	<i>Shri P.K. Datta Roy: First Chairman from 29.12.1981 to 14.11.1983</i>
1981	Bank began operations as <i>Ka Bank Nongkyndong Ri Khasi Jaintia</i> on 29 <sup>th</sup> December 1981 from the upper floors of R.B. Store Building, Police Bazar, Shillong. It was the first SBI-sponsored RRB set up in the North-East.
1982	First batch of Bank's own cadre of 9 Officers and 22 Clerk-cum-Clerks recruited.
1983	Number of SBI officers on deputation to the Bank stands at 9. Bank's own cadre staff increases to 12 Officers, 3 Field Supervisors, 1 Senior Clerk, 22 Junior clerks, 1 driver and 13 daily wage Messengers.
	<i>Shri N.R. Dey: Second Chairman from 15.11.1983 to 22.08.1988</i>
1984	19 new branches opened. Business level increases to Rs. 131.90 lakh (deposits : Rs 88.25 lakh and credit of Rs 43.70 lakh). Average outstanding per loan account: Rs 2,000. Bank's "image as a small man's Bank well established in its area of operation." Bank implements Government's 20-Point Economic Programme.
1986	Number of Board Directors increased from 6 to 8.
1987	Bank's paid-up capital enhanced from Rs 25 lakh to Rs 50 lakh.
	<i>Shri S.K. Das: Third Chairman from 23.08.1988 to 24.06.1992</i>
1988-89	Accounting year changed from January-December to April-March. Bank implements Government's Integrated Rural Development Programme (IRDP). Officers on deputation from the Sponsor Bank stands as 7.
1989-90	8 Junior Clerk/Cashiers promoted, 7 daily-wage workers appointed as regular Messengers and 36 others absorbed as part-time regular Messengers.
1990-91	Bank clarifies to the public about scope of Central Government's Debt Relief Scheme, 1990. National Industrial Tribunal (NIT) Award and recommendations of Equation Committee implemented w.e.f. 1 <sup>st</sup> January 1991. 'Service Area Approach' adopted for branches.
1991-92	Total number of branches touches 50.
	<i>Shri A.K. Alexander: Fourth Chairman from 25.06.1992 to 24.11.1995</i>
1992-93	In this "special year," Bank posted maiden profit of Rs 12.03 lakh; deposits grew by 94%; financing of non-target group (NTG) was commenced; and issued share capital

	raised to Rs 75 lakh. Bank suffered lootings by armed miscreants in 2 branches and burglary attempts in 2 other branches.
1993-94	There was ten-fold increase in profit to Rs 122.31 lakh. Paid-up capital enhanced to Rs 1 crore. Bank freed from Service Area restrictions. Two farmers' clubs sponsored by the Bank at Bhoirymbong and Myllem under Volunteer Vikas Vahini (VVV) scheme. Bank's manpower configuration consists of 76 Officers, 62 Clerk-cum-Cashiers and 52 Messengers, besides 3 deputed SBI officers. First MOU signed with Sponsor Bank.
1994-95	Bank was one of 49 RRBs selected for restructuring. Paid-up share capital raised to Rs 1 crore; 5 branches relocated, investment of non-SLR funds permitted. Bank pioneered in routing loans to SHGs through NGOs/VAs in the state. Accumulated losses wiped out. Positions of Area Manager I and II created.
	<i>Shri S.K. Choudhury: Fifth Chairman from 25.11.1995 to 04.03.2000</i>
1995-96	IRAC norms adopted. Bad & Doubtful Debts provided for, TPM introduced.
1996-97	Acute shortage of staff experienced :- business had increased more than 5-times over since 1991 but no staff recruitment undertaken since 22nd January 1992. Supreme Court bans felling of trees and export of timber outside state : income level of hundreds of rural households impacted. Plans for computerising MIS section at Bank's Head Office got underway.
1997-98	Bank was one of five RRBs selected for development as a 'Role Model' under the <i>Swiss Agency for Development and Cooperation-VII</i> Project.
1999-00	Shillong Branch upgraded to Scale II incumbency branch.
	<i>Smt Rikynti Nongpiur: Sixth Chairman from 05.03.2000 to 30.06.2004</i>
2000-01	Position of Administrative Officer re-designated as General Manager.
2001-02	Implementation of Swarn Jayanti Gram Swarozgar Yojana (SGSY) commences.
2002-03	Ten loss-making branches had been relocated since September 1994. Bank enters Portfolio Management agreement for SLR investments with SBI's Securities Services Branch, Mumbai. Position of Area Managers upgraded to Scale III incumbencies. Visit of <i>Study Group of Lok Sabha's Estimates Committee</i> on 25th September 2002.
2003-04	Six Scale II and 6 Scale I Officers promoted to Scale III and Scale II Officers respectively.
	<i>Shri August I. Dkhar: Seventh Chairman from 30.06.2004 to 31.01.2006</i>

2004-05	Operations of 7 branches computerised.
	<i>Shri Stillwell Rumthao: Eighth Chairman from 03.05.2006 to 10.05.2007</i>
2006-07	Bank celebrates Silver Jubilee on 29 <sup>th</sup> December 2006. Number of computerised branches increases to 15.
	<i>Shri S. Bhattacharjee: Ninth Chairman from 18.05.2007 to 17.11.2010</i>
2007-08	For first time since 1992, 5 Officers and 32 Clerk-cum-Cashiers recruited. Bank rechristened as Meghalaya Rural Bank and its jurisdiction extended to entire state. Shri P.A. Sangma, Chairman: State Planning Board, was Chief Guest at inaugural function of Bank's Tura Branch on 31 <sup>st</sup> March 2008.
2008-09	Jhalupara and Williamnagar Branches opened; Agriculture Debt Waiver & Debt Relief Scheme 2008, implemented.
2009-10	Head Office and Shillong Branch shifted to upper floors of MTC building on 23 <sup>rd</sup> September 2009. Regional Office begins functioning from 12 <sup>th</sup> October 2009. Bank's website launched. Total number of computerised branches: 35. 55 <sup>th</sup> branch opened at GolfLinks.
2010-11	Muktapur Branch relocated to Amlarem. 36 branches migrated to CBS platform.
	<i>Shri Mukul Ch Jeishi: Tenth Chairman from 18.11.2010 to 31.07.2014</i>
	New branches opened at Baridua, Bishnupur and Jaiaw.
2011-12	Bank rendered fully CBS-compliant by 30 <sup>th</sup> June 2011. Six new branches opened. Increased focus on Financial Inclusion (FI) initiatives. SLBC assigns Bank the task of establishing RSETI at Nongstoin. Bank became registered Member of BCSBI.
2012-13	Bank registered as Corporate Agent for cross-selling of SBI Life Insurance Ltd. products. Mini Learning Centre opened at Nongthymmai on 14 <sup>th</sup> February 2013. Visit of SBI CGMs: Shri J.K. Sinha and Shri A. K. Roy on 14 <sup>th</sup> March 2013.
2013-14	Study Visit of <i>Rajya Sabha Committee on Papers Laid on the Table (COPLLOT)</i> on 12 <sup>th</sup> January 2014. Fifteen new branches opened, of which 11 simultaneously inaugurated online by Chief Minister: Shri Mukul Sangma on 20 <sup>th</sup> December 2014. RuPay ATM-cum-Debit Card and RTGS facilities rolled out. Bank became Corporate Agent of SBI General Insurance Ltd.
2014-15	In-house Capacity Building (training) programmes for all staff of all cadres of the Bank undertaken from 13 <sup>th</sup> June to 2 <sup>nd</sup> August 2014.

	<i>Smt Rose Alba Bina Khyriem: Eleventh Chairman from 01.08.2014</i>
	MRB-RSETI commences training programmes from 28 <sup>th</sup> October 2014. Bank completes household surveys in 89 SSAs and 9 Wards allotted under PMJDY much ahead of 31 <sup>st</sup> December 2014 deadline.
2015-16	<i>Rajya Sabha Committee on Petitions</i> visited on 27 <sup>th</sup> May 2015. By March 2016, unprecedented high NPAs discovered in September 2015 through new functionality of system-tracking of NPAs trimmed by almost two-thirds. Bank conferred Sponsor Bank's 'Top Performer Award 2014-15: 3 <sup>rd</sup> Position Trophy.'

## BOARD OF DIRECTORS

31st March 2016



*Smt Rose A. B. Khyriem*  
CHAIRMAN



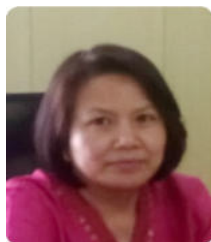
*Shri Bhaskar Bhallamudi V.S.K.T*  
DGM (B&O), SBI AO, SHILLONG  
SPONSOR BANK NOMINEE



*Shri Imkong Sashi Pongener*  
DGM (OUTREACH), SBI LHO, GUWAHATI  
SPONSOR BANK NOMINEE



*Shri T. Lhungdim*  
DGM, RBI, SHILLONG  
RBI NOMINEE



*Shri L. Leivang*  
DGM, NABARD, SHILLONG  
NABARD NOMINEE



*Shri Akash Deep, IAS*  
DIRECTOR: C&RD,  
GOVT. OF MEGHALAYA NOMINEE



*Smt. D.T. Kharshiing*  
DIRECTOR: INST. FINANCE,  
GOVT. OF MEGHALAYA NOMINEE



*Shri Forward L. Mawlong*  
SOHIONG  
GOVT. OF INDIA (NON-OFFICIAL) NOMINEES



*Shri Nestingdar Nongdkhar*  
NONGSTOIN  
GOVT. OF INDIA (NON-OFFICIAL) NOMINEES

## OUR PERFORMANCE IN 2015-16

*I assumed charge on 1<sup>st</sup> August 2014 and 2015-16 was, thus, my first full year of functioning as Chairman of Meghalaya Rural Bank.*

*The year proved to be a challenging one as the state continued to be hard hit by the downturn in the local economy and depression in livelihood prospects and income levels that had been evident from a year back in the wake of the NGT ban on coal-mining in Meghalaya. The slowdown developed into a crisis that adversely impacted deposit mobilisation, recovery of loans, and credit off-take.*



*Another hurdle was faced in September 2015 when the Bank's non-performing assets (NPAs) more than doubled virtually overnight following introduction of the new functionality of CBS tracking of loan overdues. Much of the rest of the year was spent addressing this issue.*

*We responded to the crises by counseling and helping local entrepreneurs identify viable alternative ventures to invest in, revamping existing NPA management procedures and recovery strategies, and pursuing relentlessly with loan defaulters for recoveries. We had dialogue with the state government for sponsoring new allied agricultural schemes tailored specifically to the requirements of the local farmers, canvassed with the departments for a larger share of government deposits, and intensified skill-training programmes for the rural youth of West and South West Khasi Hills districts through MRB-RSETI, Nongstoin, sponsored by us.*

*We were happy, too, that during the year the Bank had the privilege of extending CSR assistance to 24 poor and marginalised families of Mawthawphet, a distant village in interior West Khasi Hills District. Mawthawphet lacked electricity supply and we arranged solar-power home lighting systems for the targeted households there and solar-power street lamps for the entire village. Our intervention resulted in tangible improvement in the quality of life of the assisted families and of the village, which was a matter of considerable satisfaction to us.*

*Throughout 2015-16, our commitment to and engagement with rural Meghalaya remained deep and strong and, despite the difficulties encountered, the performance of Meghalaya Rural Bank was eventually stabilised and turned out, under the prevailing circumstances, to be fairly robust. And, the peak and unprecedented NPA level of September was by March-end reduced by over two-thirds.*

Shillong: 30<sup>th</sup> April 2016

(Rose Alba Bina Khyriem)  
CHAIRMAN

### PERFORMANCE OF THE BANK AT A GLANCE

*(Rupees in thousands)*

Particulars		2013-14	2014-15	2015-16	
<b>A KEY PERFORMANCE INDICATORS</b>					
1	No. of Districts covered	11	11	11	
2	No. of Branches	91	92	93	
	i Rural	72	73	74	
	ii Semi-Urban	16	16	16	
	iii Urban	3	3	3	
	iv Metropolitan	—	—	—	
3	Total staff (excluding Sponsor Bank staff)	346	372	399	
4	Of which, Officers	151	144	159	
	Deposits	10415580	11926069	12692946	
	Growth	4.65	14.50	6.43	
5	Borrowings Outstanding	463510	191082	245376	
	Growth %	257.44	-58.77	28.41	
6	Gross Loans & Adv. Outstanding	5030953	6158252	6497213	
	Growth %	32.79	22.41	5.50	
	Of 6 above, loans to				
	a	Priority Sector	3526330	3837740	4270680
	b	Non Priority Sector	1504623	2320512	2226533
	c	SCs & STs	4907208	6006957	6333686
	d	SF/MF/AL	582079	1065884	1169989
	e	Minorities	4907208	6006957	6333686
7	C.D. Ratio	48.30	51.64	51.19	
8	Investments Outstanding	6531724	6478270	7142179	
	Growth	1.31	-0.82	10.25	

Particulars		2013-14	2014-15	2015-16	
9	SLR Investment Outstanding	2429340	2563995	2831430	
	Non-SLR Investment Outstanding	4102384	3914275	4310749	
<b>B</b>	<b>AVERAGES</b>				
10	Average Deposits	9515885	11235879	12133648	
	Growth %	7.42	18.07	7.99	
11	Average Borrowings	289142	236577	249121	
	Growth %	45.68	-18.18	5.30	
12	Average Gross Loans & Advances	4201883	5628647	5449497	
	Growth %	34.82	33.96	-3.18	
13	Average Investments	6351412	6478174	6446922	
	Growth %	9.39	2.00	-0.48	
	Avg. SLR invt. as % of Average Deposits	24.19	22.82	21.68	
	Avg. Non-SLR invt. as % of Avg. Deposits	42.55	34.84	29.11	
	Average Working Funds	11339617	13101059	15214471	
	<b>LOANS ISSUED</b>				
14	Loans Issued during the year	3216134	3340199	2786645	
	Growth %	42.20	3.86	-16.57	
	Of 14 above				
	i	Priority Sector	2072037	2035158	1652994
	ii	Non Priority Sector	1144097	13050.4	1133651
	iii	SC & ST	3124252	3253062	2714579
	iv	SF/MF	458580	582079	416524
v	Minorities	3124252	3253062	2714579	
<b>D</b>	<b>PRODUCTIVITY</b>				
15	Per Branch	169742	196569	206346	
	Per Staff (excluding sub-staff)	60575	74421	48096	
<b>E</b>	<b>RECOVERY PERFORMANCE</b>				

Particulars		2013-14	2014-15	2015-16
16	<b>Total</b>			
	Demand	2649928	1654889	3324524
	Recovery	2128492	1274305	2519356
	Overdues	511436	380584	805168
	Recovery % (June position)	80.70	77.00	75.78
17	<b>Farm Sector</b>			
	Demand	413346	538494	520371
	Recovery	293809	418345	367784
	Overdues	119537	120149	152587
	Recovery % (June position)	71.08	77.69	70.68
18	<b>Non-Farm Sector</b>			
	Demand	2236582	1116395	2804153
	Recovery	1844683	855960	2151572
	Overdues	391899	260435	652581
	Recovery % (June position)	82.48	76.67	76.73
<b>F</b>	<b>ASSET CLASSIFICATION</b>			
19	i Standard	4807223	5893118	6046795
	ii Sub-Standard	82100	125801	87072
	iii Doubtful	121609	119009	346955
	iv Loss	20021	20324	16196
	Total	5030953	6158252	6497018
20	Std. Assets as % to Gross Loans & Adv	95.55	95.69	93.07
<b>G</b>	<b>PROFITABILITY ANALYSIS</b>			
	1 Interest Paid on :	519701	589553	664932
	a Deposits	507356	575434	652425
	b Borrowings	12345	14119	12507
22	Salaries	155720	171963	268454
23	Other Operating Expenses	73707	88487	84720

Particulars		2013-14	2014-15	2015-16
24	Provisions made during the year	3799	86304	907218
	i Against NPAs	0	23628	89091
	ii Other Provisions	3799	62676	1637
25	Interest Received	1013184	1191015	1216353
	i Loans & Advances	456100	604343	661083
	ii Current A/c with SponsorBank/RBI/ Other Banks	—	—	—
	iii SLR Investments/Approved Securities	195657	363149	241277
	iv Non SLR Invts/Money at Call/TDR with Sp.Bank	361427	223523	313993
26	Miscellaneous Income	56578	45913	75646
27	Profit	316835	300621	183165
<b>H</b>	<b>OTHER INFORMATION</b>			
28	Share Capital Deposit Received	15976	15976	15976
29	Deposit Insurance & Credit Guarantee			
	a Claims settled - Cumulative	10432	10432	10432
	b Claims received but pending adjustment	---	—	—
	c Claims pending with DICGC	1633	1633	1633
30	Cumulative Provisions			
	i Against NPAs	103583	127519	196109
	ii Against Intangible Assets, Frauds, etc	749	749	--
31	Interest Derecognised			
	a During the year	7143	6894	12931
	b Cumulative	18738	9474	17242
32	Loans Written-off during the year			
	i No. of Accounts	152	224	559
	ii Amount	5397	5987	21817
33	Reserves and Surplus	1081994	1224395	1354229
	a Statutory Reserves	366867	442022	474481
	b Other Reserves & Revenue	40050	----	----
	c Accumulated Profit	675077	782373	879748

**DIRECTORS' REPORT****1. INTRODUCTION**

The Board of Directors of Meghalaya Rural Bank is pleased to present the 35<sup>th</sup> Annual Report of the Bank for the year 2015-16.

**a. The State Economy in 2015-16**

Meghalaya's per capita income at current prices for 2013-14 stood at Rs 69,516 compared with Rs 74,380.80, which is the national average. Poverty, critical gaps in infrastructure, and quality of life remain as issues of key concern for the state.

According to the 2011 Census, Meghalaya showed a declining trend in the number of workers engaged in agriculture, even while about two-thirds of its population continue to be dependent on this sector for their livelihood. Agriculture is practised here by small and marginal farmers with generally low productivity. The contribution of agriculture and allied agriculture to the state GDP had diminished from the peak of 40 % in the early 1980s to about 16% currently.

The corresponding share of industries and services in GDP has increased over the same period, but given the lack of job creation in manufacturing for the local population, most employment outside agriculture has taken place in the low productivity informal sector, particularly informal construction, retail trade and transportation.

<b>Meghalaya's:</b>	
Geographical area	22,429 sq. kms
Highest elevation	6,434 feet
Population (2011)	29,66,889
Density per sq. km	132
Scheduled Tribe population	86.10%
Literacy rate	75.48%

A new initiative undertaken by the state government lately is its Mission Organic under which farmers are encouraged and instructed in the use of compost and green manure in place of chemical fertilizers and pesticides with a view to promoting soil health and production of organic crops, fruits and vegetables.

**b. The Mining Ban**

The National Green Tribunal (NGT) order of April 2014 proscribing the mining of coal by the 'rat-hole' method throughout the state, continued to remain in force. The ban has led to a virtual shutdown of the otherwise prolific coal-mining business in Meghalaya, thereby adversely impacting state revenues and depressing income levels across the state.

On 30<sup>th</sup> June 2015, the Meghalaya High Court by a qualified order prohibited other mining activities, including limestone and sandstone mining, in the state due to licensing-related issues. This Order was not lifted till 27<sup>th</sup> January 2016.

**c. Banks in Meghalaya**

Bandhan, Kotak Mahindra Bank and the Tura Urban Cooperative Bank were the three banks which made their maiden entry to banking in the state in 2015-16, thereby taking to 35 the total number of banks in operation here, in addition to offices of the Reserve Bank of India and NABARD. The number of new bank branches opened during the year was 14.

State Bank of India, with 99 branches, is the Lead Bank in Meghalaya, while Meghalaya Rural Bank with 93 branches is the second largest bank of the state by size of branch network.

<b>Branches of all banks in Meghalaya: 31<sup>st</sup> March 2016</b>		
<i>Banks</i>	<i>New branches opened in 2015-16</i>	<i>Total network</i>
SBI	3	99
Other Public Sector banks	2	94
Meghalaya Rural Bank	1	93
Cooperative Banks	4	55
Private Sector banks	6	41
<b>Total</b>	<b>14</b>	<b>382</b>

<b>Category-wise bank branch network in the state: 31<sup>st</sup> March 2016</b>				
<i>Bank</i>	<i>Urban</i>	<i>Semi-urban</i>	<i>Rural</i>	<i>Total network</i>
SBI	15	13	71	99
Other Public Sector banks	27	21	46	94
Meghalaya Rural Bank	4	17	72	93
Cooperative banks	26	9	20	55
Private Sector banks	16	16	9	41
<b>Total</b>	<b>107</b>	<b>76</b>	<b>199</b>	<b>382</b>

Performance of banks in Meghalaya: 2015-16 <i>Rupees in lakhs</i>					
	<i>31<sup>st</sup> Mar '2014</i>	<i>31<sup>st</sup> March 2015</i>		<i>31<sup>st</sup> Marh '2016</i>	
	<i>Level</i>	<i>Level</i>	<i>Growth % over prev. yr.</i>	<i>Level</i>	<i>Growth % over prev. yr.</i>
Deposits	156,43,03.69	180,88,47.05	15.63	201,70,49.50	11.51
Credit outstanding	50,55,64.07	56,03,04.58	10.83	59,41,67.13	6.04
Total business	2069867.76	236,91,51.63	14.46	261,12,16.53	10.22
CDR	32.32	30.98	-1.34	29.46	-1.52

## 2. CAPITAL STRUCTURE

### a. Enhancement of share-capital

The Bank's capital structure saw significant change with the passage, and coming into force on 4th February 2016, of the Regional Rural Banks (Amendment) Act, 2015. Consequent to the amendment, the Bank's authorized share capital was increased from five crore to two thousand crore rupees, the face-value of each share was reduced from a hundred rupees to ten rupees, share capital deposit was converted to equity, and the Bank's issued and fully paid-up share capital stood enhanced from one crore rupees to two crore fifty nine lakh and seventy six thousand rupees. Procedures for recall of the earlier share certificates and issuance of fresh certificates are underway.

<b>Issued Share Capital</b>		
<i>Share-holder</i>	<i>Share amount</i>	<i>Percentage of holding</i>
Government of India	1,29,88,000	50
State Bank of India	90,91,600	35
Government of Meghalaya	38,96,400	15
<b>Total</b>	<b>2,59,76,000</b>	<b>100</b>

## 3. ORGANISATIONAL SET-UP

A view of the Bank's current organisational set-up is provided hereunder:

<b>Bank's organisational structure</b>	
I	Board of Directors, comprised of 9 Directors
II	Chairman
III	General Manager
IV	Head Office Departments: i) Per & HR, ii) Accounts, iii) Advances, iv) Inspection & Audit, v) IT, vi) Chairman's Secretariat, vii) Vigilance. Each department is headed by a Senior MMGS-III Manager, while the Vigilance Cell is under the charge of a Senior Manager deputed from the Sponsor Bank.
V	Regional Manager (a Chief Manager : Scale IV position) - The RM is the Controller of all branches apart from Shillong Branch, whose Controller is the General Manager.
VI	Chief Managers : Scale IV of Shillong/Iewduh Branches.
VII	Branch Managers : Scale II
VIII	Branch Managers : Scale I

#### 4. INFORMATION TECHNOLOGY

##### a. Roll-outs during the year

With the progressive computerisation of ever increasing areas of the Bank's operations in recent years, the role of IT and of the Bank's IT Cell has assumed critical importance.

The Bank had purchased its first PC way back in 1995, and subsequently initiated Total Branch Automation (TBA) on the Zenith Infotech Banc 724 platform. Migration to integrated networking via the TCS-developed Bancslink Core Banking Solutions (CBS) software began in January 2011 and was completed by June that year, with C-Edge Technologies Ltd, Mumbai as the Service Provider. Thereafter, several other packages of computerised facilities, such as money transfer via RTGS and NEFT, RuPay ATM-cum-Debit Cards, SMS and NEFT alerts, and Direct Benefit Transfers (DBT), were made available to customers of the Bank.

Management of software and hardware related issues on a day-to-day basis was tackled by the Bank's IT Cell headed by a Senior Manager and comprised of two other Managers, an Assistant Manager and an Office Attendant. A System Support Executive from C-Edge is also stationed with the IT Cell.

Among the advancements in IT achieved during 2015-16 were:

- Further strengthening of Electronic Funds Transfer capabilities through rolling- out of ACH (Automated Clearing House) & ECS (Electronic Clearing System) - (both Debit and Credit) facilities,
- Roll-out of ABPS (Aadhaar Bridge Payment System) and AEPS [Aadhaar Enabled Payment (on us) System],

apart from testing of IMPS (Immediate Payment System), AEPS (Off-us) and INB (Internet Banking),

The IT Cell also developed content for the Bank's website and monitored activities thereat.

##### b. e-Payments Literacy Workshop-cum-Awareness Camp

The Bank in collaboration with the National Payments Corporation of India (NPCI) organised a well-attended e-Payments Literacy Workshop-cum-Awareness Camp for members of the public at the State Central Library, Shillong and at Nongstoin on 8<sup>th</sup> September 2015, - the day designated by UNESCO as International e-Literacy Day.

## 5. SERVICE NETWORK

### a. Branches

A new branch was opened at Patharkmah in Ri Bhoi district on 30<sup>th</sup> March 2016. For much of the year, though, the focus had been on consolidating the business performance of the many fledgling branches inaugurated over the last couple of years or so.

The Bank is currently operating in all 11 districts of the state, including the Garo Hills districts where it first made entry on 31<sup>st</sup> March 2008.

Numerous delegations of village durbars visited the Bank's Head Office to petition for setting up Meghalaya Rural Bank branches in their villages. Most of these petitions, though, could not be readily acceded to because of manpower constraint and other considerations.

<b>Change in Branch Status during 2015-16</b>	
<i>Branches:</i>	<i>No.</i>
Merged	-
Relocated	-
Opened	1
Converted into satellite branches	-

<b>District-wise Categorisation &amp; Break-up of Bank's Branch Network</b>				
<i>District</i>	<i>Rural</i>	<i>Semi Urban</i>	<i>Urban</i>	<i>Total</i>
East Khasi Hills	23	13	2	38
West Khasi Hills	11	1	1	13
South West Khasi Hills	1	1	-	2
East Jaintia Hills	9	-	-	9
West Jaintia Hills	9	1	-	10
East Garo Hills	1	-	-	1
West Garo Hills	4	-	1	5
North Garo Hills	1	-	-	1
South Garo Hills	1	-	-	1
South West Garo Hills	2	-	-	2
Ri Bhoi	10	1	-	10
<b>Total</b>	<b>72</b>	<b>17</b>	<b>4</b>	<b>93</b>

**b. Extension service through CSPs/BCs**

For supplementing services rendered through its fixed branch network, the Bank had appointed 8 Banking Correspondents (BCs) to deliver extended banking services through Customer Service Points (CSPs) set up at the under-mentioned rural centres. It might be mentioned that the individuals appointed as BCs were identified and selected by the Bank in consultation with Headmen of the villages concerned.

<b>Bank's CSPs</b>	
<i>Location</i>	<i>Link-branch</i>
Laitdom	Mairang
Mawlyntriang	Nongkhlaw
Mawphanniew	Nongkhlaw
Ialong	Jowai
Kyrdem	Bhoirymbong
Dong-kiingding	Mairang
Mawlynrei	Rynjah
Mawshbuit	Demthring

**c. ATM network**

As the Bank does not have its own ATM network, it has been dependent for this service on the ATM network of its Sponsor Bank.

**6. DEPOSITS****a. Growth**

The deposits of the Bank increased by 6.43% in 2015-16, compared to growth by 14.50% in 2014-15. The number of new customers added to the depositor base was by 79,737.

	<b>Deposits</b>					
	<i>31st March 2014</i>		<i>31st March 2015</i>		<i>31st March 2016</i>	
<i>Category</i>	<i>Accounts</i>	<i>Amounts</i>	<i>Accounts</i>	<i>Amounts</i>	<i>Accounts</i>	<i>Amounts</i>
Current Account	6448	62,81,56	6785	61,42,46	6910	54,84,76
Savings Bank	279406	612,43,04	366613	702,10,05	444191	709,84,07
Sundries	-	3,14	-	3,23	-	3,89
Term Deposit	11141	123,35,16	12217	152,50,47	12716	193,21,73
Spl. Term Deposit	10501	236,95,08	11614	269,11,11	12200	301,34,45
Recurring Deposit	2617	5,97,82	3639	7,43,37	4588	10,00,56
<b>Total</b>	<b>310113</b>	<b>1041,55,80</b>	<b>400868</b>	<b>1192,60,69</b>	<b>480605</b>	<b>1269,29,46</b>

<b>Deposit growth in the last ten years</b>		
<i>Rupees in thousands</i>		
<i>Year ended</i>	<i>Deposit level</i>	<i>Increase %</i>
31st March 2007	280,13,85	11.87
31st March 2008	315,98,48	12.80
31st March 2009	403,94,45	27.84
31st March 2010	532,30,70	31.78
31st March 2011	677,41,88	27.26
31st March 2012	807,42,00	19.19
31st March 2013	995,30,14	23.27
31st March 2014	1041,55,80	4.65
31st March 2015	1192,60,69	14.50
<b>31st March 2016</b>	<b>1269,29,46</b>	<b>6.43</b>

Average deposits		
<i>Rupees in thousands</i>		
<i>Year ended</i>	<i>Amount</i>	<i>Growth %</i>
2008-09	370,03,24	26.63
2009-10	458,69,12	23.96
2010-11	600,32,95	30.88
2011-12	730,05,23	21.61
2012-13	885,88,76	21.34
2013-14	951,58,85	7.42
2014-15	1123,58,79	18.07
2015-16	1213,36,48	7.99

**b. CASA deposits**

Average CASA to total deposits ratio			
<i>Year</i>	<i>Share %</i>	<i>Year</i>	<i>Share %</i>
2003-04	54.46	2009-10	65.98
2004-05	59.29	2010-11	67.42
2005-06	60.41	2011-12	67.89
2006-07	62.33	2012-13	69.05
2007-08	65.98	2013-14	64.83
2008-09	63.50	2014-15	64.15
		<b>2015-16</b>	<b>60.25</b>

**c. Interest paid on deposits**

Interest of 4% per annum was paid on Savings Bank balances, while interest was paid on time deposits at the following rates:

Interest rates on Time Deposits		
Period	Rate % per annum	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016
7 to 90 days	6.00	5.50
91 days to less than 1 year	6.50	6.00
1 year and above	8.25	7.75

**d. Deposits per branch/employee**

Deposits: Per Branch & Per Employee		
Year ended	Rupees in thousands	
	Per Branch	Per Employee
31st March 2009	7,48,05	1,96,09
31st March 2010	9,67,83	2,44,18
31st March 2011	24,19,35	2,64,62
31st March 2012	12,61,59	3,15,40
31st March 2013	13,09,61	3,12,99
31st March 2014	11,44,57	3,01,03
31st March 2015	12,96,31	3,20,59
<b>31st March 2016</b>	<b>12,82,37</b>	<b>2,98,90</b>

**e. Cost of Deposits**

The average Cost of Deposits showed improvement from 5.33% in 2014-15 to 5.12% in 2015-16.

**f. DICGC**

Deposits held by the Bank to the exclusion of government deposits were insured with the Deposits Insurance & Credit Guarantee Corporation (DICGC), Mumbai.

## 7. LOANS AND ADVANCES

Credit is a key area of the Bank's focus and credit performance was kept under close monitoring and scrutiny.

### a. Loans and advances disbursed

Loans and Advances disbursed <i>Rupees in thousands</i>						
<i>Category</i>	<i>31st March 2015</i>			<i>31st March 2016</i>		
	<i>A/cs</i>	<i>Amount</i>	<i>%</i>	<i>A/cs</i>	<i>Amount</i>	<i>%</i>
Crop Loans	8321	43,61,72	13.06	6379	32,53,02	11.67
Agriculture Term Loan	128	1,24,99	0.37	135	1,31,93	0.47
Allied Agriculture Term Loan	231	3,08,24	0.92	179	3,00,73	1.08
Debt-Swap	5	1,59	0.00	26	5,22	0.02
Self Help Groups	68	46,04	0.14	149	1,25,75	0.45
Retail Trade/ Small Business	2619	111,46,90	33.37	2744	95,75,18	34.36
Transport Operators	283	74,95,3	2.24	277	6,46,39	2.32
Small Scale Industries	521	15,89,80	4.76	290	7,44,49	2.67
Housing	146	13,21,89	3.96	94	8,79,56	3.16
Educational Loans	96	3,59,09	1.08	51	1,74,78	0.63
GCC	602	2,05,30	0.61	422	1,10,93	0.40
Others	3119	1,36,49	0.41	2040	5,81,96	2.09
<b>Total Priority Sector</b>	<b>16139</b>	<b>203,51,58</b>	<b>60.93</b>	<b>12786</b>	<b>165,29,94</b>	<b>59.32</b>
Non-Priority Sector	3121	130,50,41	39.07	3153	113,36,51	40.68
<b>Total disbursement</b>	<b>19260</b>	<b>334,01,99</b>	<b>100.00</b>	<b>15939</b>	<b>278,66,45</b>	<b>100.00</b>

### b. Loans and advances outstanding

Loans and advances grew by 22.41% between March 2014 and March 2015, and by 5.50% between March 2015 and March 2016.

<b>Loans and advances outstanding</b>									
<i>Rupees in thousands</i>									
<i>Category</i>	<i>31st March 2014</i>			<i>31st March 2015</i>			<i>31st March 2016</i>		
	<i>A/cs</i>	<i>Amount</i>	<i>%</i>	<i>A/cs</i>	<i>Amount</i>	<i>%</i>	<i>A/cs</i>	<i>Amount</i>	<i>%</i>
Crop Loans	14460	60,86,60	12.10	17522	78,88,26	12.81	18723	88,91,86	42.68
Agriculture Term Loan	522	4,79,88	0.95	479	4,30,37	0.70	561	5,57,94	1.28
Allied Agriculture Term Loan	1392	7,92,33	1.57	1130	8,21,49	1.33	1124	11,06,49	2.56
Debt-Swap	19	3,68	0.01	11	2,31	0.00	30	5,11	0.07
Self Help Groups	700	5,11,68	1.02	744	7,73,66	1.26	669	6,74,50	1.53
Retail Trade/ Small Business	4399	133,66,66	26.57	4340	131,61,32	21.37	5209	142,43,49	11.87
Transport Operators	1139	42,23,47	8.39	1184	37,12,88	6.03	1190	29,46,49	2.71
Small Scale Industries	1167	32,45,47	6.45	1439	40,54,45	6.58	1499	37,44,78	3.42
Housing	734	55,15,93	10.96	774	57,02,99	9.26	893	88,95,81	2.04
Educational Loans	177	3,55,24	0.71	253	5,15,61	0.84	298	6,81,16	0.68
GCC	3033	4,76,27	0.95	4255	8,82,88	1.43	4305	9,07,27	9.81
Others	471	2,06,08	0.41	1473	4,31,18	0.70	1363	51,90	3.11
<b>Total Priority Sector</b>	<b>28213</b>	<b>352,63,30</b>	<b>70.09</b>	<b>33604</b>	<b>383,77,40</b>	<b>62.32</b>	<b>35864</b>	<b>427,06,80</b>	<b>81.75</b>
Non-Priority Sector	6945	150,46,23	29.91	7721	232,05,12	37.68	8004	222,65,33	18.25
<b>Total outstanding</b>	<b>35158</b>	<b>503,09,53</b>	<b>100.00</b>	<b>41325</b>	<b>615,82,52</b>	<b>100.00</b>	<b>43868</b>	<b>649,72,13</b>	<b>100.00</b>

### c. Priority Sector Lending (PSL)

As per the RBI's revised norms, the PSL target for regional rural banks was raised from 60% to 75% of total loans and advances outstanding with effect from 1<sup>st</sup> January 2016. As against these targets, the Bank achieved PSL of 70.09% in March 2014, 62.31% in March 2015, and 65.73% in March 2016.

<b>Priority Sector Lending</b>						
<i>Rupees in thousands</i>						
<i>Category</i>	<i>31st March 2014</i>		<i>31st March 2015</i>		<i>31st March 2016</i>	
	<i>A/cs</i>	<i>Amount</i>	<i>A/cs</i>	<i>Amount</i>	<i>A/cs</i>	<i>Amount</i>
PSL: disbursement	17927	207,20,37	16139	203,51,58	12786	165,29,94
PSL: outstanding	28213	352,63,30	33604	383,77,40	35864	427,06,80
Total loans & advances outstanding	35158	503,09,53	41325	615,82,52	43868	649,72,13

**d. Lending to Scheduled Tribe communities**

Members of the Scheduled Caste communities are negligible in numbers in the state, while the Scheduled Tribe communities constitute the overwhelming majority (over 85%) of the population here. This population aspect find reflection in the figures below:

<b>Lending to Scheduled Tribe Communities</b>								
<i>Rupees in thousands</i>								
<i>Particulars</i>	<i>2014-15</i>				<i>2015-16</i>			
	<i>Disbursed</i>		<i>Outstanding</i>		<i>Disbursed</i>		<i>Outstanding</i>	
		<i>as % of total disbursed</i>		<i>as % of total outst'ding</i>		<i>as % of total disbursed</i>		<i>as % of total outst'ding</i>
Accounts	15544	74.13	36255	87.73	12911	81.00	38728	88.28
Amount	277,50,20	86.28	583,83,87	94.81	255,88,48	91.83	617,92,93	95.11

**e. Annual Action Plan (AAP)**

<b>Disbursement under Annual Credit Plan - 2015-16</b>			
<i>Rupees in thousands</i>			
<i>Sector</i>	<i>Target</i>	<i>Achievement</i>	
		<i>Amount</i>	<i>%</i>
Crop Loans	63,90,00	32,53,02	50.90
Other Agriculture	79,10,00	6,74,56	8.52
Industries	68,90,00	7,44,49	10.80
Services	184,92,00	118,57,87	64.12
<b>Total Priority</b>	<b>396,82,00</b>	<b>165,29,94</b>	<b>41.65</b>
Non-Priority	139,73,00	113,36,51	81.13
<b>Total</b>	<b>536,55,00</b>	<b>278,66,45</b>	<b>51.93</b>

## f. Credit Deposit Ratio (CDR)

District-wise Credit Deposit Ratio						
<i>Rupees in thousands</i>						
District	31st March 2015			31st March 2016		
	Dep.	Adv.	CDR%	Dep.	Adv.	CDR%
East Khasi Hills	463,01,00	320,73,35	69.27	511,01,00	341,81,54	66.89
West Khasi Hills	196,48,00	94,52,08	48.11	1,91,64,00	93,86,93	48.98
South West Khasi Hills	30,68,00	22,21,44	72.41	31,88,00	21,87,30	68.61
East Jaintia Hills	281,74,00	51,43,30	18.26	2,94,85,00	49,91,31	16.93
West Jaintia Hills	130,65,00	47,50,24	36.36	1,45,14,00	48,81,75	33.63
East Garo Hills	3,04,00	4,07,62	134.09	2,71,00	3,96,45	146.29
West Garo Hills	14,23,00	27,87,52	195.89	17,77,00	35,79,61	201.44
North Garo Hills	1,00	-	-	1,00	-	-
South Garo Hills	57,00	21,20	37.18	1,26,00	36,38	28.87
South West Garo Hills	1,15,00	1,10,30	95.91	1,93,00	1,46,44	75.88
Ri Bhoi	63,18	34,67	54.87	71,04,00	51,84,42	72.98
<b>Total</b>	<b>10,41,55</b>	<b>5,03,10</b>	<b>48.30</b>	<b>126,924,00</b>	<b>649,72,13</b>	<b>51.19</b>

## g. Interest charged on loans and advances

Interest charged on Loans and Advances as on 31 <sup>st</sup> March 2016	
Particulars	Rate %
Agricultural Loans	
Crop loans/ Production loans up to Rs 3 lakh	7.00
Above Rs 3 lakh up to Rs 5 lakh	11.50
Above Rs 5 lakh up to Rs 10 lakh	12.50
Above Rs 10 lakh	13.50

<b>For all other Agriculture &amp; Allied Agriculture Loans</b>	<b>Rate %</b>
Up to Rs 50,000	9.50
Above Rs 50,000 to Rs 2 lakh	10.50
Above Rs 2 lakh to Rs 5 lakh	11.50
Above Rs 5 lakh to Rs 10 lakh	12.50
Above Rs 10 lakh	13.50
General Credit Card (GCC) and Swarozgar Credit Card (SCC)	9.50
<b>SME Loans</b>	
Up to Rs 50,000	11.00
Above Rs 50,000 to Rs 2 lakh	11.50
Above Rs 2 lakh to Rs 5 lakh	12.00
Above Rs 5 lakh to Rs 10 lakh	13.00
Above Rs 10 lakh	13.50
<b>Housing Loans</b>	
Up to Rs 15 lakh	9.80
Above Rs 15 lakh to Rs 25 lakh	9.95
Above Rs 25 lakh	10.10
<b>Education Loans</b>	
Up to Rs 4 lakh	10.00
Above Rs 4 lakh to Rs 10 lakh	11.00
Above Rs 10 lakh to Rs 20 lakh	11.50
Above Rs 20 lakh	12.00
Above Rs 20 lakh	
<b>Loans under National Scheduled Tribes Finance and Development Corporation (NSTFDC)</b>	
Up to Rs 5 lakh	6.00
Above Rs 5 lakh	8.00
<b>Other loans</b>	
To NGOs for onward lending to SHGs	10.00
Loans under Rent Plus and Mortgage loan schemes	14.00
Demand loan/OD against Bank's own securities	1%+FD rate
Demand loan/OD against NSC/Surrender value of LIC policy, gold ornaments, etc	14.00
Loan for Consumer durables / Computers / Two Wheelers	14.00
Public Car Loan	10.00
Personal loan / Festival loan	14.00
Clean overdraft	15.50

#### **h. Returns on Advances**

The Return on Advances ratio fell marginally from 10.74% as on March 2015 to 10.66% as on March 2016.

**i. Borrowings**

<b>Borrowings outstanding</b>						
<i>Rupees in thousands</i>						
Particulars	NABARD			Sponsor Bank		NSTFDC
	ST-SAO	Farm Sector	MT-Schematic	ST-SAO	ST-Non -SAO	General Term Loan
Previous year's outstanding	13,00,00	-	260,83	-	18,08	3,31,91
Limit sanctioned during the year	15,00,00	-	276,00	-	15,22,50	72,58
Drawn	15,00,00	-	276,00	-	15,22,50	72,58
Repaid	13,00,00	-	117,04	-	13,17,32	93,78
Outstanding	15,00,00	-	419,79	-	2,23,26	3,10,71

The schedules for repayment of principal and interest pertaining to refinance were closely adhered to.

The National Scheduled Tribes Finance & Development Corporation (NSTFDC), New Delhi, in particular, has expressed appreciation for “the excellent performance of your Corporation towards repayment of dues to NSTFDC during 2015-16.”

**j. DICGC's Credit Guarantee Scheme**

The Bank had withdrawn from participation in DICGC's Credit Guarantee Scheme with effect from 1<sup>st</sup> April 1995.

## 8. AGRICULTURAL CREDIT

Agricultural lending is the mainstay of the Bank's rural lending activities and Meghalaya Rural Bank has been endeavoring to increase lending to this sector and promote remunerative and innovative agricultural enterprises. At the same time, it might be indicated that the bulk of the rural populace of the state consists of small and marginal farmers whose demand continues to be modest.

### a. Agri-sector disbursement and outstanding

Agri-sector lending as a percentage of total loans and advances outstanding had increased from 17.30% as on March 2015 to 18.01% as on March 2016.

<b>Agri-Sector disbursement and outstanding</b>								
<i>Rupees in thousands</i>								
<i>2014-15</i>				<i>2015-16</i>				
<i>Schemes</i>	<i>Disbursed</i>		<i>Outstanding</i>		<i>Disbursed</i>		<i>Outstanding</i>	
	<i>A/cs.</i>	<i>Amt.</i>	<i>A/cs.</i>	<i>Amt.</i>	<i>A/cs.</i>	<i>Amt.</i>	<i>A/cs.</i>	<i>Amt.</i>
KCC	8321	43,61,72	17522	78,88,26	6379	32,53,02	18723	88,91,86
ATL	128	1,24,99	523	5,19,92	135	1,31,93	561	5,57,94
AATL	231	3,08,24	1204	950,95	179	3,00,73	1124	11,06,49
Debt Swap	5	1,59	11	2,31	26	5,22	30	5,11
Agri-clinic	-	-	1	90	-	-	1	33
GCC	602	2,05,30	4255	8,82,88	422	1,10,93	4305	9,07,27
Others	3017	8,18,95	1260	4,13,62	1596	3,63,41	1191	2,30,89
<b>Total</b>	<b>12304</b>	<b>58,20,79</b>	<b>24776</b>	<b>106,58,84</b>	<b>8737</b>	<b>41,65,24</b>	<b>25935</b>	<b>116,99,89</b>

### b. Joint Liability Groups (JLGs)

<b>Lending to JLGs</b>		
<i>Rupees in thousands</i>		
<i>Year</i>	<i>Outstanding</i>	
	<i>Accounts</i>	<i>Amount</i>
31st March 2014	18	18,81
31st March 2015	24	19,88
<b>31st March 2016</b>	<b>26</b>	<b>19,23</b>

**c. Special Central Assistance (SCA) Scheme**

The Bank entered into detailed discussion with the Directorate of Animal Husbandry & Veterinary Services, Government of Meghalaya, with regard to the Special Central Assistance (SCA) Scheme being formulated to promote dairy farming, piggery farming and feed manufacturing in the state.

**d. Scale of Finance**

The Scale of Finance followed with respect to agricultural and horticultural crop financing was as decided and prescribed by the state government's Technical Committee for Fixing Scale of Finance.

Farm-sector term investments were as per the rates prescribed by the NABARD-constituted Standing Committee on Unit Costs.

**e. Interest Subvention Scheme**

Interest subvention of 2% was made available by the Government of India to farmers availing crop loans of up to Rs 3 lakh. Promptly repaying borrowers were provided additional subvention of 1%.

**f. National Agricultural Insurance Scheme (NAIS)**

Crop loans disbursed in 'notified areas' of the state were insured with the Agriculture Insurance Company of India Ltd. (AIC) against crop losses sufferable on account of hailstorms, floods, pests, dry spells, etc. Ten percent of the insurance premium payable by small and marginal farmers under the scheme was jointly subsidised by the Central Government and the State Government.

<i>Particulars</i>	<b>Crop Insurance under NAIS</b>		<i>Rupees in thousands</i>	
	<i>2014-15</i>		<i>2015-16</i>	
	<i>Kharif</i>	<i>Rabi</i>	<i>Kharif</i>	<i>Rabi</i>
Eligible crop loans disbursed	18,23,93	25,37,79	5,00,69	27,52,33
Premium paid	86	146	74	177
Claims received	Nil	Nil	Nil	Nil

**g. Personal Accident Insurance Scheme (PAIS)**

The Bank's KCC borrowers were insured against personal accident risks under the National Insurance Company (NIC)'s Personal Accident Insurance Scheme.

**h. NRLM-Aajeevika**

With a view to alleviating poverty reduction, the Bank actively supported lending to SHGs of the poor under the National Livelihood Mission (NRLM)-Aajeevika.

<b>Financing of SHGs Under NRLM</b>									<i>Rupees in thousands</i>	
<i>Categories</i>	<i>31st March 2014</i>				<i>31st March 2015</i>					
	<i>Outstanding</i>		<i>Disbursement</i>		<i>Outstanding</i>		<i>Disbursement</i>			
	<i>Accounts</i>	<i>Amount</i>	<i>Accounts</i>	<i>Amount</i>	<i>Accounts</i>	<i>Amount</i>	<i>Accounts</i>	<i>Amount</i>		
Revolving Fund	325	37,71	44	10,45	242	40,62	20	6,22		
Activity Loan	316	4,08,96	40	86,49	502	7,33,04	48	39,82		
<b>Total</b>	<b>641</b>	<b>4,46,67</b>	<b>84</b>	<b>96,94</b>	<b>744</b>	<b>7,73,66</b>	<b>68</b>	<b>46,04</b>		

**i. Financing of other SHGs**

In order to promote economic development through financing of Self Help Groups (SHGs), the Bank entered a MOU with BAKDIL, a leading Tura-based NGO, to facilitate credit linkage of women-SHGs nurtured by this NGO in the Garo Hills.

In their “A Brief Success Story of Women SHGs Financed by Meghalaya Rural Bank, Dalu Branch from February 2015 to March 2016,” BAKDIL has highlighted the success stories of 4 women-SHGs, - two from Adanggre village, and the others from Thibapara and Choksimsa villages in Dalu C&RD Block. With counseling imparted by BAKDIL animators and credit availed from Meghalaya Rural Bank: Dalu, the SHGs mentioned successfully launched a petty shop, micro poultry unit, tailoring-cum-cloth shop, and a rice mill which have vastly benefitted the villages concerned in terms of income, entrepreneurship, cleanliness and education. For instance Adanggre, the report says “is slowly being transformed from a socially and economically backward village into a progressive village on the path towards development.”

<b>Direct Lending to SHGs/ NGOs</b>					<i>Rupees in thousands</i>	
<i>Year ended</i>	<i>Outstanding</i>		<i>Disbursement</i>			
	<i>Accounts</i>	<i>Amount</i>	<i>Accounts</i>	<i>Amount</i>		
31st March 2012	12	7,02	111	26,06		
31st March 2013	32	18,72	68	47,38		
31st March 2014	6	5,50	59	65,01		
31st March 2015	11	7,35	32	42,88		
<b>31st March 2016</b>	<b>9</b>	<b>45,90</b>	<b>27</b>	<b>45,47</b>		

## j. Farmers' Clubs

Farmers' Clubs Sponsored by the Bank	
Year	No. of FCs
2008-09	8
2009-10	24
2010-11	7
2011-12	19
2012-13	12
2013-14	36
2014-15	14
2015-16	-
<b>Total</b>	<b>120</b>

## 9. MSME SECTOR FINANCING

## a. Disbursement and outstanding

The Bank is actively involved in promoting micro, small and medium enterprises (MSMEs) particularly for their employment-generating and income enhancing propensities. Lending to this sector constitutes 36.07% of the Bank's total loans and advances outstanding as on 31<sup>st</sup> March 2016.

		MSME Sector financing				<i>Rupees in thousands</i>			
Category	2014-15				2015-16				
	Disbursed		Outstanding		Disbursed		Outstanding		
	A/cs.	Amt.	A/cs.	Amt.	A/cs.	Amt.	A/cs.	Amt.	
Retail Trade/ Small Business	2619	111,46,90	4506	175,20,34	2744	95,75,18	5243	154,23,95	
Transport Operators	283	7,49,53	1184	37,12,88	277	6,46,39	1190	29,46,49	
Small Scale Industries	521	15,89,80	1439	40,54,45	290	7,44,49	1499	37,44,78	
Others	161	3,27,54	401	8,38,24	579	4,33,82	855	43,59,40	
<b>Total</b>	<b>3584</b>	<b>138,13,77</b>	<b>7530</b>	<b>261,25,91</b>	<b>3890</b>	<b>113,99,88</b>	<b>8787</b>	<b>264,74,62</b>	

**b. Transport operators**

Lending to Transport Operators <i>Rupees in thousands</i>						
<i>Particulars</i>	<i>2013-14</i>		<i>2014-15</i>		<i>2015-16</i>	
	<i>Disbursed</i>	<i>Outstanding</i>	<i>Disbursed</i>	<i>Outstanding</i>	<i>Disbursed</i>	<i>Outstanding</i>
Accounts	419	1140	283	1184	277	1190
Amount	16,09,75	42,23,46	7,49,53	37,12,88	6,46,39	29,46,49

**c. Prime Minister's Employment Generation Programme (PMEGP)**

The Bank has also been active in the implementation of PMEGP – the Government sponsored scheme for fostering entrepreneurship among unemployed educated youth.

Lending under PMEGP: 2015-16 <i>Rupees in thousands</i>				
<i>Year ended:</i>	<i>Disbursed</i>		<i>Outstanding</i>	
	<i>A/cs.</i>	<i>Amt.</i>	<i>A/cs.</i>	<i>Amt.</i>
31st March 2012	131	4,09,87	326	11,21,75
31st March 2013	162	4,02,16	345	7,89,34
31st March 2014	157	5,46,83	353	7,94,50
31st March 2015	172	4,87,49	388	11,43,39
<b>31st March 2016</b>	<b>128</b>	<b>3,68,45</b>	<b>453</b>	<b>12,45,08</b>

**d. Womens' Economic Empowerment Scheme**

The Bank has also been implementing the 'Women's Economic Empowerment through Financial Inclusion Scheme' launched by the Government of Meghalaya in 2013 under its Integrated Basin Development and Livelihood Promotion Programme (IBDLP) in 2013 for the benefit of women entrepreneurs of the state.

<b>Women's Economic Empowerment Scheme: 31st March 2016</b>		
<i>Rupees in thousands</i>		
<i>District</i>	<i>Accounts</i>	<i>Amount</i>
East Khasi Hills	1619	2,57,83
West Khasi Hills	272	54,10
South West Khasi Hills	3	60
East Jaintia Hills	173	79,40
West Jaintia Hills	54	14,96
East Garo Hills	3	60
West Garo Hills	3	60
North Garo Hills	3	60
South Garo Hills	3	60
South West Garo Hills	3	60
Ri Bhoi	319	75,35
<b>Total</b>	<b>2455</b>	<b>4,85,25</b>

**e. Pradhan Mantri MUDRA Yojana (PMMY)**

The Micro Units Development Agency Ltd. (MUDRA) was launched by the Prime Minister on 8<sup>th</sup> April 2015 to provide refinance for non-farm credit of below Rs 10 lakh extended to micro enterprises engaged in manufacturing, trading and services under PMMY. Between 8<sup>th</sup> April 2015 and 31<sup>st</sup> March 2016, the Bank had disbursed loans totalling over Rs 41.91 crore under the scheme:

<b>Financing Under MUDRA</b>												
<i>Rupees in thousands</i>												
	<i>SHISHU (Loans up to Rs 50,000)</i>			<i>KISHORE (Loans of Rs 50,001 to Rs 5 lakhs)</i>			<i>TARUN (Loans of Rs 5 lakh to Rs 10 lakh)</i>			<i>Total</i>		
	<i>A/cs</i>	<i>Amt. dis -burs'd</i>	<i>Outstan -din Amt.</i>	<i>A/cs</i>	<i>Amt. dis -burs'd</i>	<i>Outstan -ding Amt</i>	<i>A/cs</i>	<i>Amt. dis -burs'd</i>	<i>Outstan -ding Amt</i>	<i>A/cs</i>	<i>Amt. dis -burs'd</i>	<i>Outstan -ding Amt</i>
General	126	46,45	46,95	125	2,92,50	2,65,00	14	1,13,00	96,60	265	4,51,95	4,08,55
SCs	-	-	-	-	-	-	-	-	-	-	-	-
STs	1604	5,80,31	5,37,76	992	24,54,10	20,42,10	84	7,05,00	6,27,20	2680	37,39,41	32,07,06
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1730</b>	<b>6,26,76</b>	<b>5,84,71</b>	<b>1117</b>	<b>27,46,60</b>	<b>23,07,10</b>	<b>98</b>	<b>8,18,00</b>	<b>7,23,80</b>	<b>2945</b>	<b>41,91,36</b>	<b>36,15,61</b>
Out of the above:												
Women entrepreneurs	1089	3,85,71	3,57,78	556	12,87,80	11,09,30	28	2,17,00	1,94,00	1673	18,90,51	16,61,08
New entrepreneurs	1325	4,79,94	4,59,87	736	17,56,86	15,49,10	36	2,85,93	2,64,89	2097	25,22,73	22,72,86
Others	-	-	-	-	-	-	-	-	-	-	-	-

**10. PERSONAL SEGMENT LOANS****a. Loans sanctioned and outstanding**

<b>Personal Segment Lending</b>									<i>Rupees in thousands</i>
<i>Category</i>	<i>2014-15</i>				<i>2015-16</i>				
	<i>Sanctioned</i>		<i>Outstanding</i>		<i>Sanctioned</i>		<i>Outstanding</i>		
	<i>Accounts</i>	<i>Amount</i>	<i>Accounts</i>	<i>Amount</i>	<i>Accounts</i>	<i>Amount</i>	<i>Accounts</i>	<i>Amount</i>	
Housing	339	43,50,80	948	81,71,37	106	10,52,45	893	88,95,81	
Education Loans	96	3,59,09	260	5,67,72	51	1,74,78	299	6,84,16	
Others	3101	123,15,37	7540	206,84,63	3135	48,97,26	7879	170,65,59	
<b>Total</b>	<b>3536</b>	<b>170,25,26</b>	<b>8748</b>	<b>294,23,72</b>	<b>3292</b>	<b>61,24,49</b>	<b>9071</b>	<b>266,45,56</b>	

**b. Public Housing Loans**

<b>Public Housing Finance Outstanding</b>									<i>Rupees in thousands</i>
<i>Year ended</i>	<i>Rural</i>		<i>Semi-Urban</i>		<i>Urban</i>		<i>Total</i>		
	<i>A/cs</i>	<i>Amount</i>	<i>A/cs</i>	<i>Amount</i>	<i>A/cs</i>	<i>Amount</i>	<i>A/cs</i>	<i>Amount</i>	
31.03.2014	182	16,77,31	281	19,72,27	271	18,66,35	734	55,15,93	
31.03.2015	225	23,77,08	326	29,87,90	397	28,06,39	948	81,71,37	
<b>31.03.2016</b>	<b>250</b>	<b>27,75,83</b>	<b>326</b>	<b>32,19,61</b>	<b>317</b>	<b>29,00,38</b>	<b>893</b>	<b>88,95,82</b>	

<b>Public Housing Finance Outstanding</b>				
<i>Rupees in thousands</i>				
	<i>Outstanding</i>		<i>Disbursement</i>	
<i>Year ended</i>	<i>Accounts</i>	<i>Amount</i>	<i>Accounts</i>	<i>Amount</i>
31.03.2013	647	39,32,27	292	7,92,99
31.03.2014	734	55,15,93	141	21,15,43
31.03.2015	948	81,41,37	339	43,50,80
31.03.2016	893	88,95,81	106	10,52,45

**b. Pradhan Mantri Awas Yojana (PMAY)**

The Pradhan Mantri Awas Yojana- Housing for All (Urban) Mission was launched by the Ministry of Housing & Urban Poverty Alleviation (MoHUPA), Government of India, to facilitate 'Housing for All' by 2022. PMAY came into effect from 17<sup>th</sup> June 2015 and the Bank has disbursed loans totalling Rs 39.74 lakh under the scheme up to 31<sup>st</sup> March 2016.

Financing under PMAY – 31 <sup>st</sup> March 2016		<i>Rupees in thousands</i>
	Disbursed	Outstanding
Accounts	5	5
Amount	39,74	32,44

## 11. RECOVERY OF LOANS & ADVANCES/IRAC NORMS/NPAMANAGEMENT

### a. Demand Collection Balance (DCB)

Demand Collection Balance (DCB) Position <i>Rupees in thousands</i>								
Sector	Demand		Collection		Overdues		Recovery%	
	June 14	June 15	June 14	June 15	June 14	June 15	June 14	June 15
Farm	53,84,94	52,03,71	41,83,45	36,77,85	12,01,49	15,25,87	77.69	70.67
Non-Farm	111,63,95	280,41,53	85,59,60	215,15,72	26,04,35	65,25,81	76.67	76.72
<b>Total</b>	<b>165,48,89</b>	<b>332,45,25</b>	<b>127,43,05</b>	<b>251,93,57</b>	<b>38,05,84</b>	<b>80,51,68</b>	<b>77.00</b>	<b>75.78</b>

Age-wise overdues <i>Rupees in thousands</i>						
Period	Farm		Non-Farm		Total	
	June'14	June'15	June'14	June'15	June'14	June'15
Below 1 year	5,67,68	6,21,66	10,64,89	30,35,95	16,32,57	36,57,60
1 to 3 years	4,63,56	8,52,63	10,68,86	15,49,37	15,32,42	24,01,99
3 to 5 years	93,42	43,66	2,27,34	13,76,93	3,20,76	14,20,59
Above 5 years	76,83	7,93	2,43,26	5,63,57	3,20,09	5,71,49
<b>Total</b>	<b>12,01,49</b>	<b>15,25,87</b>	<b>26,04,35</b>	<b>65,25,81</b>	<b>38,05,84</b>	<b>80,51,68</b>

### b. Bakijai (Certificate) Cases

Bakijai (Certificate) Cases filed <i>Rupees in thousands</i>				
Number of cases	31 <sup>st</sup> March 2015		31 <sup>st</sup> March 2016	
	Nos.	Amount	Nos.	Amount
Pending at the beginning of the year	410	58,17	1004	1,67,20
Settled during the year	251	35,61	351	1,22,31
Additional filed during the year	845	1,44,64	597	1,75,43
Pending at the end of the year	1004	1,67,20	1250	2,20,32

## d. Compromise settlement/ OTS/ Write-off

<b>Compromise settlement/OTS/Write-off</b>					<i>Rupees in thousands</i>	
<i>Particulars</i>	<i>31st March 2015</i>		<i>31st March 2016</i>			
	<i>A/cs.</i>	<i>Amount</i>	<i>A/cs.</i>	<i>Amount</i>		
Loans written off	224	59,87	556	213,69		
Of which, to:						
Bad debts debited	224	59,87	556	213,69		
DICGC claims adjusted	-	-	-	-		
Compromise/ One-Time Settlement	-	-	3	4,48		
<b>Total</b>	<b>224</b>	<b>59,87</b>	<b>559</b>	<b>218,17</b>		

## b. Income Recognition &amp; Assets Classification (IRAC) norms

<b>Interest de-recognised</b>			<i>Rupees in thousands</i>	
<i>Particulars</i>	<i>31st March 2015</i>		<i>31st March 2016</i>	
Beginning of the year	1,87,38		94,74	
Recovered	1,61,58		51,63	
Added	68,94		1,29,31	
At the end of the year	94,74		1,72,42	

<b>Asset Classification and Provisioning</b>									<i>Rupees in thousands</i>			
<i>Assets</i>	<i>31st March 2015</i>				<i>31st March 2016</i>							
	<i>Secured</i>	<i>Unsecured</i>	<i>Total</i>	<i>Provision</i>	<i>Secured</i>	<i>Unsecured</i>	<i>Total</i>	<i>Provision</i>				
Standard	48498,45	104,32,73	589,31,18	1,86,06	4859994	1186801	6046795	19208				
Sub-Standard	870,68	3,87,33	12,58,01	2,49,33	74241	12831	87072	14344				
Doubtful-1	162,43	1,56,05	3,18,48	1,77,66	194601	85776	280377	124411				
Doubtful-2	321,47	3,82,03	7,03,50	4,79,72	36869	10122	46991	21656				
Doubtful-3	26,42	1,41,69	1,68,11	1,66,81	3226	16362	19588	19403				
Loss	-	2,03,24	2,03,24	2,01,66	-	16196	16196	16295				
<b>Total</b>	<b>49879,45</b>	<b>117,03,07</b>	<b>615,82,52</b>	<b>14,61,25</b>	<b>5168931</b>	<b>1328088</b>	<b>6497018</b>	<b>215317</b>				

## e. NPA Management

The Bank had migrated to system-generated NPAs since 2013 but certain deficiencies remained in the NPA tracking system which warranted fixing. A decision was taken on the matter and the new "NPA Functionality in B@NCS24" came into effect from 8<sup>th</sup> September 2015.

Immediately on introduction of the new functionality, the Bank's NPA level shot up virtually overnight from Rs 63.27 crore in 5<sup>th</sup> September 2015 to Rs 138.28 crore in 8<sup>th</sup> September 2016. This sudden increase came as a jolt which triggered the Bank into taking urgent control measures, including revamping of the NPA Management Cell at the Controlling Office, formulation of a restructured NPA Management Policy, launching of a relentless drive against recalcitrant borrowers, appointment of and renewal of agreement with Recovery Agents, taking of recourse to Lok Adalat litigation, filing of FIRs, and registering cases under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.

These measures had their effect for by March 2016 the runaway situation was brought under much better control and Gross NPAs stood trimmed by almost two-thirds of the September 2015 figure to Rs 45.04 crore. The percentage of Gross NPAs to total loans and advances outstanding was capped at 6.93%.

<b>NPA Management</b>		<i>Rupees in thousands</i>	
<i>Particulars</i>	<i>31st March 2014</i>	<i>31st March 2015</i>	<i>31st March 2016</i>
NPA at the beginning of the year	23,99,59	22,37,30	26,51,34
Added during the year	10,15,75	12,59,40	31,71,89
NPA upgraded to standard assets	4,87,93	4,06,31	6,72,71
Recovered	6,36,14	3,79,18	4,32,64
Written-off	53,97	59,87	2,13,69
<b>Total reduction during the year</b>	<b>11,78,04</b>	<b>8,45,36</b>	<b>13,19,04</b>
<b>Gross NPA at the end of the year</b>	<b>22,37,30</b>	<b>26,51,34</b>	<b>45,04,19</b>
Gross NPA as % of total advances	4.45	4.31	6.93
<b>NPA net of provisions</b>	<b>10,06,95</b>	<b>12,81,41</b>	<b>12,42,40</b>
Net NPA as % of total advances	2.00	2.08	1.91

**12. TOTAL BUSINESS**

<b>Business growth</b>				<i>Rupees in thousands</i>	
<i>Year</i>	<i>Deposits</i>	<i>Loans &amp; Advances O/s</i>	<i>Total Business</i>	<i>Increase %</i>	
31st March 2011	677,41,88	216,15,45	893,57,33	28.98	
31st March 2012	807,42,00	278,21,74	1085,63,74	21.51	
31st March 2013	995,30,14	378,85,27	1374,15,41	26.58	
31st March 2014	1041,55,80	503,09,53	1544,65,33	12.41	
31st March 2015	1192,60,69	615,82,52	1808,43,21	17.08	
31st March 2016	1269,29,46	649,72,13	1919,01,59	6.11	

<b>Business per branch/employee</b>					<i>Rupees in thousands</i>
<i>Particulars</i>	<i>31<sup>st</sup> Mar'2012</i>	<i>31<sup>st</sup> Mar'2013</i>	<i>31<sup>st</sup> Mar'2014</i>	<i>31<sup>st</sup> Mar'2015</i>	<i>31<sup>st</sup> Mar'2016</i>
Per branch	16,96,31	18,08,10	16,97,42	19,65,69	20,63,46
Per employee	4,24,07	4,32,12	4,46,43	4,86,14	4,80,96

**13. FINANCIAL INCLUSION & SOCIAL SECURITY SCHEMES****a. Pradhan Mantri Jan Dhan Yojana (PMJDY)**

The Bank had under the Pradhan Mantri Jan Dhan Yojana (PMJDY) been assigned to provide banking outlets to 89 Sub Service Areas (SSAs) and 10 Wards spread over 1371 villages covering over 2 lakh households in 9 districts of the state. Coverage of 623 of the allotted villages has been completed and a Road-Map for covering the rest through fixed branches, CSPs and SHPIs has been framed.

<b>PMJDY - 31<sup>st</sup> March 2016</b>		<i>Rupees in thousands</i>
	<i>A/cs.</i>	<i>Deposit Amount</i>
Opened	81739	19,23,03
ATM Cards issued	50632	-
No. of zero-balance accounts	19255	-

### b. Financial Literacy Campaign (FLC)

The Bank organised a total of 151 Financial Literacy Camps (FLCs) in 2015-16 to spread awareness of banking schemes and programmes and propagate basic knowledge of financial concepts across villages of the East Khasi Hills, West Khasi Hills, South West Khasi Hills, East Jaintia Hills, Jaintia Hills South, Ri Bhoi and Garo Hills districts.

The prescribed format for the FLCs was supplemented with additional features and an NGO, the Kyndai Kyntoit Social & Cultural Organisation (KKSCO), was engaged as FLC resource and counselor.

Opening of savings bank accounts, enrolment under the government's social security schemes, proper utilisation of credit, repayment norms, financial budgeting, money transfer, FICN, and fraud attempts through fake phone calls and SMSs were among the topics elucidated upon at the FLCs.

Many of the camps saw participation by District and Block-level government officials, representatives of RBI and NABARD, and the Bank Chairman. The audience strength at each of the camps averaged a hundred.

The FLCs were planned in consultation with NABARD, Shillong, and a measure of financial support was extended by them towards defraying the expenditure incurred in holding the camps.

### c. Prime Minister's Social Security Schemes: PMJJBY, PMSBY & APY

The Prime Minister on 9<sup>th</sup> May 2015 launched two insurance schemes - the Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and a pension scheme, the Atal Pension Yojana (APY), for extending social security cover to the general public on payment of very moderate premium/contributions.

<b>Enrolment under Government's Social Security Scheme : 2015-16</b>	
<i>Scheme</i>	<i>Nos. enrolled</i>
PMSBY	4688
PMJJBY	3738
APY	610

The top performing branches with regard to enrolment under the schemes were the following

<b>Recognition Of Top Performers In Enrolment Under Government's Social Security Schemes in 2015-16</b>		
<i>No.</i>	<i>Position</i>	<i>Branch</i>
i	First Position	Shillong
ii	1st Runner-up	Laitlyngkot
iii	2 <sup>nd</sup> Runner-up	Shangpung & Mawkyrwat

#### **14. CUSTOMER SERVICE**

Meghalaya Rural Bank enjoys a long-held reputation for being customer-friendly and easily approachable by even the most unlearned rural customer.

The Bank also has in place a Complaints and Grievances Redressal Policy and a Customers' Rights Policy and had since January 2011, been a registered Member of the Banking Codes and Standards Board of India (BCSBI) and have adopted their Code of Bank's Commitment to Customers and Code of Bank's Commitment to Micro and Small Enterprises (MSE Code).

#### **15. RTI ACT (2005)**

A total of 8 applications were received under the Right to Information Act, 2005 and responded to by the General Manager & Central Public Information Officer (CPIO) in course of 2015-16.

#### **16. MRB-RSETI, NONGSTOIN**

##### **a. Training programmes**

MRB-RSETI, Nongstoin, inaugurated on 23<sup>rd</sup> June 2014, commenced training operations from 28<sup>th</sup> October 2014 under the Directorship of Shri Ebenezer Jyrwa, officer of the Bank. The Institute has been functioning without additional staff and it was not till 16<sup>th</sup> February 2016 that the services of an Office Attendant could be spared to assist the Director.

Due to resource limitations, MRB-RSETI could not be fully equipped with all of the amenities and equipment prescribed for training. However, the quality, effectiveness and utility of the training imparted at the Institute has been such that past-trainees keep turning-up there for follow-up advice and, partly from publicity through word of mouth, more aspirants are approaching the Institute for training than could be accommodated at its facilities.

The Institute has trained a total of 312 candidates

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The total number of candidates trained through the 15 training programmes organised by the Institute since March 2016 stands at 312, of whom a large percentage are women-folk. Out of those trained, the numbers ‘settled’ in gainful enterprises in the fields of activity opted for is 80%. The number of trainees provided credit-linkage is around 60.

Among the success stories reported about MRB-RSETI are the following:

- Smt D... T..., after receiving training in poultry farming at the Institute from 28<sup>th</sup> April to 5<sup>th</sup> May 2015, undertook construction of 3 worksheds for rearing over 300 chicken-birds, and began supplying her produce of meat and eggs to dealers at the Nongstoin market. This initiative has brought Smt D.... T.. earnings of about Rs 15,000 per month.
- Subsequent to being trained on Integrated Pest Management at MRB-RSETI, Smt D.. B was emboldened to embark on double-cropping of maize, potatoes, paddy and vegetables, which has helped enhance her agricultural income to over Rs 60,000 per annum.

<b>MRB-RSETI, Nongstoin: Training programmes conducted in 2015-16</b>					
<i>Sl</i>	<i>Prg.</i>	<i>Subject</i>	<i>Dates</i>	<i>No. of trainees in attendance</i>	<i>Of whom women</i>
1	IV	Poultry farming	28 <sup>th</sup> April to 5 <sup>th</sup> May 2015	24	17
2	V	Integrated Pest Mgm.	22 <sup>nd</sup> to 29 <sup>th</sup> May 2015	18	14
3	VI	Pig farming	6 <sup>th</sup> to 13 <sup>th</sup> July 2015	31	23
4	VII	Nursery management	21 <sup>st</sup> to 28 <sup>th</sup> July 2015	24	11
5	VIII	Paddy cultivation	25 <sup>th</sup> Aug to 15 <sup>th</sup> Sept 2015	28	13
6	IX	Piggery farming	15 <sup>th</sup> to 22 <sup>nd</sup> Sept.2015	24	15
7	X	Poultry farming	27 <sup>th</sup> Oct. to 3 <sup>rd</sup> Nov. 2015	29	22
8	XI	Goatery farming	16 <sup>th</sup> to 23 <sup>rd</sup> Nov. 2015	27	21
9	XII	Multi-crop farming	25 <sup>th</sup> Nov. to 2 <sup>nd</sup> Dec. 2015	15	11
10	XIII	Pig Farming	8 <sup>th</sup> to 15 <sup>th</sup> Dec. 2015	24	17
11	XIV	Poultry farming	10 <sup>th</sup> to 16 <sup>th</sup> Mar'2016	16	11
<b>11</b>	<b>Total</b>			<b>260</b>	<b>175</b>
	Conducted in 2014-15				52 40
	<b>Cumulative</b>			<b>312</b>	<b>215</b>

## d. Awareness Camps conducted

<b>MRB-RSETI, Nongstoin: Awareness Camps conducted in 2015-16</b>			
<i>Sl</i>	<i>Date</i>	<i>Place</i>	<i>Nos. who attended</i>
1	8 <sup>th</sup> Sept. '15	RSETI Training Hall	122
2	11 <sup>th</sup> Sept. '15	Riangdo	70
3	15 <sup>th</sup> Oct. '15	Nongjyndiang	25
4	27 <sup>th</sup> Jan. '15	BDO Training Hall, Mawkyrwat	41
5	28 <sup>th</sup> Jan. '16	Tynnai, Mawkyrwat	38
6	29 <sup>th</sup> Jan. '15	Umdohlun	30
7	8 <sup>th</sup> Mar. '16	Mawthawphet	14
8	9 <sup>th</sup> Mar. '16	Mawthengkut	99
9	18 <sup>th</sup> Mar. '16	Mawroh Porsohsat	37
10	23 <sup>rd</sup> Mar. '16	Athiabari	101
11	2 <sup>nd</sup> Mar. '16	Mawkhlam	103
12	9 <sup>th</sup> Mar. '16	Jenepih	102
13	14 <sup>th</sup> Mar. '16	Rikhen	109
14	29 <sup>th</sup> Mar. '16	Mawkatad	102
15	29 <sup>th</sup> Mar. '16	Ramsiej	113
15		<b>Total</b>	<b>1106</b>

## e. Support from MoRD / MSRLS

A portion of the training costs incurred by MRB-RSETI up to 2015-16 was reimbursed to the Institute by the Ministry of Rural Development, Govt. of India, through the Meghalaya State Rural Livelihood Society (MSRLS), Shillong, which is entrusted with monitoring the functioning of RSETIs in the state.

## f. DLRAC meetings

MRB-RSETI is governed by a 13-Member District Level RSETI Advisory Committee (DLRAC), chaired by the Deputy Commissioner: West Khasi Hills District and co-chaired by the Bank Chairman. The DLRAC met on the following occasions to review and supervise the functioning of MRB-RSETI:

<b>DLRAC Meetings 2015-16</b>		
<i>Meeting No:</i>	<i>Date</i>	<i>No. of Members in attendance</i>
1 <sup>st</sup>	21 <sup>st</sup> October 2014	12
2 <sup>nd</sup>	19 <sup>th</sup> March 2015	14
3 <sup>rd</sup>	16 <sup>th</sup> December 2015	10

**g. Permanent campus for the Institute**

A parcel of land adjacent to the BDO's office at New Nongstoin had been handed over by the state government in 2013 for constructing a permanent campus for MRB-RSETI. The plot has been taken over, surveyed, fenced about and marked with an indication-board of the Institute.

At the same time, the National Institute of Rural Development & Panchayati Raj (NIRD), Hyderabad, has conveyed administrative approval by the Ministry of Rural Development (MoRD) of a one-time financial grant for the MRB-RSETI building construction. The release of this grant is awaited.

## **17. CSR INITIATIVE**

In response to an application received from St. Joseph's Agricultural Training Centre (SJATC), RRTC, Umran, a local NGO of impeccable reputation involved with rural development, the Bank stepped forward to provide solar home-lightning systems to 24 poor and marginalised families of Mawthawphet, a village, located deep in the interior of West Khasi Hills district lacking both proper road connection and electricity supply.

The assistance rendered by the Bank consisted of funding up to 80% of the project cost for purchase and installation of the solar home-lighting systems and solar-powered street lights for the village. The remaining 20% of the cost was contributed by the beneficiary families, while responsibility for maintenance of the acquired assets remained with St Joseph's ATC.

The project was inaugurated at Mawthawphet on 27<sup>th</sup> January 2016 by Shri Diosstarness Jyndiang, MLA: Nongstoin, in the presence of Smt Rose A. B. Khyriem, Chairman; Shri G.S. Das, Regional Manager; Fr James Mani, Director: RRTC-Umran; and others, including the men, women-folk, and children of the village. In her address to the gathering, the Chairman declared that the Bank would also be including Mawthawphet under its Village Adoption programme. The inauguration event was reported upon by the local print media.

It was observed that the project funded by the Bank had helped the beneficiary families at Mawthawphet lead cleaner, healthier, more comfortable lives and for their school-going children to study longer hours in the evenings. Furthermore, the local entrepreneurs identified for maintaining the solar-power infrastructure had learnt an additional skill and acquired a small source of supplementary income.

Among the testimonials of the households as to the impact of the project are the following:

- Shri E.... Nonglang - “After receiving ‘Solar Home Lighting System,’ my children are spending more time with their books.”
- Shri M.... Myrthong – “If my daughter A... Lyngkhoi has passed XII (Sc) in 1<sup>st</sup> Division, I owe it to the Solar Home Lighting put up in my home.”
- Smt H....: — “My house has become much cleaner and more joyful after the Solar Home Lighting.”

## 18. CROSS-SELLING

In order to boost ‘Other Income,’ offer added services to customers, and ensure better security for the Bank’s borrowers, Meghalaya Rural Bank had entered into agreement for cross-selling of insurance products with SBI Life Insurance Co. Ltd on 24<sup>th</sup> January 2013 and with SBI General Insurance Co. Ltd. on 4<sup>th</sup> June 2013. Progress in sales of the products of these insurance companies is reported below.

### a. SBI Life Insurance Co.

<b>Cross-selling of SBI Life Insurance Co. products</b> <i>Rupees in thousands</i>			
	<i>2014-15</i>	<i>2015-16</i>	
<i>Policies</i>	<i>No. of policies</i>	<i>No. of policies</i>	<i>Premium Amt. (excl. Sales Tax)</i>
Individual policies sold	170	208	5,80
Group policies	741	1039	57,69
<b>Total</b>	<b>911</b>	<b>1247</b>	<b>63,49</b>

The Bank achieved a renewal persistency of 87% with regard to SBI Life Insurance policies for 2015-16 and was ranked No. 1 across India by SBI Life Insurance in this regard. The company has awarded trophies to the Bank for “Excellence in Performance F.Y. 2015-16: New Business Premium Budget Achievement” and “Excellence in performance during FY 2015-16.”

### b. SBI General Insurance Co.

As mentioned by SBI General Insurance in their ‘Business Report FY 15-16,’ the highest level of business sourcing during the year was achieved by Shillong Branch, with Nongstoin Branch qualifying for the Mega Banker Award for record business sourced during March 2016.

<b>Cross-selling of SBI General Insurance Co. products</b> <i>Rupees in thousands</i>				
2014-15			2015-16	
<i>Products</i>	<i>No. of Policies</i>	<i>Business Premium mobilised</i>	<i>No. of New Policies</i>	<i>New Business Prem. mob'd</i>
Small & Medium Enterprises (SMEs)	157	3,43	553	13,37
Housing (Long term)	16	2,30	56	5,08
Motor vehicles	8	94	24	2,57
Others	-	-	98	72
<b>Total</b>	<b>-</b>	<b>6,67</b>	<b>7,31</b>	<b>21,74</b>

**c. Insurance workshop-cum-seminars**

The following insurance related workshop-cum-seminars were conducted in the Bank in course of the year:

- A workshop at Head Office was conducted by SBI Life Insurance and SBI General Insurance on 1<sup>st</sup> August 2015,
- SBI Life Insurance Co. workshop was conducted by Shri M. Chaturvedi, Country Head (RRBs), SBI Life Ltd, Mumbai, at Head Office on 11<sup>th</sup> September 2015,
- SBI Life Insurance Co. and SBI General Insurance Co. conducted a seminar for Branch Managers at the Shillong Club Conference Hall, Shillong on 31<sup>st</sup> October 2015.

**19. CASH AND BALANCES WITH BANKS**

<b>Cash and Balances with Banks</b> <i>Rupees in thousands</i>				
<i>Particulars</i>	<i>31<sup>st</sup> Mar '2013</i>	<i>31<sup>st</sup> Mar '2014</i>	<i>31<sup>st</sup> Mar '2015</i>	<i>31<sup>st</sup> Mar '2016</i>
Cash held	5,95,93	9,03,01	8,07,02	9,41,10
Average cash held	6,90,83	8,33,00	9,46,95	9,53,42
Average cash as % of average deposits	0.78	0,88	0.84	0.79
Balance in current account with RBI	40,09,40	45,51,22	49,90,31	54,55,24
Current account with other Banks	40,42,97	11,35,37	21,80,98	44,24,98
TDR with Banks	420,06,69	345,99,97	350,80,12	350,21,69

**20. INVESTMENTS**

The Bank's SLR funds were invested in approved government securities by the Portfolio Management Section of SBI's Securities Services Branch, Mumbai on behalf of the Bank. Investment of non-SLR funds was managed by the Bank's Head Office.

The Returns on Investments Ratio for the year stood at 8.61%.

Average Investments							Rupees in thousands		
Particulars	31st March 2014			31st March 2015			31st March 2016		
	Amount	Interest	Yield %	Amount	Interest	Yield %	Amount	Interest	Yield %
SLR	191,65,75	17,47,52	9.12	391,42,75	36,31,49	9.28	275,15,02	23,60,24	8.58
Non-SLR	388,94,66	38,83,17	9.98	256,39,95	22,35,23	8.72	369,54,20	31,92,46	8.64
<b>Total</b>	<b>580,60,41</b>	<b>56,30,69</b>	<b>9.70</b>	<b>647,82,70</b>	<b>58,66,72</b>	<b>9.06</b>	<b>644,69,22</b>	<b>55,52,70</b>	<b>8.61</b>

**21. INCOME / EXPENDITURE / PROFITABILITY****a. Transfer Price Mechanism**

Transfer Price Mechanism	
Particulars	Rate
<i>Interest Payable to Head Office</i>	
Weekly average advances	8.18%
Weekly average cash balance	8.18%
Weekly average balance in C/A with link branch	8.18%
Income received from issuing GPO	35% of total income
Downgrade in audit rating	Rs 50,000
Migration suspense account balance as on 31st March 2016	100% of outstanding
On NPA (Non-standard A/cs.) as on 31st March 2016	5% of outstanding NPA
<b>Incentives Receivable from Head Office</b>	
Weekly average deposits	8.33%
Average weekly balance in Subsidy Reserve Fund	8.33%
Recovery from Loss / Doubtful - 3 Assets	100% of amount recovered
Recovery from Doubtful – 2 Assets	80% of amount recovered
Recovery from Doubtful – 1 Assets	50% of amount recovered

Disbursement of Agricultural Loans (other than under SGSY)	10% of loan disbursed
Disbursement of Priority Sector Loans (other than Agriculture)	10% of loan disbursed
No-Frill, SB, APY & PMJDY accounts opened during the year	Rs 50 per account
New Farmers' Club formed and duly registered with NABARD	Rs 5,000 per Club
Direct lending to SHGs/JLGs	12% of loan disbursed
Upgrade in Audit Rating by one step to 'B' or 'A,' or 'A' retained	Rs 50,000
Village adoption under Apna Goan scheme during the year	Rs 1 lakh per village adopted
Issue of KCC-Rupay Cards during the year	Rs 50 per Card

### b. Income

The increase registered in the Bank's total income during the year was by 4.45%.

Particulars	Income				Rupees in thousands	
	31st March 2014		31st March 2015		31st March 2016	
	Amount	%	Amount	%	Amount	%
Interest on balance with banks	35,67,21	37.74	28,30,83	29.95	29,49,56	31.20
Interest on Investments	20,03,63	21.20	30,35,89	32.12	26,03,14	27.54
Interest on Loans & Advances	45,61,00	48.25	60,43,43	63.93	66,10,83	69.93
Commission and Exchange	2,36,26	2.50	1,78,31	1.89	1,71,84	1.82
Others	3,29,52	3.49	2,80,82	2.97	5,84,62	6.18
<b>Total</b>	<b>106,97,62</b>	<b>100.00</b>	<b>123,69,28</b>	<b>100.00</b>	<b>129,19,99</b>	<b>100.00</b>

### c. Expenditure

The rise in expenditure was by 18.42%.

Particulars	Expenditure				Rupees in thousands	
	31st March 2014		31st March 2015		31st March 2016	
	Amount	%	Amount	%	Amount	%
Interest on deposits	507356	67.38	575434	76.43	652425	86.65
Interest on borrowings	12345	1.64	14119	1.88	12507	1.66
Payment to/for employees	155720	20.68	171963	22.84	268454	35.65
Other operating expenses	73707	9.79	88487	11.75	84720	11.25
Provisions	3799	0.5	86304	11.46	90728	12.05
<b>Total</b>	<b>752927</b>	<b>100.00</b>	<b>936307</b>	<b>100.00</b>	<b>1108834</b>	<b>100.00</b>

## a. Profitability

Profitability of the Last 10 years <i>Rupees in thousands</i>			
<i>Year</i>	<i>Result</i>	<i>Year</i>	<i>Result</i>
2006-07	3,48,99	2011-12	15,48,40
2007-08	5,92,17	2012-13	28,28,55
2008-09	11,55,18	2013-14	31,68,35
2009-10	11,63,62	2014-15	30,06,21
2010-11	11,99,17	<b>2015-16</b>	<b>18,31,65</b>

## 22. PERFORMANCE PARAMETERS &amp; FINANCIAL INDICATORS

## a. Net Worth

Bank's Net Worth <i>Rupees in thousands</i>						
<i>Particulars</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
Share Capital	1,00,00	1,00,00	1,00,00	1,00,00	1,00,00	2,59,76
Share Capital Deposit	1,59,76	1,59,76	1,59,76	1,59,76	1,59,76	-
Reserves	19,64,02	25,63,51	32,77,08	40,69,17	44,20,22	47,44,81
Accumulated profit	37,582,3	43,09,53	53,74,51	67,50,77	78,23,73	87,97,48
<b>Total</b>	<b>59,82,01</b>	<b>71,32,80</b>	<b>89,11,35</b>	<b>110,79,70</b>	<b>125,03,71</b>	<b>138,02,05</b>
Increase %	18.65	19.24	24.93	24.33	12.85	10.38

## b. Capital Adequacy

Capital to Risk Weighted Assets <i>Rupees in thousands</i>					
<i>Year</i>	<i>Capital</i>			<i>Risk Weighted Assets</i>	<i>CRAR %</i>
	<i>Tier 1</i>	<i>Tier 2</i>	<i>Total</i>		
March 2013	89,11,35	1,14,76	90,26,11	533,60,47	16.92
March 2014	110,79,70	1,52,75	112,32,45	701,30,53	16.02
March 2015	125,03,71	1,86,06	126,89,77	920,18,45	13.79
<b>March 2016</b>	<b>1,38,05</b>	<b>4,14,58</b>	<b>142,16,63</b>	<b>880,72,70</b>	<b>16.14</b>

## c. Financial Ratios

<i>Particulars</i>	<b>Financial Ratios</b>			<i>Rupees in thousand</i>	
	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
Average working funds	845,97,42	1059,38,20	1133,96,17	1310,10,59	1521,44,71
Financial Returns	8.58%	8.57%	8.93%	9.09%	7.99%
Financial Cost	4.62%	4.21%	4.58%	4.50%	4.37%
Financial Margin	3.97%	4.36%	4.35%	4.59%	3.62%
Operating Cost	2.21%	1.65%	2.02%	2.44%	2.32%
Miscellaneous Income	0.24%	0.35%	0.50%	0.35%	0.50%
Operating Profit	2.21%	3.05%	2.83%	2.50%	1.80%
Risk Cost	0.28%	0.38%	0.03%	0.21%	0.60%
Net Margin	1.83%	2.67%	2.79%	2.29%	1.20%

## d. MOU 2015-16

<i>Items</i>	<b>MOU</b>			
	<i>2014-15</i>		<i>2015-16</i>	
	<i>Target</i>	<i>Achievement</i>	<i>Target</i>	<i>Achievement</i>
Reserves and surplus	133,56,00	122,43,95	151,32,00	135,42,29
Deposits	1171,76,00	1192,60,69	1371,50,00	1269,29,46
Growth %	12.50	14.50	15.00	6.43
[A] Demand deposits	767,50,00	763,55,74	839,92,00	764,72,72
Growth %	13.66	13.07	10.00	0.15
[B] Time deposits	404,26,00	429,04,95	531,58,00	504,56,74
Growth %	10.37	17.14	23.90	17.60
Borrowings	15,00,00	19,10,82	38,00,00	24,53,76
Loans and advances outstanding	571,00,00	615,82,52	702,03,00	649,72,13
Growth %	13.50	22.41	14.00	5.50
[A] Target Group	405,41,00	383,77,40	456,32,00	427,06,80
As % of total advances	14.97	8.83	65.00	65.73
[B] Non-target Group	165,59,00	232,05,12	245,71,00	222,65,33
As % of total advances	10.06	54.23	35.00	34.27
Loans issued during the year	364,90,00	334,01,99	601,21,00	278,66,45

Growth %	34.37	3.86	79.99	-53.65
[A] Target Group	238,02,00	203,51,58	385,41,00	165,29,94
As % of total advances	41.68	33.05	64.11	59.32
[B] Non-target Group	126,88,00	130,50,41	215,80,00	113,36,51
As % of total advances	22.22	14.07	35.89	40.68
CD Ratio	48.73	51.64	51.19	51.19
Recovery %	85.00	77.00	85.00	75.78
Investment	760,00,00	647,82,70	784,30,00	714,21,79
SLR	310,00,00	256,39,95	303,60,00	283,14,30
Non-SLR	450,00,00	391,42,75	480,70,00	431,07,49
Investment to deposit ratio %	64.86	54.32	57.19	56.27
Net profit	33,76,00	30,06,20	19.15	12.98

e. **Model Branch Awards- 2014-15**

The winners of the Model Branch Awards 2014-15 were declared on 19<sup>th</sup> October 2015 and the winning Branch Teams were felicitated through their respective Team Leaders at the 'Branch Managers' Performance Review Meeting-cum-Seminar' held at the Shillong Club Conference Hall on 31<sup>st</sup> October 2015.

<b>Model Branch Awards 2014-15</b>		
	<i>Categories</i>	<i>Branch</i>
	Best All Round Performance :	
i	First Position	Mawkyrwat
ii	1st Runner-up	Shillong
iii	2 <sup>nd</sup> Runner-up	Tura
	First Position in Budget Achievement :	
iv	Loans & Advances	Pynursla
v	Deposits	Kynshi
	Lowest NPA for the last 2 consecutive years among branches in operation for over 10 yrs :	
vi	First Position	Rymbai
vii	1st Runner-up	Myllichem
viii	2 <sup>nd</sup> Runner-up	Rynjah
	Highest NPA Reduction :	
ix	First Position	Jhalupara
x	1st Runner-up	Laitlyngkot
xi	2nd Runner-up	Nongspung
xii	Best Up-coming Branch among branches opened within the last 6 years	Mawprem

f. SBI's Top Performer (3<sup>rd</sup> Position) Award - 2014-15

Meghalaya Rural Bank was adjudged the third best top performer from among the 14 SBI-sponsored Regional Rural Banks of the country, for the year 2014-15. The "Top Performer Award 2014-15 (3<sup>rd</sup> Position)" trophy was conferred by State Bank of India on the Bank in course of the Conference of Chairmen of SBI-sponsored RRBs held at South Goa on 8<sup>th</sup> and 9<sup>th</sup> October 2015.

## 23. PERSONNEL &amp; HUMAN RESOURCES

## a. Staff Team

The Bank is justifiably proud to have a Staff Team which is a fine combination of skill and experience and is primed to give of their best to serve the rural customer as well as other clients and patrons.

Staff position as on 31 <sup>st</sup> March 2016			
Category	Nos.	Of whom, STs	Of whom, women
Chief Managers (Scale IV)	3	1	-
Senior Managers (Scale III)	17	11	2
Managers (Scale II)	34	25	11
Assistant Managers (Scale I)	105	93	41
<b>Total Officers</b>	<b>159</b>	<b>130</b>	<b>54</b>
Office Assistants (Multipurpose)	121	115	45
Office Attendants (Multipurpose)	121	113	52
<b>Total Staff</b>	<b>401</b>	<b>358</b>	<b>151</b>
As % of total staff strength	-	89.72	37.84

Changes in staff position during 2015-16				
Particulars	Officers	Office Assistants	Office Attendants	Total
As on 31 <sup>st</sup> March 2015	145	103	127	375
Deaths	-	(-) 2	(-) 2	(-) 4
Promoted	(+) 13	(+) 2 (-) 13	(-) 2	15
Retired	(-) 1	-	(-) 1	(-) 2
Resigned	(-) 2	(-) 3	(-) 1	(-) 6
Appointed	(+) 4	(+) 34	-	(+) 38
As on 31 <sup>st</sup> March 2016	<b>159</b>	<b>121</b>	<b>121</b>	<b>401</b>

**b. Promotions**

As an endeavour towards facilitating career progression, the following promotions were effected at the culmination of procedures initiated in 2014-15 and personal interviews conducted in early April 2015. The promotion results were announced on 20<sup>th</sup> April 2015.

<b>Promotions during 2015-16</b>	
<i>Category</i>	<i>No. promoted</i>
Managers (Scale II) to Senior Managers (Scale III)	4
Office Assistant to Assistant Managers (Scale I)	13
Office Attendant to Office Assistants	2
<b>Total</b>	<b>19</b>

**c. Recruitment**

On completion of recruitment procedures begun in 2014-15 and personal interviews conducted on 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> May 2015, 4 Assistant Managers (Scale I) and 34 Office Assistants were granted fresh appointment in the Bank. The recruitment results were published on 22<sup>nd</sup> May 2015.

<b>Recruitment - 2015-16</b>	
<i>Positions</i>	<i>Numbers appointed</i>
Assistant Managers (Scale I)	4
Office Assistants	34

**d. Participation in IBPS programmes**

The Bank deputed its officers to assist the Indian Banking Personnel Selection (IBPS), Mumbai, conduct the common recruitment process (CRP) - IV for RRBs, locally. The assistance was by way of:

- Carrying out pre-examination training (PET) at Shillong from 24<sup>th</sup> to 29<sup>th</sup> August 2015 for candidates for the post of Assistant Managers (Scale I), and from 31<sup>st</sup> August to 5<sup>th</sup> September 2015 for candidates for the post of Office Assistants,
- Supplying Venue Bank Officers (VBOs) for the on-line common written examination (CWE-IV RRBs) conducted at Shillong and Baridua from 5<sup>th</sup> to 20<sup>th</sup> September 2015,

- Conducting personal interviews at the Bank's Head Office and Regional Office from 10<sup>th</sup> to 13<sup>th</sup> November and on 8<sup>th</sup> December 2015 for candidates who emerged successful at the written examinations.

Senior executives of the Bank also participated in workshops/discussion on recruitment procedures called by IBPS at Mumbai from 29<sup>th</sup> to 30<sup>th</sup> July and on 29<sup>th</sup> October 2015.

#### e. Officers on deputation from the Sponsor Bank

The Officers on deputation to this Bank from the Sponsor Bank were:

- Smt Rose Alba Bina Khyriem, SMGS-V, as Chairman wef 1<sup>st</sup> August 2014,
- Shri Komanly Khongwar, SMGS- IV, as General Manager wef 16<sup>th</sup> January 2015,
- Shri Ratnanka Choudhury, MMGS-III, as Chief Vigilance Officer wef 5<sup>th</sup> September 2014.

#### f. Skill-upgradation

In the interest of enhancing the skill and professional efficiency of its staff, the following training programmes and seminars and deputations to other training institutes were organised/arranged for the Bank staff during 2015-16.

<b>In-House Programmes conducted in 2015-16</b>		
<i>Sl</i>	<i>Programme</i>	<i>Duration</i>
1	Training for new Officers & Office Assistants	22 <sup>nd</sup> to 24 <sup>th</sup> June 2015
2	Training for new Officers Scale I	25 <sup>th</sup> to 27 <sup>th</sup> June 2015
	SBI Life and SBI General Insurance joint-workshop at Head Office	1 <sup>st</sup> August 2015
3	SBI Life Workshop 11 <sup>th</sup> September 2015	
4	Branch Managers' Meeting-cum-Workshop on SBI Life & SBI General products	31 <sup>st</sup> October 2015

Trainers for the first two programmes mentioned above were sourced from among the Bank's own officers.

In addition, a 3-day Training-cum-Workshop on Risk Management was organised by World Bank consultants, BASIX, at the Bank's Head Office from 2<sup>nd</sup> to 4<sup>th</sup> June 2015, and a Workshop on SBI Life products was undertaken by Shri M. Chaturvedi, Country Head (RRBs), SBI Life Ltd, Mumbai, at Head Office on 11<sup>th</sup> September 2015.

<b>Deputation of Officers of the Bank to other Training Institutes in 2015-16</b>			
<i>Sl</i>	<i>Topic</i>	<i>Institute</i>	<i>Period</i>
1	Special training session	SBI Life, Mumbai	13 <sup>th</sup> & 14 <sup>th</sup> April 2015
2	Currency Management	RBI, Shillong	21 <sup>st</sup> & 27 <sup>th</sup> April 2015
3	Detection of Fake Indian currency	RBI, Guwahati	27 <sup>th</sup> April 2015
4	Workshop on ENSURE software	IIBM, Guwahati	30 <sup>th</sup> April 2015
5	DED (Dairy Entre. Dev.) & other government schemes	NABARD, Shillong	22 <sup>nd</sup> & 23 <sup>rd</sup> June 2015
6	Note adjudication	RBI, Shillong	29 <sup>th</sup> June 2015
7	Management Development (MDP) for women Officers	Arranged by BIRD, Lucknow at Goa	6 <sup>th</sup> to 10 <sup>th</sup> July 2015
8	ATM disputes	RBI, Shillong	23 <sup>rd</sup> July 2015
9	AML and KYC BIRD, Lucknow	3 <sup>rd</sup> to 4 <sup>th</sup> August 2015	
10	Quality compliance/KYC/AML/CFT & investments	IIBM, Guwahati	17 <sup>th</sup> to 18 <sup>th</sup> August 2015
11	Audit under computerised environment	IIBM, Guwahati	31 <sup>st</sup> August to 4 <sup>th</sup> Sept. 2015
12	Priority Sector Lending for inclusive growth & profitability	IIBM, Guwahati	12 <sup>th</sup> to 16 <sup>th</sup> October 2015
13	Exposure visit under NRLM	Arrg. by MSRLS, Shillong at SERP (OMPLIS), Hyderabad	23 <sup>rd</sup> to 29 <sup>th</sup> November 2015
14	NPA Management	IIBM, Guwahati	7 <sup>th</sup> to 10 <sup>th</sup> Dec. 2015
15	Agri-marketing Infrastructure (AMI)	NABARD, Shillong	22 <sup>nd</sup> Feb. 2016
16	Treasury operations	SBI CC, Mumbai	11 <sup>th</sup> March 2016

**g. 10<sup>th</sup> Bipartite Settlement**

In compliance with Orders dated 31<sup>st</sup> July 2015 received from the Ministry of Finance, Government of India, on the subject of revision of pay and allowances as per wage negotiations agreed between the IBA and banking Workmen Unions and Officers' Associations under the 10<sup>th</sup> Bipartite Settlement,

revised wages were paid in August 2015 with 1<sup>st</sup> November 2012 as the effective date for reckoning of arrears.

Under the same bipartite settlement, every second and fourth Saturday of the month were declared as bank holidays and the other Saturdays as full working days. This part of the settlement was implemented with effect from 1<sup>st</sup> September 2015.

#### **h. Industrial relations**

The majority of Bank staff were organised into unions and associations and industrial relations remained cordial and constructive throughout the year.

## **24. INSPECTION & AUDIT**

#### **a. Statutory Audit**

The closing accounts of the previous year were audited by Messrs Soumya Dutta & Associates, Kolkata (Central Statutory Auditor), and Choudhury Basu & Roy, and Manaj Dutta & Co., Kolkata (Branch Auditors). The Central Statutory Auditor have in their report confirmed that *“the financial statements (prepared by the Bank, present) a true and fair view in conformity with the Accounting principles generally accepted in India.”*

#### **b. XVI Statutory Inspection under Section 35(6) of the Banking Regulation Act, 1949**

A Team from NABARD, Assam Regional Office, Guwahati, headed by Shri K. Rajkumar, Assistant General Manager, carried out the XVI Statutory Inspection of the Bank under Section 35(6) of the BR Act, 1949, from 26<sup>th</sup> June to 14<sup>th</sup> July 2015. In course of the Inspection, the Inspecting Team held a briefing at Head Office for Senior Officers of the Bank's Controlling Offices on pertinent issues, such as maintenance of CRR, investments, and NPA management. The instructions contained in the Report dated 10th August 2015 on the Statutory Inspection were complied with by the Bank within the recommended time-frame.

**c. Management Audit**

Shri P.N. Viswanathan, General Manager (MA-OMD), SBI Inspections & Management Audit Department, Hyderabad, assisted by Shri Kamalesh Ghosh Dastidar, Chief Manager (Inspection), SBI Zonal Inspection Office, Guwahati, carried out Management Audit of the Bank from 1<sup>st</sup> to 7<sup>th</sup> December 2015. The perception and insights gathered from the Audit Team helped bring to focus issues which needed improving; valuable advice was also received regarding tackling of chronic NPAs in a structured and systematic manner.

**d. Internal Inspection & Audit**

The Bank's Audit and Inspection Team, consisting of two Senior Managers and a Manager, completed on-site Internal Inspection of 48 branches during the year.

<b>Internal Audit &amp; Inspection of Branches - 2015-16</b>					
<i>Type of Inspection/Audit</i>	<i>Pending as on 31<sup>st</sup> Mar '2015</i>	<i>Branches that became due during 2015-16</i>	<i>Total due in 2015-16</i>	<i>Audited/ Inspected during 2015-16</i>	<i>Pending as on 31<sup>st</sup> Mar '2016</i>
Internal Inspection	Nil	56	56	48	8
Snap Audit	13	22	35	25	10

<b>Closure of Inspection &amp; Audit Reports - 2015-16</b>					
<i>Type of Inspection/Audit</i>	<i>Pending as on 31<sup>st</sup> Mar '2015</i>	<i>Added for closure during 2015-16</i>	<i>Total due for closure in 2015-16</i>	<i>Closed during 2015-16</i>	<i>Pending as on 31<sup>st</sup> Mar '2016</i>
Internal Inspection	9	29	38	31	7
Snap Audit	1	36	37	37	Nil

The inspection ratings awarded by the Audit and Inspection Team were as under:

<b>Internal Inspection Ratings – 2015-16</b>	
<i>Particulars</i>	<i>No. of rated branches</i>
'A' rating	68
'B' rating	15
Newly opened branches not yet due for Inspection	10
Total no. of branches	93
Branches rating upgraded from 'B' to 'A'	24

Follow-up and closure of the audit and inspection reports was monitored and handled by the Bank's Regional Office.

**c. Audit Committee of the Board**

Serious irregularities observed in course of audit and inspection were placed for review by the Board's Audit Committee, comprised of all Directors except the Chairman.

## **25. VIGILANCE**

**a. Domestic disciplinary cases**

The Bank's Vigilance Cell arranged and secured the closure of internal disciplinary cases which had remained outstanding for a considerable length of time, thereby reducing to 'nil' the number of disciplinary cases currently in hand.

**b. Detection of FICN by staff of Zero Point Branch**

The cashier of the Bank's Zero Point Branch, on 6th April 2015 detected a consignment of high denomination fake currency notes among cash being received as deposit. The matter was brought to the notice of the Branch Controller and a FIR was filed with the Police and the confiscated notes handed over to them. Two days after, the Branch impounded another submission of fake currency notes and handled this second incident in the manner of the first.

Apart from being instrumental in the removal from circulation of a significant number of high denomination fake currency notes, close coordination between the Branch and the Police authorities also subsequently led to the reported apprehension of the main culprit behind the FICN channeling racket.

The matter has been reported on to the RBI.

## 26. GUESTS AND VISITORS

The Bank Chairman interacted with the *Committee on Petitions of the Rajya Sabha* in course of the Committee's Study Visit to Shillong on 27<sup>th</sup> May 2015 in connection with the issue of NPAs.

The Bank was also glad to welcome the following dignitaries and personages as Chief Guests at various events organised during 2015-16:

- Smt Rona Khyndeit, MDC: Nongpoh, at the function arranged at Marngar Branch on 10<sup>th</sup> August 2015,
- Shri Peter Thongni, Headman of Mawlasnai village, at the function arranged at Mawlasnai Branch on 11<sup>th</sup> August 2015,
- Shri Diosstarness Jyndiang, MLA: Nongstoin, at the inauguration of the solar-power CSR project funded by the Bank at Mawthawphet village on 27<sup>th</sup> January 2016,
- Shri H.D.R. Lyngdoh, MLA and Minister: Government of Meghalaya, at the opening of the new premises of Sohiong Branch on 30<sup>th</sup> January 2016.

## 27. BOARD OF DIRECTORS

The Board of Directors met on 6 occasions during calendar year 2015, with another sitting arranged on 8<sup>th</sup> February 2016.

Board Meetings		
<i>Meeting No</i>	<i>Date</i>	<i>No. of Directors in Attendance</i>
195 <sup>th</sup>	24th February 2015	7
196 <sup>th</sup>	14 <sup>th</sup> May 2015	8
197 <sup>th</sup>	12 <sup>th</sup> August 2015	6
198 <sup>th</sup>	26 <sup>th</sup> October 2015	7
199 <sup>th</sup>	27 <sup>th</sup> November 2015	5
200 <sup>th</sup>	10 <sup>th</sup> December 2015	5
201 <sup>st</sup>	8 <sup>th</sup> February 2016	7

In course of these meetings, the Board reviewed the Bank's overall performance and exercised overarching supervision and control of the Bank's operations. The following policies were also, during the year, adopted by the Board for implementation in the Bank.

- ~ Customer Rights Policy
- ~ Action Plan on NPA Reduction
- ~ Investment Policy 2015
- ~ Policy on Insurance through Business Solicitation & Servicing
- ~ Policy on Banking Correspondents (BCAs)
- ~ RSETI HR Policy Manual.

Changes in Board Directorships during 2015-16 took place with the appointment of:

- Smt L. Leivang, DGM, NABARD, Shillong, as NABARD-nominee Director vice Shri K.L. Prabhakar, DGM, wef 10<sup>th</sup> August 2015,
- Shri Bhaskar Bhallamudi V.S.K.T., DGM, SBI Administrative Office, Shillong, as Sponsor Bank nominee Director vice Shri Deepak Kumar Lalla, DGM, wef 12<sup>th</sup> October 2015.

The contribution of the out-gone Directors was appreciated and recognised by the Board, and the coming of the new Directors warmly welcomed.

## **28. ACKNOWLEDGEMENTS**

The positive and credit-worthy aspects of the Bank's progress mentioned in the foregoing Report would not have been realised or possible without the good will of the Bank's customers - both rural and urban, and the help, cooperation and support of those individuals, agencies and institutions already referred to, and also especially of the following key patrons:

The Department of Financial Services (DFS), Ministry of Finance, Government of India, New Delhi,

The Hon'ble Chief Minister, Chief Secretary, Principal Secretaries, Deputy General of Police, Deputy Commissioners, Project Directors: District Rural Development Agencies (DRDA), Departmental Heads, Sub-Divisional Officers and Block Development Officers (BDOs) of the Government of Meghalaya,

The Managing Director, Deputy General Manager, Chief Accounts Officer and Superintending Officer of the Meghalaya Transport Corporation (MTC), Shillong,

State Bank of India : Agri-Business Unit (ABU), Corporate Centre, Mumbai; Lead Bank & RRBs Section, Local Head Office, Guwahati; Deputy General Manager (B&O), Administrative Office, Shillong; Assistant General Managers: Shillong and Laitumkhrah branches; and other SBI Branch Managers in the state,

Reserve Bank of India (RBI) : Central Office, Mumbai, and Shillong and Guwahati offices,

NABARD Central Office, Mumbai and Regional Offices: Shillong and Guwahati,

Particularly on behalf of MRB-RSETI, Nongstoin: the Project Director, NIRD, Hyderabad; the National Director of RSETIs, Bangalore; the Deputy Commissioner, West Khasi Hills District & Chairman: DLRAC; the Assistant Executive Engineer, PWD (Buildings), Nongstoin; the Chief Executive Officer, Meghalaya State Rural Livelihood Society (MSRLS), Shillong; and Shri P. Das, State Project Co-ordinator (SPC) for RSETIs.

A final word of appreciation and gratitude is expressed to the staff of the Bank whose hardwork and commitment contributed much to ensuring the Bank's continued growth and progress.

FOR and on behalf of the Board of Directors,

CHAIRMAN

**SOUMYA DUTTA & ASSOCIATES**

Chartered Accountants

13, Satyen Dutta Road, Kolkata - 700 029

Tel. : 2465 4900/01 Email : sd\_asso@vsnl.net

**AUDITOR'S REPORT**

1. We have audited the accompanying financial statements of MEGHALAYA RURAL BANK which comprise of the Balance Sheet as at 31st March 2016, the Statement of Profit & Loss Account for the year then ended and other explanatory information annexed thereto in which are incorporated the accounts of Regional Office and 87 (Eighty Seven) Audited branches and 6 (Six) Unaudited branches.

**Management's Responsibility for the Financial Statements**

2. The management of the Bank is responsible for the preparation of these financial statements that give true and fair view of the financial position and financial performance of the Bank in accordance with the Banking Regulation Act, 1949 complying with Reserve Bank of India guidelines from time to time. The responsibility includes the design, implementation and maintenance of such internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

6. In our opinion and to the best of our information and according to the explanation given to us, read with the observations mentioned in the paragraph 11 below, the financial statements give a true and fair view in conformity with the Accounting principals generally accepted in India.

- a) In the case of Balance Sheet of the state of affairs of the Bank as at 31st March 2016.
- b) In the cases of the Statement of Profit and Loss Account, of the Profit for the year ended on that date.

**Report on other Legal and Regulatory Requirements**

7. The Balance Sheet and the Statement of Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949.

8. Subject to the limitations of the audit as indicated in paragraphs 3 to 5 above and paragraph 10 below.

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) The transactions of the branch which have come to our notice have been within the powers of the Bank.

9. We further report that :

- a) The Balance Sheet and the Statement of Profit and Loss Account dealt with this report are in agreement with the books of accounts and returns.
- b) In our opinion, proper books of accounts as required by law have been kept by the Bank so far as appears from our examination of those books.

**Other Matters**

10. The returns received from the branches have been found adequate for the purpose of our audit

11. **Subject to above parameters we observe as follows**

- a) Out of 93 branches only 82 have reported profit.
- b) Out of total advances of Rs. 649.73 crores, NPA figure stands at Rs. 45.04 crores. Steps should be taken to reduce NPA reasonably.

Place : Shillong  
Dated : 12.05.2016

For **Soumya Dutta & Associates**  
Chartered Accounts  
FRN - 322220E

  
**Nabendu Mohan Rakshit**  
Partner  
Membership No. 051618

**MEGHALAYA RURAL BANK**  
BALANCE SHEET AS ON 31st MARCH 2016

(Rs. in 000)

Particulars	Schedule	Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
<b>CAPITAL AND LIABILITIES</b>			
Capital	1-A	25976	10000
Share Capital Deposit	1-B	--	15976
Reserve and Surplus	2	1354299	1224395
Deposits	3	12692946	11926069
Borrowings	4	245376	191082
Other liabilities and provisions	5	875159	1106972
<b>TOTAL</b>		<b>15193686</b>	<b>14474494</b>
<b>ASSETS</b>			
Cash and Bank Balance with RBI	6	639634	579733
Balance with Bank & Money at Call and Short notice	7	3944667	3726110
Investments	8	3640010	3321621
Advances	9	6283863	6021259
Fixed Assets	10	62883	47219
Other Assets	11	622629	778552
<b>TOTAL</b>		<b>15193686</b>	<b>14474494</b>
Contingent Liabilities	12	33935	31802

Sd/-  
(Smt R. A. Bina Khyriem)  
Chairman

Sd/-  
(Smt D. T. Kharshiing)  
Director

Sd/-  
(Smt. L. Leivang)  
Director

Sd/-  
(Shri T. Lungdim)  
Director

Sd/-  
(Shri I. Sashi Pongener)  
Director

Sd/-  
(Shri Nestingdar Nongdkhar)  
Director

Sd/-  
(Shri Forward L. Mawlong)  
Director

In terms of our report of even date attached herewith  
For Soumya Dutta & Associates  
Chartered Accounts  
FRN - 322220E



*Rakshit*  
(Nabendu Mohan Rakshit)  
Partner

Membership No. 051618  
Date : 12th May 2016



**MEGHALAYARURALBANK**  
**PROFIT AND LOSS ACCOUNT AS ON 31st MARCH 2015**

(Rs. in 000)

Particulars		Schedule	Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
<b>1</b>	<b>Interest Earned</b>		<b>1216353</b>	<b>1191015</b>
	a. Interest / Discount on Advances/Bills	13	661083	604343
	b. Interest on Investments		260314	303589
	c. Interest on Balances with RBI and other Inter Bank Funds		--	--
	d. Interest on TDR/STDR with Banks		294956	283083
<b>2</b>	<b>Other Income</b>		<b>75646</b>	<b>45913</b>
	i. Commission, Exchange and Brokerage	14	17184	17831
	ii. Miscellaneous Income		58462	28082
<b>3</b>	<b>TOTAL (1+2)</b>	<b>15</b>	<b>1291999</b>	<b>1236928</b>
<b>4</b>	<b>Interest Expended</b>	16	<b>664932</b>	<b>589553</b>
<b>5</b>	<b>Operating Expenses</b>		<b>353174</b>	<b>260450</b>
	a. Employees Costs		268454	171963
	b. Other Operating Expense	84720	88487	
<b>6</b>	<b>Total Expenditure excluding Provisions and Contingencies (4+5)</b>		<b>1018106</b>	<b>850003</b>
<b>7</b>	<b>Operating Profit before Provisions and Contingencies (3-6)</b>		<b>273893</b>	<b>386925</b>
<b>8</b>	<b>Provision (other than Tax) and Contingencies</b>		<b>90728</b>	<b>86304</b>
<b>9</b>	<b>Exceptional Items</b>		--	--
<b>10</b>	<b>Profit / Loss from Ordinary Activities before Tax (7-8 -9)</b>		<b>183165</b>	<b>300621</b>
<b>11</b>	<b>Tax Expense</b>		<b>53331</b>	<b>118170</b>
	a. Provision for Taxation		86111	118170
	b. Deferred Tax Asset		--	--
	c. Earlier Years Adjustments (Excess)		(32780)	--
<b>12</b>	<b>Net Profit/Loss for the period for Ordinary Activities after Tax (10-11)</b>		<b>129834</b>	<b>182451</b>
<b>13</b>	<b>Extra-ordinary items (net of tax expenses)</b>		--	--
<b>14</b>	<b>Net Profit/Loss for the period (12-13)</b>		<b>129834</b>	<b>182451</b>
<b>15</b>	<b>APPROPRIATION</b>			
	a. Net Profit/Loss for the period		129834	182451
	b. Brought forward Profit		782373	675077
	c. Transfer to Statutory Reserves		32459	75155
	<b>Profit / Loss carried over to Balance Sheet</b>		<b>879748</b>	<b>782373</b>

Sd/-  
(Smt R. A. Bina Khyriem)  
Chairman



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Director

Sd/-  
(Shri Forward L. Mawlong)  
Director



In terms of our report of even date attached herewith  
For Soumya Dutta & Associates  
Chartered Accounts  
FRN - 322220E

*Rakshit*  
(Nabendu Mohan Rakshit)  
Partner  
Membership No. 051618  
Date : 12th May 2016

**Schedules forming part of Balance Sheet As at 31st March 2016**  
**SCHEDULE - I-A : CAPITAL**

(Rs. in 000)

Particulars	Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
<b>Authorised Capital</b> (200,00,000,00 Equity Shares of Rs. 10/- each)	2000000	50000
<b>Issued Capital</b> (25,97,600 Equity Shares of Rs. 10/- each)	25976	10000
<b>Subscribed Capital</b> (25,97,600 Equity Shares of Rs. 10/- each)	25976	10000
<b>Called up Capital</b> (25,97,600 Equity Shares of Rs. 10/- each)	25976	10000
Less : Call unpaid	----	----
Add : Forfeited Share	----	----
<b>TOTAL</b>	<b>25976</b>	<b>10000</b>

**SCHEDULE - I-B : SHARE CAPITAL DEPOSIT**

(Rs. in 000)

Particulars	Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
Share Capital Deposit from		
a. From Government of India	----	7988
b. From State Bank of India	----	5592
c. From Government of Meghalaya	----	2396
<b>TOTAL</b>	<b>----</b>	<b>15976</b>



**SCHEDULE - 2 : RESERVES AND SURPLUS**

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
<b>I</b>	<b>Statutory Reserve</b>		
	i) Opening Balance	442022	366867
	ii) Addition during the year	32459	75155
	iii) Deduction during the year	-	-
<b>Total</b>		<b>474481</b>	<b>442022</b>
<b>II</b>	<b>Capital Reserve</b>		
	i) Opening Balance	-	40050
	ii) Addition during the year	-	-
	iii) Deduction during the year	-	40050
<b>Total</b>		<b>-</b>	<b>-</b>
<b>III</b>	<b>Share Premium</b>		
	i) Opening Balance	-	-
	ii) Addition during the year	-	-
	iii) Deduction during the year	-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>IV</b>	<b>Revenue and other reserves</b>		
	i) Opening Balance	-	-
	ii) Addition during the year	-	-
	iii) Deduction during the year	-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>V</b>	<b>Balance in Profit and Loss Account</b>		
	i) Opening Balance	782373	675077
	ii) Addition during the year	97375	107296
	iii) Deduction during the year	-	-
<b>Total</b>		<b>879748</b>	<b>782373</b>
<b>GRAND TOTAL (I+II+III+IV+V)</b>		<b>1354229</b>	<b>1224395</b>



**SCHEDULE - 3 : DEPOSITS**

(Rs. in 000)

Particulars			Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
A	I	<b>Demand Deposits</b>		
		i From Bank	-	-
		ii From Others	548865	614569
	II	Savings Bank Deposits	7098407	7021005
	III	Term Deposits		
		a. From Banks	-	-
		b. From Others	5045674	4290495
<b>Total</b>			<b>12692946</b>	<b>11926069</b>
B	i	Deposits of Branches in India	12692946	11926069
	ii	Deposits of Branches out side India	-	-
<b>Total</b>			<b>12692946</b>	<b>11926069</b>

**SCHEDULE - 4 : BORROWINGS**

(Rs. in 000)

Particulars			Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)	
I	<b>Borrowings in India</b>				
	i	Reserve Bank of India		-	
	ii	Other Banks			
		a	State Bank of India	22250	1732
		b	Others	76	76
	<b>Total</b>			<b>22326</b>	<b>1808</b>
	iii	Other Institutions and Agencies :			
		a	NABARD	191979	156083
		b	NSTFDC	31071	33191
	<b>Total</b>			<b>223050</b>	<b>189274</b>
II	<b>Borrowings outside India</b>		-	-	
<b>Grand Total (I+II)</b>			<b>245376</b>	<b>191082</b>	

**SCHEDULE - 5 : OTHER LIABILITIES AND PROVISIONS**

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
I	Bills Payable	--	-
II	Inter Office Adjustments (Net)	--	54808
III	Interest Accrued on :		
	a] Deposits	389832	356935
	b] Borrowings	972	350
	<b>Total Interest Accrued</b>		
IV	Others provisions		
	a] Audit Fees	540	589
	b] Gratuity	28624	21917
	c] Leave Encashment	3389	--
	d] Standard Assets	19208	18606
	e] IBIT	1034	--
	f] TDS	3730	4036
	g] Income Tax	360281	506469
	h] Consultancy Charge	0	-
	i] Outstanding Expenditure	0	-
	j] Wage Revision Arrears	0	50496
	k] EDLI	44	-
	l] Migration Suspense Account	246	3692
	<b>Total Other Provisions</b>	<b>417096</b>	<b>605805</b>
V	Other Liabilities		
	i] Subsidy Reserve Fund	61544	80134
	Deposits received on account of SBI		
	ii] Cheques Issued	1968	2337
	iii] DD Received Realisation	609	104
	iv] ATM Settlement	0	1593
	v] Credit Balance in Advances Accounts	3134	2157
	vi] NABARD FLC Fund	2	-
	vii] Service Tax	0	0
	viii] Pradhan Mantri Social Security Scheme	2	0
	ix] System Suspense (Net)	0	2749
	<b>Total Other Liabilities</b>	<b>67259</b>	<b>89074</b>
<b>GRABD TOTAL (I+II+III+IV+V)</b>		<b>875159</b>	<b>1106972</b>



**SCHEDULE - 6 : CASH AND BALANCE WITH RESERVE BANK OF INDIA**

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
I	Cash in hand (including Foreign Currency Notes)	94110	80702
II	Balance with Reserve Bank of India		
	i. In Current Account	545524	499031
	ii. In Other Accounts	--	--
<b>Total</b>		<b>545524</b>	<b>499031</b>
<b>GRAND TOTAL (I+II)</b>		<b>639634</b>	<b>579733</b>

**SCHEDULE - 7 : BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE**

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
A	<b>In India</b>		
	I Balances with Banks		
	a In Current Account	442498	218098
	b In Other Deposits Accounts	3502169	3508012
	<b>Total</b>	<b>3944667</b>	<b>3726110</b>
II	Money at call and short notice:		
	a With Banks	--	--
	b With other Institutions	--	--
<b>Total (I+II)</b>		<b>3944667</b>	<b>3726110</b>
B	<b>Outside India</b>		
	i In Current Account	--	--
	ii In Other Deposit Accounts	--	--
	iii Money at call and short notice	--	--
<b>Total</b>		<b>--</b>	<b>--</b>
<b>GRAND TOTAL (A + B)</b>		<b>3944667</b>	<b>3726110</b>

## SCHEDULE - 8 : INVESTMENTS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
I	Investment in India		
	i Government Securities	2831430	2640610
	ii Other Approved Securities	--	--
	iii Shares	--	--
	iv Debentures and Bonds	--	--
	v Subsidiaries and/or Joint Ventures	--	--
	vi Others - Mutual Fund	808580	681011
	<b>Total</b>	<b>3640010</b>	<b>3321621</b>
II	<b>Investment outside of India</b>		
	a Government Securities		
	(Including Local Authorities)	--	--
	b Subsidiaries and /or Joint Ventures	--	--
	c Other Investments	--	--
	<b>Total</b>	<b>--</b>	<b>--</b>
<b>GRAND TOTAL (I + II)</b>		<b>3640010</b>	<b>3321621</b>

## SCHEDULE - 9 : ADVANCES

(Rs. in 000)

Particulars			Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)	
A	i	Bills purchased and discounted	--	--	
	ii	Cash Credit, Overdraft, and Loans Repayable on Demand	2815879	2579986	
	iii	Term Loans	3467984	3441273	
<b>Total</b>			<b>6283863</b>	<b>6021259</b>	
B	a	Secured by Tangible Assets	5099074	4955321	
	b	Covered by Bank/Govt. Guarantee	--	--	
	c	Unsecured	1184789	1065938	
<b>Total</b>			<b>6283863</b>	<b>6021259</b>	
C	I	<b>Advances in India</b>			
		i	Priority Sector	4097889	3719838
		ii	Public Sector	--	--
		iii	Banks	--	--
		iv	Others	2185974	2301421
<b>Total</b>			<b>6283863</b>	<b>6021259</b>	
	II	<b>Advance outside India</b>			
		a	Due from Banks	--	--
		b	Due from others	--	--
		c	Bills purchased and discounted	--	--
		d	Syndicated loan	--	--
		e	Others	--	--
<b>Total</b>			<b>--</b>	<b>--</b>	
<b>Grand Total</b>			<b>6283863</b>	<b>6021259</b>	



## SCHEDULE - 10 : FIXED ASSETS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
<b>I</b>	<b>Land</b>		
	i At cost as on 31st March of preceding year	--	--
	ii During during the year	7000	--
	iii Deductions during the year	--	--
	<b>Total</b>	<b>7000</b>	<b>--</b>
<b>II</b>	<b>Building</b>		
	a At cost as on 31st March of preceding year	--	--
	b During during the year	--	--
	c Deduction during the year	--	--
	<b>Total</b>	<b>--</b>	<b>--</b>
<b>III</b>	<b>Other Fixed Assets</b>		
	i At cost as on 31st March of the preceding year	124450	114145
	ii During during the year	17930	10305
	iii Deductions during the year	--	--
	iv Depreciation to date	86497	77231
	<b>Total</b>	<b>55883</b>	<b>47219</b>
<b>Grand Total (I+II+III)</b>		<b>62883</b>	<b>47219</b>

## SCHEDULE - 11 : OTHER ASSETS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
i	Inter Office Adjustment (Net)	99	--
ii	Interest Accrude on		
	i Investments	175118	181510
	ii Loans & Advances	3195	347
	<b>Total</b>	<b>178313</b>	<b>181857</b>
iii	TDS Receivable	3730	4036
iv	Receivable from Income Tax	1098	0
v	Advance Income Tax	379344	453860
vi	Stationery	2468	2854
vii	Stamps	95	86
viii	Branch Clearing Account	8168	80787
ix	Prepaid Admn. Charge of EPF	600	0
x	Interest Subvention receivable from Govt. of India	--	5130
xi	Suspense Account	80	205
xii	Unamortised Premium on Investment	21731	24031
xiii	Others		
	a NEFT Settlement	17660	25554
	b ATM Settlement	5573	--
	c NACH Settlement	0	--
	d RBI DEAF Notional Interest	37	37
	e RBI DEAF Claim Receivable	16	5
	f Advance to C-Edge for FI Cards	110	110
	g DD Received Realisation		
	h System Suspense (Net)	3507	--
	<b>Total</b>	<b>26903</b>	<b>25706</b>
	<b>Grand Total</b>	<b>622629</b>	<b>778552</b>

**SCHEDULE - 12 : CONTINGENT LIABILITIES**

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
i	Claims against the Bank not acknowledged as debt	--	--
ii	Liability for partly paid investments	--	--
iii	Liability on account of outstanding forward exchange contracts	--	--
iv	Guarantees given on behalf of Constituents - In India	31466	29370
v	Acceptance, Endorsements and Other Obligations	--	--
vi	Other items for which the Bank is contingently liable (DEAF)	2469	2432
vii	Other items for which Bank is contingently liable	--	--
<b>Total</b>		<b>33935</b>	<b>31802</b>

**SCHEDULE - 13 : INTEREST EARNED**

(Rs. in 000)

Particulars	Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
Interest / Discount on Advances / Bills	661083	604343
Interest on Investments	260314	303589
Interest on Balance with RBI and other Bank Funds	--	--
Others - Interest on TDR/STDR with Banks	294956	283083
<b>Total</b>	<b>1216353</b>	<b>1191015</b>



**SCHEDULE - 14 : OTHER INCOME**

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
i	Commission, Exchange and Brokerage and Others	23626	17831
ii	Recovery in written-off loan accounts	2309	1650
iii	Profit on Sale of Investments	--	--
iv	Profit on Revaluation of Investments	--	--
v	Profit on Sale of Other Assets	--	--
vi	Income Earned by way of Divident etc., from Subsidiaries	--	--
vii	Miscellaneous		
	a Inspection Charge on Loans and Advances	23980	12914
	b Leave Encashment Reimbursement from SBI Life	6036	--
	c FIT Fund Grant received from NABARD	4450	13350
	d SMA Alert Charge	170	--
	e ATM Charge	2699	--
	f Subsidy received for RBI on NCM	4356	--
	g Previous years excess provision	4356	168
	h Financial Incentive for Setellite Connectivity received from Reserve Bank of India	11016	--
	<b>Total</b>	<b>56453</b>	<b>26432</b>
	<b>Grand Total</b>	<b>75646</b>	<b>45913</b>

**SCHEDULE - 15 : INTEREST EXPENDED**

(Rs. in 000)

Particulars	Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
Interest on deposits	652425	575434
Interest on RBI/Inter Bank Borrowings	12507	14119
Others	--	--
<b>Total</b>	<b>664932</b>	<b>589553</b>



## SCHEDULE - 16 : OPERATING EXPENSES

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
a	Salary Payments and Provisions to Employees	268454	171963
b	Rent, Taxes and Lighting	14915	14021
c	Printing and Stationery	3756	4362
d	Advertisement and Publicity	93	8
e	Directors' Fee, Allowances and Expenses	74	64
f	Depreciation on Bank's Property	9266	10316
g	Auditor's Fee and Expenses	566	656
h	Legal Charges	44	106
i	Postage & Telephone Charges	714	589
j	Repairs and Maintenance	293	2238
k	Insurance	13293	11125
l	TA, HA, LTC and Conveyance Expenses	3538	4817
m	Medical Expenses	3601	3703
n	CBS Expenses	16605	22268
o	AMC for Hardware	892	840
p	Newspaper, Books and Periodicals	859	836
q	Computer Expenses	1135	889
r	Fuels & Lubricants for Vehicle	176	137
s	Business Development	254	485
t	Hiring Charge of Generator	4491	4470
u	Hiring Charge of Vehicles	587	691
v	Trainings, Seminars and Recruitment	336	920
w	Administrative Charge on EPF Account	762	18
x	ATM Charges	2642	308
y	SMS Alert Charge	205	--
z	Tax Consultancy Service	229	225
aa	Board Meetings	14	23
ab	Wages to temporary messenger/sweeper	71	81
ac	Exchange/Clearing Charges/Bank Charges	231	257
ad	Remittance and Security Services	527	506
ae	EDLI Premia	45	--
af	Miscellaneous Expenses	4506	3528
Total		353174	260450



## DETAILS OF MISCELLANEOUS EXPENSES No. (af) OF SCHEDULE - 16

(Rs. in 000)

Particulars		Current Year (As on 31.03.2016)	Previous Year (As on 31.03.2015)
a	Financial Literacy Campaign	215	1
b	Water Supply and Washing Expenses	98	88
e	Performance Linked Incentive of Chairman	150	300
f	Carriage / Frieght Charge	271	417
g	PMJDY	0	37
h	Payment of Business Correspondents	273	57
i	Printing of Staff Identity Cards	--	7
j	Staff Welfare	31	10
k	Petty Expenses	3468	2611
<b>Total</b>		<b>4506</b>	<b>3528</b>

**SCHEDULE 17****Note forming part of the Balance Sheet and Profit & Loss Account****SIGNIFICANT ACCOUNTING POLICIES****1. GENERAL**

The Balance Sheet & Statement of Profit & Loss Account have been drawn up in accordance with the provisions made in the Banking Regulation Act, 1949 and Regional Rural Banks Act, 1976. The accompanying financial statements have been prepared on historical cost basis and conform to the statutory provisions and prevailing practices except as otherwise stated. The Accounting Standards prescribed by the Institute of Chartered Accountants of India have been adhered to.

**2. REVENUE RECOGNITION**

- 2.1 Income and expenditure are accounted for an accrued basis other than those stated below.
- 2.2 Interest on advances is recognised on a time proportion basis taking into account the amount outstanding and the rate of interest applicable except in the case of non-performing advances where interest has been recognised to the extent realised in accordance with the guidelines issued by the Reserve Bank of India. In respect of advances classified as non-performing assets for the first time during the year, the income accounted for during the year and remaining unrealised at the year-end is either reversed or fully provided for.
- 2.3 Interest /Dividend on Mutual Fund Investment is recognized on realization basis

**3. INVESTMENTS**

- 3.1 Investments have been made as per the guidelines of the Reserve of India, NABARD and Sponsor Bank keeping in view the statutory obligations of the Bank.
- 3.2 Income on investments have been provided for based on actual interest earned. Accrued interest has been accounted for at the applicable rate of interest.
- 3.3 The entire investments of the Bank are under the 'Held at Maturity' and 'AVAILABLE for Sale' category.

**4. ADVANCES**

- 4.1 All advances are classified into performing and non-performing as per norms laid down by the Reserve Bank of India. Non-performing advances are further classified into sub-standard, doubtful and loss advances.
- 4.2 Provisions are made on all outstandings net of interest not realised on non-performing assets as per prudential norms prescribed by RBI as under :

	Classification of Assets		Secured	Unsecured
1	Standard Assets			
	i	GeneralAccounts	0.40%	0.40%
	ii	Direct Agri & SME	0.25%	0.25%
	iii	Commercial Estate	1.00%	1.00%
2.	Sub-Standard		15.00% of gross outstanding Sub Standard	10.00% of gross unsecured Sub Standard
3.	Doubtful -I		25.00%	100.00%
4.	Doubtful - II		40.00%	100.00%
5.	Doubtful - III		100.00%	100.00%
6.	Loss		-	100.00%

- 4.3 Provision made for standard advances is included in "Other liabilities and provisions"
- 4.4 Unrealized interest on advances which have become non-performing during the year has been provided for.

**5. FIXED ASSETS**

- 5.1 Fixed assets have been accounted for at their historical cost.
- 5.2 Under new changes made by the Sponsor Bank in the rates and method for charging depreciation on Fixed Assets from F.Y. - 2014-15 to have uniformity in the Accounting Policy



The new rates of depreciation under SLM are as under :

Nature of assets	Rate of depreciation on SLM basis	
	Useful life	Rate
Vehicles (Motor Cars)	5 years	20.00%
Safe, Safe Deposit Lockers, Strong Room Doors Strong Room	20 years	5.00%
Furniture and fixtures	10 years	10.00%
Electrical fittings and fixtures	5 years	20.00%
Computer	3 years	33.33%
Server	4 years	25.00%
Computer software forming an integral part of hardware	3 years	33.33%
Computer software which does not form on integral part of hardware	3 years	100.00%

5.3 Depreciation on assets acquired during the year is provided on the basis of number of days put to use on a proportionate basis. In the final year of depreciation a book value of Re. 1 should be left in the books.

## 6. INTER BRANCH ADJUSTMENT ACCOUNT

As per norms laid down by the Reserve Bank of India, 100 per cent provision is made on those net debit entries lying outstanding for more than six months.

## 7. STAFF BENEFITS

7.1 The Bank is having a 'Group Gratuity Master Policy' with the Life Insurance Corporation of India and premium for the year as calculated by them is charged to revenue account.

7.2 During the year the Bank subscribed to the 'Group Leave Encashment Master Policy' of SBI Life Insurance and initial premium of ` 135.58 lacs for the year as calculated by them is paid and charged to revenue account under head of "Salary Payment and Provisions to Employees".

7.3 Provisions for contribution to the provident fund have been made on accrual basis.

## 8. NET PROFIT

Net profit is arrived at after making provision for advance Income Tax and other necessary provisions.

## SCHEDULE 18

## NOTES ON ACCOUNTS

1. Schedules 1 to 16 form an integral part of the Balance Sheet and Profit and Loss Account.
2. In view of RRB (Amendment) Act, 2015 and as per NABARD's instruction vide letter No. NB.IDD.RRCBD/1637/316 (Gen) / 2016-16 dated 30.03.2016, Share Capital Deposit of Rs. 1,59,76,000/- converted to Share Capital in the ration of 50% (Government of India), 15% (Government of Meghalaya) and 35% (State Bank of India).
3. Sub-section (1) of section 17 of the Banking Regulation Act, 1949 requires creation of a reserve fund equivalent to not less than 20% of the balance of profit of each year. This requirement is complied with 25% of this year's profit being set aside for the purpose.
4. The Bank invested in Central and State Government securities amounting to Rs. 28314.30 lakh through the Securities Services Branch, State Bank of India. The premium amount paid at the time of acquisition has been amortised equally over the remaining life of the securities. For the year an amount of Rs. 52.53 lakh is amortised by netting from interest received on investments.
5. During the year a total provision of Rs. 1193.84 lakh has been made for :

Standard Asset	Rs. 6.02 lakh
Bad & Doubtful Asset	Rs. 890.91 lakh
Leave Encashment	Rs. 33.89 lakh
Gratuity	Rs. 286.24 lakh
IBIT	Rs. 10.34 lakh
Total Provisions	Rs. 1193.84 lakh

6. During the year a provision of Rs. 533.31 lakh has been made for income tax liability after adjusting excess provision of Rs. 327.80 lakh. Advance tax amounting to Rs. 917.53 lakh was paid during the year.
7. Income has been recognised in terms of RBI guidelines vide paragraph. 2.2 of the significant accounting policies.
8. Provision has been made for advances in terms of RBI guidelines vide paragraphs 4.1 and 4.2 of the significant accounting policies.

9. Consumption of stationery is reckoned for the 12 month period, 1st February 2015 to 31st January 2016 as per the practice of earlier years. The entire amount of stationery supplied to branches is treated as stationery consumed by them for the year.
10. Contingent liabilities include and amount of Rs. 314.66 lakh are for financial bank guarantee given to constituents and Rs. 24.69 lakh for Depositors' Education Awareness Funds (DEAF) with RBI.
11. Credit Balance in Advance Accounts as appearing in Detail of item No. IV of Schedule - 5-5 (Other liability and provisions), is comprised of (i) Small Business Finance Cash Credit Account - Rs. 19.47 lakh and (ii) Overdraft - Rs. 11.87 lakh
12. Out of the expenditure of Rs. 445.00 lakh for migration of 58 branches. Head office and Regional Office to CBS platform, 50% and 40% amounting to Rs. 222.50 lakh and Rs. 178.00 lakh is to be shared by State Bank of India and NABARD respectively. NABARD Share has already booked in the revenue account. During the year, Bank has also received Sponsored bank share amounting of Rs. 222.50 lakh and considered as Perpetual Bond.
13. In terms of RBI guidelines vide letter No. RBI/2013-14-DBOD. No. DEAF. Cell BC. 114/30.01.002/2013-14 dated 27th May 2014, the Bank are liable to remit amount lying in inoperative accounts of more than 10 years old w.e.f. 23rd May 2014. Therefore, the Bank has remitted an amount of Rs. 24.69 lakh till the month of March 2016 and the shown in Schedule No. 12. Details as under :

Rupees in lakh

Particulars	Current Year	Previous Year
Opening Balance of amount transfer to DEAF Account	24.32	Nil
Add: Amount transferred to DEAF Account during the Year	0.37	24.32
Less : Amount reimburses by DEAF towards claim	--	Nil
Closing Balance transferred to DEAF	24.69	24.32
Account	24.69	Nil

15. Bank has changed the rate of depreciation/useful life on ATM, Servers, Software as advised by Sponsored Bank on Fixed Assets from financial year 2015-16.
16. Fixed Assets register does not contain the date of purchase/date of put to use for old Fixed Assets held by the Bank. Useful life for those Fixed Assets have been estimated by the Management and Depreciation have been calculated on the estimated useful life of the Fixed Assets as determined by the Management.
17. Disclosures :

**I. Concentration of Deposits, Advances, Exposures and NPAs**

<b>Concentration of Deposits</b>	
(Amount in Rupees Crores)	
Total Deposits of twenty largest depositors	107.57
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	8.47%

<b>Concentration of Advances</b>	
(Amount in Rupees Crores)	
Total Advances of twenty largest borrowers	28.84
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank.	4.44%

<b>Concentration of Exposures</b>	
(Amount in Rupees Crores)	
Total Exposures of twenty largest borrowers/customers	109.01
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the Bank on borrowers/customers.	5.68%

<b>Concentration of NPA</b>	
(Amount in Rupees Crores)	
Total Exposures of top four NPA accounts	3.49

## II. Sector-wise NPSa

Sl. No.	Sector	Current Year			Previous Year		
		Outstanding Total Advance	Gross NPAs	Percentage of Grodd NPAs to Total Advances in that sector	Outstanding Total Advance	Gross NPAs	Percentage of Grodd NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied activities	120.68	11.45	9.49	109.19	9.69	8.87
2	Advances to industries sector eligible as priority sector lending	37.25	5.95	15.97	41.27	2.21	5.35
3	Services	195.62	18.57	9.49	219.77	12.32	5.61
4	Personal loans	70.64	1.64	2.32	81.55	0.28	0.34
	<b>Sub-total</b>	<b>424.19</b>	<b>37.61</b>	<b>8.87</b>	<b>451.78</b>	<b>24.5</b>	<b>5.42</b>
<b>B</b>	<b>Non-Priority Sector</b>						
1	Agriculture and allied activities	0.00	0.00	0.00	0.00	0.00	0.00
2	Industry	0.00	0.00	0.00	0.00	0.00	0.00
3	Services	41.96	1.88	4.48	13.49	0.32	2.37
4	Personla loans	183.58	5.55	3.02	150.54	1.7	1.13
	<b>Sub-total (B)</b>	<b>225.54</b>	<b>7.43</b>	<b>3.29</b>	<b>164.03</b>	<b>2.02</b>	<b>1.23</b>
	<b>Total (A+B)</b>	<b>649.73</b>	<b>45.04</b>	<b>6.93</b>	<b>615.81</b>	<b>26.52</b>	<b>4.31</b>

## III. Movement of NPAs

Particulars		Amount in Rupees Crores
Gross NPA as on 1st April 2015 (Opening Balance)		26.51
Additions (Fresh NPAs) during the year		31.72
<b>Sub-Total (A)</b>		<b>58.23</b>
Less		
i	Upgradations	6.93
ii	Recovery (excluding recoveries made from upgraded accounts)	4.18
iii	Write-off	2.08
<b>Sub-Total (B)</b>		<b>13.19</b>
<b>Gross NPAs as on 31st March 2016 (A-B)</b>		<b>45.04</b>
Gross NPS as percentage of total loans and advances		6.93
Net NPA		23.51
Net NPA as percentage of total loans and advances		3.62

<b>MATURITY PATTERN</b>				
<i>Rupees in lacs</i>				
<b>Period</b>	<b>Deposits</b>	<b>Advances</b>	<b>Investments</b>	<b>Borrowings</b>
1 to 14 days	1018926	94859	84443	0
15 to 28 days	538013	159831	213706	7729
29 days to 3 months	817172	419720	1023359	1374
Over 3 month to 6 months	1361528	632830	1642966	21006
Over 6 months to 1 year	551971	1069442	1493367	169829
Over 1 year to 3 years	5933519	1524245	44541	19655
Over 3 years to 5 years	1904617	1396901	933828	3533
Over 5 years	567200	1199385	1705969	22250
<b>Total</b>	<b>12692946</b>	<b>6497213</b>	<b>7142179</b>	<b>245376</b>