

MEGHALAYA RURAL BANK



ANNUAL REPORT: 2016-17

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

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MEGHALAYARURALBANK

A Scheduled Bank established on 29th December 1981 under the RBI Act of 1934 and mandated as per 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.

VISION

To extend sound and reliable banking services to every village and rural inhabitant of Meghalaya and to contribute thereby to the well-being, development and prosperity of the state as a whole.

Please visit us at: <http://meghalayaruralbank.co.in>

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Outer cover photographs:

Front: Idyllic Kyrphei village (East Khasi Hills District) [Photo: Rangkyrshan B. Lynser]

Back: Thyllaw village close to Lawbah (East Khasi Hills District) [Photo: Ambrose Lyngdoh/KKSCO]

BRANCH NETWORK				
EAST KHASI HILLS DISTRICT				39 Branches
CDBLOCK	Branch	Incumbency	Opened on	Relocated on
MYLLIEM	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	
	JAI AW	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		
MAWPAT	Scale - I	31.03.2017		
MAWRYNGKNENG	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	
MAWSYNRAM	LAWBAH	Scale - I	27.12.1983	
	TYRSAD	Scale - I	13.12.1984	
	PONGKUNG	Scale - I	31.05.1983	
MAWKYNREW	MAWKYNREW	Scale - I	09.03.1984	
PYNURSLA	PYNURSLA	Scale - I	11.11.1988	15.04.1996
KHADARSHNONG	MAWKDOK	Scale - I	27.12.1984	
LAITKROH	LAITLYNGKOT	Scale - I	23.06.1984	
MAWPHLANG	NONSPUNG	Scale - I	18.12.1984	
	MAWNGAP	Scale - II	24.09.1988	24.09.1988
	SOHIONG	Scale - I	29.12.1984	
SHELLA BHOLAGANJ	SAITSOHPEN	Scale - I	28.01.1984	

BRANCH NETWORK				
SOUTH WEST KHASI HILLS DISTRICT				2 Branches
CDBLOCK	Branch	Incumbency	Opened on	Relocated on
<i>MAWKYRWAT</i>	MAWKYRWAT	Scale - II	10.10.1983	
	MAWTHAWPDAH	Scale - I	28.01.1984	
WEST KHASI HILLS DISTRICT				13 Branches
<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	
EAST JAINTIA HILLS DISTRICT				12 Branches
<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	
WEST JAINTIA HILLS DISTRICT				7 Branches
<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	

BRANCH NETWORK				
RI BHOI DISTRICT				11 Branches
CDBLOCK	Branch	Incumbency	Opened on	Relocated on
<i>UMSNING</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	
<i>UMLING</i>	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	
EAST GARO HILLS DISTRICT				1 Branch
<i>SAMANDA</i>	WILLIAMNAGAR	Scale - I	09.01.2009	
WEST GARO HILLS DISTRICT				6 Branches
<i>RONGRAM</i>	TURA	Scale - I	31.03.2008	
	RINGRE	Scale - I	23.03.2012	
	DALU	Scale - I	28.03.2013	
<i>SELSELLA</i>	PHULBARI	Scale - I	20.12.2013	
	GAROBADHA	Scale - I	20.12.2013	
	MAHENDRAGANJ	Scale - I	20.12.2013	
NORTH GARO HILLS DISTRICT				1 Branch
<i>RESUBELPARA</i>	RESUBELPARA	Scale - I	27.03.2014	
SOUTH GARO HILLS DISTRICT				1 Branch
<i>BAGHMARA</i>	BAGHMARA	Scale - I	28.03.2012	
SOUTH WEST GARO HILLS DISTRICT				1 Branch
<i>BETASING</i>	AMPATI	Scale - I	27.03.2013	
TOTAL NUMBER OF BRANCHES : 94				

BOARD OF DIRECTORS

31st March 2017



Smt Rose A. B. Khyriem
CHAIRMAN



Shri Rajeev Arora
DGM (B&O), SBI AO, Shillong
SPONSOR BANK NOMINEE



Smt Anjali T. Lyndem
DGM (Outreach), SBI LHO, Guwahati
SPONSOR BANK NOMINEE



Shri T. Lhungdim
DGM RBI, Shillong
RBI NOMINEE



Smt L. Leivang
DGM NABARD, Shillong
NABARD NOMINEE



Shri J. E. Massar
Jt. Director: C&RD Dept.
GOVT. OF MEGHALAYA NOMINEE



Shri E. Y. Chen
Director: Inst. Finance
GOVT. OF MEGHALAYA NOMINEE



Smt Forward L. Mawlong
Sohiong



Shri Nestingdar Nongdkhar
Nongstoin

GOVT. OF INDIA (NON-OFFICIAL) NOMINEES

OUR PROGRESS THROUGH 2016-17

During the year the state of Meghalaya continued to witness the effects of economic slowdown in the local economy, rising NPAs were a persisting challenge, and an internal crisis of sorts developed on account of the increasing shortfall in availability of manpower within the Bank. There was also demonetisation and the Digital India drive.



Among the key successes of the year were the inking of an MOU with the government for promoting livestock and cattle rearing activities in 8 C&RD Blocks, the appointment of several reputable agencies actively involved in rural-uplift for serving as the Bank's SHPIs, the fostering of women SHGs in the Garo Hills districts, facilitating of MGNREGA payments through beneficiary accounts, undertaking of other initiatives for financial inclusion and digitisation, and the effective handling of demonetisation. Yet another achievement was attainment of the Rs 2,000 crore business level land mark (it was Rs 2,454 crore as on March 2017).

The key results of the year-end included the posting of post-tax profit of Rs 11.65 crore, achieving a record-breaking 41.47% increase in deposit level, an 8.44% increase in the Bank's net-worth, CRAR of 13.73%, expansion of the Branch network by one with the opening our newest Branch at Mawpat, and the capping of gross NPAs at 10.11% of total loans and advances outstanding.

I am thankful to staff of the Bank, colleagues, well-wishers, our Sponsor Bank, Controllers and all other individuals and agencies who stood by us and wholeheartedly encouraged and supported our progress through 2016-17.

Shillong: 15th May 2017

(Rose Alba Bina Khyriem)
CHAIRMAN

PERFORMANCE OF THE BANK AT A GLANCE

(Rupees in thousands)

Particulars		2014-15	2015-16	2016-17	
A KEY PERFORMANCE INDICATORS					
1	No. of Districts covered	11	11	11	
2	No. of Branches	91	92	94	
	i Rural	72	73	75	
	ii Semi-Urban	16	16	16	
	iii Urban	3	3	3	
	iv Metropolitan	—	—	—	
3	Total staff (excluding Sponsor Bank staff)	372	399	393	
4	Of which, Officers	144	159	148	
	Deposits	11926069	12692946	17956659	
	Growth	14.50	6.43	41.47	
5	Borrowings Outstanding	191082	245376	234156	
	Growth %	-58.77	28.41	-4.57	
6	Gross Loans & Adv. Outstanding	6158252	6497213	6581588	
	Growth %	22.41	5.50	1.30	
	Of 6 above, loans to				
	a	Priority Sector	3837740	4270680	4136787
	b	Non Priority Sector	2320512	2226533	2720856
	c	SCs & STs	6006957	6333686	6399775
	d	SF/MF/AL	1065884	1169989	1199575
	e	Minorities	6006957	6333686	6399775
7	C.D. Ratio	51.64	51.19	36.68	
8	Investments Outstanding	6478270	7142179	11900321	
	Growth	-0.82	10.25	66.62	

Particulars		2014-15	2015-16	2016-17	
9	SLR Investment Outstanding	2563995	2831430	3685020	
	Non-SLR Investment Outstanding	3914275	4310749	8215301	
B	AVERAGES				
10	Average Deposits	11235879	12133648	15914125	
	Growth %	18.07	7.99	31.16	
11	Average Borrowings	236577	249121	260669	
	Growth %	-18.18	5.30	4.64	
12	Average Gross Loans & Advances	5628647	5449497	6150158	
	Growth %	33.96	-3.18	12.86	
13	Average Investments	6478174	6446922	992659	
	Growth %	2.00	-0.48	55.00	
	Avg. SLR invt. as % of Average Deposits	22.82	21.68	19.66	
	Avg. Non-SLR invt. as % of Avg. Deposits	34.84	29.11	43.13	
	Average Working Funds	13101059	15214471	17615603	
	LOANS ISSUED				
14	Loans Issued during the year	3340199	2786645	2720856	
	Growth %	3.86	-16.57	-2.36	
	Of 14 above				
	i	Priority Sector	2035158	1652994	1621438
	ii	Non Priority Sector	13050.4	1133651	1099418
	iii	SC & ST	3253062	2714579	2616103
	iv	SF/MF	582079	416524	433976
v	Minorities	3253062	2714579	2616103	
D	PRODUCTIVITY				
15	Per Branch	196569	206346	261100	
	Per Staff (excluding sub-staff)	74421	48096	61824	
E	RECOVERY PERFORMANCE				

Particulars		2014-15	2015-16	2016-17
16	Total			
	Demand	1654889	3324524	4116574
	Recovery	1274305	2519356	3409426
	Overdues	380584	805168	707148
	Recovery % (June position)	77.00	75.78	82.82
17	Farm Sector			
	Demand	538494	520371	445057
	Recovery	418345	367784	258458
	Overdues	120149	152587	186599
	Recovery % (June position)	77.69	70.68	58.07
18	Non-Farm Sector			
	Demand	1116395	2804153	3671517
	Recovery	855960	2151572	3150968
	Overdues	260435	652581	520549
	Recovery % (June position)	76.67	76.73	85.82
F	ASSET CLASSIFICATION			
19	i Standard	5893118	6046795.14	
	ii Sub-Standard	125801	87072	
	iii Doubtful	119009	346955	
	iv Loss	20324	16196	
	Total	6158252	6497018	
20	Std. Assets as % to Gross Loans & Adv	95.69	93.07	
G	PROFITABILITY ANALYSIS			
	1 Interest Paid on :	589553	664932	789003
	a Deposits	575434	652425	773200
	b Borrowings	14119	12507	15803
22	Salaries	171963	268454	270074
23	Other Operating Expenses	88487	84720	98921

Particulars		2014-15	2015-16	2016-17
24	Provisions made during the year	86304	90728	73355
	i Against NPAs	23628	89091	73355
	ii Other Provisions	62676	1637	
25	Interest Received	1191015	1216353	1380060
	i Loans & Advances	604343	661083	649463
	ii Current A/c with SponsorBank/RBI/ Other Banks	—	—	—
	iii SLR Investments/Approved Securities	363149	241277	256371
	iv Non SLR Invts/Money at Call/TDR with Sp.Bank	223523	313993	474226
26	Miscellaneous Income	45913	75646	57169
27	Profit	300621	183165	205876
H	OTHER INFORMATION			
28	Share Capital Deposit Received	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	127519	196109	255030
	ii Against Intangible Assets, Frauds, etc	749	749	--
31	Interest Derecognised			
	a During the year	6894	12931	13576
	b Cumulative	9474	17242	23059
32	Loans Written-off during the year			
	i No. of Accounts	224	559	219
	ii Amount	5987	21817	16485
33	Reserves and Surplus	1224395	1354229	1470720
	a Statutory Reserves	442022	474481	503604
	b Other Reserves & Revenue	----	----	-----
	c Accumulated Profit	782373	879748	967116

DIRECTORS' REPORT**1. INTRODUCTION**

The Board of Directors of Meghalaya Rural Bank takes pleasure in presenting the 36th Annual Report of the Bank for the year 2016-17.

a. The State economy in 2016-17

Meghalaya's economy continued to feel the impact of the downturn in general business opportunities brought on in the wake of the NGT ban of 2014 on coal-mining in the state. In an agrarian economy generally characterised by low subsistence-level productivity, coal-mining figured as a cash-rich sector offering substantial opportunities for supplementary employment and income. With the virtual shutting down of this and other mining sectors, ground-level economic activities and purchasing power throughout the state remained affected, resulting in the downturn.

The state government for its part has taken various initiatives in support of a revival of the rural economy, in particular. Among the initiatives taken were the launching of the State Aquaculture Mission, the State Apiculture Mission (2014), the Meghalaya Mission Organic (2015), and the flag-ship Integrated Basin Development and Livelihood Promotion Programme (IBDLP) being implemented by the Meghalaya Basin Development Authority (MBDA).

Table 1: Meghalaya: a few basic statistics	
Geographical area	22,429 sq. kms.
Highest elevation	6,434 ft.
Population (2011)	29,66,889
Density per sq. km (2011)	132
Sex ratio (2011)	989
% of Non-urban population to total population (2011)	80.42
Population below Poverty Line (2011-12, as per Planning Commission estimate)	21.90%
% of Scheduled Tribe population to total population (2011)	86.10%
Literacy rate (2011)	75.48%
Number of villages	6,839
Total number of districts (March 2017)	11
Total number of C&RD Blocks (March 2017)	39

b. Banking in Meghalaya in 2016-17

The total number of banks operating in Meghalaya rose from 35 to 36 during 2016-17 – the new entrant bank being IDFC Bank. The total number of bank branches increased from 382 to 393, with the number of rural branches alone growing from 199 as on March 2016 to 202 as on March 2017. It might be pointed out that Meghalaya Rural Bank accounts for well over a third of these rural branches.

Over the same period, the number of Banking Correspondents (Bank Mitras) in the state rose from 139 to 204, and the total number of ATMs from 379 to 400. The ATM distribution as of March 2017 was - urban: 234, semi-urban: 86 and rural: 80.

Total bank deposits in the state grew by 16.96% during the year, and total credit outstanding by 3.83%. The state's CD ratio declined from 37.26% as on March 2016 to 35.41% as on March 2017.

c. Meghalaya Rural Bank

Meghalaya Rural Bank was established on 29th December 1981 as a Scheduled Bank under the Second Schedule of the RBI Act, 1934, on basis of the Regional Rural Banks Act, 1976. The Bank, initially known as Ka Bank Nongkyndong Ri Khasi Jaintia, was the first SBI-sponsored RRB to be established in Northeast India.

KBNRKJ achieved turn around with the earning of maiden profit in the year 1992-93, and had by March 1995 made good all of its accumulated losses. Further in 1994-95, the Bank was selected by the Government of India for far-reaching and major restructuring and liquidity support.

The change in name to Meghalaya Rural Bank was effected from 1st May 2007 when the Bank's jurisdiction was extended to coverage of the entire state of Meghalaya, including the Garo Hills.

Meghalaya Rural Bank completed migration of its banking operations to the CBS platform by 30th June 2011.

2. CAPITAL STRUCTURE

a. Share-capital

The Bank's authorised share capital was last enhanced from Rs 5 crore to Rs 2,000 crore with the coming into force on 4th February 2016 of the Regional Rural Banks (Amendment) Act, 2015. At the same time, the face-value of the Bank's shares was reduced from rupees one hundred to rupees ten, its share capital deposit was converted to equity, and its issued and fully paid-up share capital increased from rupees one crore to Rs 2,59,76,000.

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

3. ORGANISATIONAL STRUCTURE

The following is a snap-shot of the Bank's organisational set-up.

Board of Directors comprised of 9 Directors
Chairman
General Manager
Head Office, with the following departments : i) Per & HR, ii) Accounts, iii) Advances, iv) Inspection & Audit, v) Information Technology, vi) Chairman's Secretariat, vii) Vigilance, viii) MIS-cum-Reconciliation Cell, (most of the departments are headed by a Senior MMGS-III Manager, while a Senior Manager on deputation from the Sponsor Bank is in charge of the Vigilance Cell.
Regional Manager (a Chief Manager Scale IV position) [being the Controller of 93 branches apart from Shillong Branch, whose Controller is the General Manager]

The year saw the addition to Head Office of the MIS-cum-Reconciliation Cell, whose main function is system-extraction and dissemination of MIS data. The Cell began operating from 14th March 2017.

4. SERVICE NETWORK

a. Branches

With the opening of a new branch at Mawpat on 31st March 2017, the total number of branches in the Bank's branch network has increased to 94.

	District	Rural	Semi Urban	Urban	Total
1	East Khasi Hills	24	13	2	39
2	West Khasi Hills	11	1	1	13
3	South West Khasi Hills	1	1	-	2
4	East Jaintia Hills	9	-	-	9
5	West Jaintia Hills	9	1	-	10
6	East Garo Hills	1	-	-	1
7	West Garo Hills	4	-	1	5
8	North Garo Hills	1	-	-	1
9	South Garo Hills	1	-	-	1
10	South West Garo Hills	2	-	-	2
11	Ri Bhoi	10	1	-	10
Total		73	17	4	94

Branches:	Nos.
Merged	Nil
Relocated	Nil
Opened	1
Converted into satellite Branches	Nil

b. BCs/SHPIs/CSPs

Encouraged by the experience of working with Bakdil NGO, Tura, in fostering and financing women-SHGs in the Garo Hills (including under the NRLM programme), the Bank proceeded to identify other trust-worthy and reputational church-affiliated bodies involved in rural outreach, for appointment as the Bank's SHG Promoting Institutions (SHPIs). The effort culminated with the following appointments (including formally that of Bakdil):

SHPI	MoU dt.	Service area: villages of	Link - Branches
Nongstoin Social Service Centre	2 nd Nov. 2016	West & South-West Khasi Hills Districts	Nongstoin/Riangdo/Mawkyrwat
Social Service Centre, Shillong	3 rd Nov. 2016	Umsning, Pynursla, Mawryngkneng, Mawkynrew C&RD Blocks	Mawhati/Pynursla/Mawryngkneng/Mawkynrew
Bakdil	13 th Feb. 2017	West Garo Hills District	Dalu/Tura/Ringre/Phulbari/Mahendraganj/Ampati

A day-long seminar-cum-training session for the SHPI functionaries was organised at the Bank's Head Office on 31st January 2017.

The number of individual BCs currently with the Bank is 9 and the number of CSPs functioning also 9.

Sl.	Location	Link-branch
1	Laitdom	Mairang
2	Mawlyntriang	Nongkhlaw
3	Mawphaniew	Nongkhlaw
4	Ialong	Jowai
5	Kyrdem	Bhoirymbong
6	Dong-ki-ingding	Mairang
7	Mawlynrei	Rynjah
8	Mawshbuit	Demthring
9	Nonglang	Seinduli

c. ATMs

The Bank relies on the SBI's ATM network for ATM services. At the same time, as a pilot-project a stand-alone cash-dispensing table-top ATM was installed at the Bank's Shillong Branch premises from July 2016.

5. DEPOSITS

a. Growth

	Table 8: Deposits <i>(Rupees in thousands)</i>					
	31st March 2015		31st March 2016		31st March 2017	
Category	Accounts	Amounts	Accounts	Amounts	Accounts	Amounts
Current Account	6,785	61,42,46	6,910	54,84,76	7,481	1,05,95,76
Savings Bank	3,66,613	7,02,10,05	4,44,191	7,09,84,07	5,14,055	11,37,21,21
Sundries	-	3,23	-	3,89	-	-
Term Deposit	12,217	1,52,50,47	12,716	1,93,21,73	25,612	5,39,43,82
Spl. Term Deposit	11,614	2,69,11,11	12,200	3,01,34,45		
Recurring Deposit	3,639	7,43,37	4,588	10,00,56	5,331	13,05,23
Total	4,00,868	11,92,60,69	4,80,605	12,69,29,46	5,52,479	17,95,66,02

Table 9: Ten-year deposit growth record <i>(Rupees in thousands)</i>		
31 st March:	Deposit level (Rs)	Increase %
2008	3,15,98,48	12.80
2009	4,03,94,45	27.84
2010	5,32,30,70	31.78
2011	6,77,41,88	27.26
2012	8,07,42,00	19.19
2013	9,95,30,14	23.27
2014	10,41,55,80	4.65
2015	11,92,60,69	14.50
2016	12,69,29,46	6.43
2017	17,95,66,02	41.47

Year:	Amount	Growth %
2007-08	2,92,22,12	12.57
2008-09	3,70,03,24	26.63
2009-10	4,58,69,12	23.96
2010-11	6,00,32,95	30.88
2011-12	7,30,05,23	21.61
2012-13	8,85,88,76	21.34
2013-14	9,51,58,85	7.42
2014-15	11,23,58,79	18.07
2015-16	12,13,36,48	7.99
2016-17	15,91,41,25	31.16

b. CASA deposits

Year	Percentage	Year	Percentage
2007-08	65.98	2012-13	69.05
2008-09	63.50	2013-14	64.83
2009-10	65.98	2014-15	64.15
2010-11	67.42	2015-16	60.25
2011-12	67.89	2016-17	65.73

c. Interest paid on deposits

Interest was paid on Savings Bank balances at the rate of 4% per annum while interest on time deposits as at the year-end was at the following rates:

Table 12: Interest rates on Time deposits (Rate % per annum)		
Period	31 st March 2016	31 st March 2017
7 to 90 days	5.50	5.50
91 days to less than 1 year	6.00	6.50
1 year to less than 2 years	7.75	6.90
2 years to less than 3 years	7.75	6.95
3 years and above	7.75	6.50

d. Deposits per Branch/Employee

Table 13: Deposits per Branch/Employee (Rupees in thousands)		
Year ended 31 st March:	Per Branch	Per Employee
2013	13,09,61	3,12,99
2014	11,44,57	3,01,03
2015	12,96,31	3,20,59
2016	13,64,83	3,16,53
2017	19,10,28	4,53,45

e. Cost of Deposits

The Bank's average Cost of Deposits showed improvement from 5.12% for 2015-16 to 4.86% for 2016-17.

f. DICGC

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

6. LOANS AND ADVANCES

a. Loans and advances disbursed

Category	31st March 2016			31st March 2017		
	Accounts	Amount	%	Accounts	Amount	%
Crop Loans	6,379	32,53,02	11.67	5,638	31,66,58	11.64
Agriculture Term Loan	135	1,31,93	0.47	95	1,00,15	0.37
Allied Agriculture Term Loan	179	3,00,73	1.08	134	1,31,94	0.48
Debt-Swap	26	5,22	0.02	2	15	0.00
Self Help Groups	149	1,25,75	0.45	158	1,03,27	0.38
GCC	422	1,10,93	0.40	669	1,70,81	0.63
Retail Trade/ Small Business	2,744	95,75,18	34.36	2,483	1,04,64,95	38.46
Transport Operators	277	6,46,39	2.32	240	7,35,52	2.70
Small Scale Industries	290	7,44,49	2.67	183	6,46,73	2.38
Housing	94	8,79,56	3.16	63	6,05,85	2.23
Education Loans	51	1,74,78	0.63	67	70,05	0.26
Others	2,040	5,81,96	2.09	1,590	18,38	0.07
Total Priority Sector	12,786	1,65,29,94	59.32	11,322	1,62,14,38	59.59
Non-Priority Sector	3,153	1,13,36,51	40.68	3,259	1,09,94,18	40.41
Total disbursement	15,939	2,78,66,45	100.00	14,581	2,72,08,56	100.00

b. Loans and advances outstanding

	31st March 2016			31st March 2017		
	Accounts	Amount	%	Accounts	Amount	%
Crop Loans	18,723	88,91,86	42.68	19,584	94,96,24	14.43
Agriculture Term Loans	561	5,57,94	1.28	580	5,65,36	0.86
Allied Agriculture Term Loans	1,124	11,06,49	2.56	1,064	11,39,16	1.73
Debt-Swap	30	5,11	0.07	26	3,72	0.01
GCC	4,305	9,07,27	9.81	3,979	8,00,08	1.22
Self Help Groups	669	6,74,50	1.53	658	5,92,25	0.90
Retail Trade/ Small Business	5,209	1,42,43,49	11.87	4,889	1,53,37,78	23.30
Transport Operators	1,190	29,46,49	2.71	1,091	25,65,52	3.90
Small Scale Industries	1499	37,44,78	3.42	1,386	35,33,46	5.37
Housing	893	88,95,81	2.04	814	65,57,21	6.96
Education Loans	298	6,81,16	0.68	341	7,06,81	1.07
Others	1,363	51,90	3.11	2,092	70,28	0.11
Total Priority Sector	35,864	4,27,06,80	81.75	36,504	4,13,67,87	62.85
Non-Priority Sector	8,004	2,22,65,33	18.25	8,197	2,44,48,01	37.15
Total outstanding	43,868	6,49,72,13	100.00	44,701	6,58,15,88	100.00

c. Priority Sector Lending (PSL)

Priority sector outstanding constituted 62.85% of the Bank's total outstanding as on March 2017; the percentage as on March 2016 was 65.73%.

d. Lending to Scheduled Tribe communities

	2015-16				2016-17			
	Disbursed		Outstanding		Disbursed		Outstanding	
		As % of total disbursed		As % of total outst'ding		As % of total disbursed		As % of total outst'ding
Accounts	12,911	81.00	38,728	88.28	12,732	87.32	39,476	88.31
Amount	2,55,88,48	91.83	6,17,92,93	95.11	2,61,18,58	95.99	6,26,35,66	95.17

e. Annual Action Plan (AAP) : 2016-17

Sector	Target	Achievement	
		Amount	%
Crop Loans	54,46,00	31,66,58	58.15
Other Agricultural Loans	64,56,00	5,06,32	7.84
Industries	10,25,00	6,46,73	63.10
Services	2,53,77,00	1,18,94,75	46.87
Total Priority	3,83,04,00	1,62,14,38	42.33
Non-Priority	1,97,80,00	1,09,94,18	55.58
Total	5,80,84,00	2,72,08,56	46.84

f. Credit Deposit Ratio (CDR)

The rise in deposits following demonetisation was a factor in the decline in the Bank's CDR from 51.19% as on March 2016 to 36.64% as on March 2017. At the same time, the overall CDR of the state as on March 2017 stood at 35.41% as compared to 370.26% as on March 2016.

District	31st March 2016			31st March 2017		
	Dep.	Adv.	CDR	Dep.	Adv.	CDR
East Khasi Hills	5,11,01,00	3,41,81,54	66.89	8,30,34,76	3,44,47,70	41.49
West Khasi Hills	1,91,64,00	93,86,93	48.98	2,63,42,95	94,10,73	35.72
South West Khasi Hills	31,88,00	21,87,30	68.61	43,93,54	21,59,44	49.15
East Jaintia Hills	2,94,85,00	49,91,31	16.93	1,77,64,12	47,38,52	26.67
West Jaintia Hills	1,45,14,00	48,81,75	33.63	3,15,86,01	45,95,10	14.55
East Garo Hills	2,71,00	3,96,45	146.29	1,44,83	-	-
West Garo Hills	17,77,00	35,79,61	201.44	3,24,34	3,31,62	102.24
North Garo Hills	1,00	-	-	29,38,94	46,12,87	156.96
South Garo Hills	1,26,00	36,38	28.87	3,23,00	37,07	11.48
South West Garo Hills	1,93,00	1,46,44	75.88	7,90,01	2,24,20	28.38
Ri Bhoi	71,04,00	51,84,42	72.98	1,19,80,36	52,58,63	43.89
Total	1,26,924,00	6,49,72,13	51.19	17,96,22,86	6,58,15,88	36.64

g. Interest rates on loans and advances

Table 19: Interest rates on Loans and Advances as on 31 st March 2017	
Sector	Rate %
Agriculture 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
Other Agriculture & Allied Agriculture loans	
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
SME loans	
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
Housing loans	
Up to Rs 15 lakh	9.80
Above Rs 15 lakh to Rs 25 lakh	9.95
Above Rs 25 lakh	10.10
Education loans	
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
Loans under NSTFDC schemes	

Sector	Rate %
Up to Rs 5 lakh	6.00
Above Rs 5 lakh	8.00
Other loans	
To NGOs for onward lending to SHGs	10.00
Loans under Rent Plus and Mortgage Loan schemes	14.00
Demand loans/OD against Bank's own securities	1%+FD rate
Demand loans/OD against NSC/Surrender value of LIC policy, gold ornaments, etc.	14.00
Loans for Consumer durables /Computers /Two-wheelers	14.00
Public Car Loans	10.00
Personal loans/Festival loans	14.00
Clean overdraft	15.50

h. Return on Advances

The Return on Advances ratio stood at 10.56% as on March 2017 compared to 10.66% as on March 2016.

i. Borrowings

Table 20: Borrowings outstanding						
<i>(Rupees in thousands)</i>						
	NABARD			Sponsor Bank		NSTFDC
	ST-SAO	Farm Sector	MT-Schematic	ST-SAO	ST-Non-SAO	General Term Loan
Previous year's outstanding	15,00,00	-	4,19,79	-	-	3,10,71
Limit sanctioned during the year	12,27,15	-	32,43,70	-	-	-
Drawn	12,27,15	-	32,43,70	-	-	-
Repaid	15,00,00	-	18,22,55	-	-	-
Outstanding	12,27,15	-	18,40,94	-	-	3,10,71

The Bank adhered meticulously to the schedules fixed for repayment of refinance-related principal and interest. In this regard, the National Scheduled Tribes Finance & Development Corporation (NSTFDC), New Delhi, awarded the Bank an incentive for “excellent performance of your Corporation towards repayment of dues to NSTFDC during 2016-17.”

j. DICGC’s Credit Guarantee Scheme

The Bank had withdrawn participation in DICGC’s Credit Guarantee Scheme since 1st April 1995.

7. AGRI-SECTOR LENDING

a. Disbursement and outstanding

Table 21: Agri-Sector disbursement and outstanding								
<i>(Rupees in thousands)</i>								
Schemes	2015-16				2016-17			
	Disbursed		Outstanding		Disbursed		Outstanding	
	A/cs.	Amt.	A/cs.	Amt.	A/cs.	Amt.	A/cs.	Amt.
KCC	6,379	32,53,02	18,723	88,91,86	5,638	31,66,58	19,584	94,96,24
ATL	135	1,31,93	561	5,57,94	95	1,00,15	580	5,65,36
AATL	179	3,00,73	1,124	11,06,49	134	1,31,94	1,064	11,39,16
Debt Swap	26	5,22	30	5,11	2	15	26	3,72
Agri-clinic	-	-	1	33	-	-	1	1
GCC	422	1,10,93	4,305	9,07,27	669	1,70,81	3,979	8,00,08
Others	1,596	3,63,41	1,191	2,30,89	520	1,37,65	1,193	3,01,65
Total	8,737	41,65,24	25,935	1,16,99,89	7,058	37,07,28	26,427	1,23,06,22

b. Joint Liability Groups (JLGs)

Table 22: Lending to JLGs		
<i>(Rupees in thousands)</i>		
Year ended 31st March:	Outstanding	
	Accounts	Amount
2015	24	19,88
2016	26	19,23
2017	28	19,45

c. Special Central Assistance (SCA) scheme

The Bank entered into a Memorandum of Understanding with the Directorate of Animal Husbandry & Veterinary Services (AHVD), Government of Meghalaya on 8th December 2016 to facilitate enhanced credit flow under the Special Central Assistance Scheme (SCA) to the livestock sector covering dairy, piggery, feed manufacturing, and allied/ancillary activities in viable villages under the Myllem, Mawryungkneng, Umsning, Betasing, Zikzak, Sellsella, Laskein and Tikrikilla C&RD Blocks.

d. Scale of Finance

The Scale of Finance followed for crop financing was as prescribed by the state government's 'Technical Committee for Fixing Scale of Finance.' The rates for farm-sector term investments were 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, with further subvention of 1% added for prompt repayment of the loans.

f. Pradhan Mantri Fasal Bima Yojana (PMFBY)

	2015-16		2016-17	
	Kharif	Rabi	Kharif	Rabi
	Eligible crop loans disbursed	5,00,69	26,65,89	4,87,33
Premium paid	74	177	3	4
Claims	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 (PAIS).

h. NRLM-Aajeevika

The Bank has been in the forefront in implementation of the National Livelihood Mission (NRLM)-Aajeevika intended for poverty reduction through lending to SHGs of the poor.

	31st March 2016				31st March 2017			
	Disbursement		Outstanding		Disbursement		Outstanding	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
Revolving Fund	74	87,45	235	1,12,61	43	21,45	332	2,32,77
Activity Loan	75	38,30	434	5,61,89	115	81,82	326	3,59,48
Total	149	1,25,75	669	6,74,50	158	1,03,27	658	5,92,25

8. MSME

a. Disbursement and outstanding

	2015-16				2016-17			
	Disbursed		Outstanding		Disbursed		Outstanding	
	A/cs.	Amt.	A/cs.	Amt.	A/cs.	Amt.	A/cs.	Amt.
Retail Trade/ Small Business	2,744	95,75,18	5,243	1,54,23,95	2,483	1,04,64,95	4,930	1,59,57,28
Transport Operators	277	6,46,39	1,190	29,46,49	240	7,35,52	1,091	25,65,52
Small Scale Industries	290	7,44,49	1,499	37,44,78	183	6,46,73	1,386	35,33,46
Others	579	4,33,82	855	43,59,40	614	23,23,07	1,378	44,64,19
Total	3,890	1,13,99,88	8,787	2,64,74,62	3,520	1,41,70,27	8,785	2,65,20,45

b. Prime Minister's Employment Generation Programme (PMEGP)

The Bank has been actively promoting PMEGP - the Government-sponsored scheme for fostering entrepreneurship among unemployed educated youth of the state.

As on 31st March:	Disbursed		Outstanding	
	A/cs.	Amt.	A/cs.	Amt.
2013	162	4,02,16	345	7,89,34
2014	157	5,46,83	353	7,94,50
2015	172	4,87,49	388	11,43,39
2016	128	3,68,45	453	12,45,08
2017	71	2,03,85	464	13,09,21

c. **Womens' Economic Empowerment scheme**

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

District	Accounts	Amount
East Khasi Hills	1,295	1,81,23
West Khasi Hills	230	36,75
East Jaintia Hills	38	9.16
West Jaintia Hills	148	62,93
Ri Bhoi	287	65,25
Total	1,998	3,55,32

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

	SHISHU (Loans up to Rs 50,000)			KISHORE (Loans of Rs 50,001 to Rs 5 lakh)			TARUN (Loans of Rs 5 lakh to Rs 10 lakh)			Total		
	A/cs	Disbd.	Outstd.	A/cs	Disbd.	Outstd.	A/cs	Disbd.	Outstd.	A/cs	Disbd.	Outstd.
General	41	1,60	1,40	-	-	-	-	-	-	41	1,60	1,40
SCs	-	-	-	-	-	-	-	-	-	-	-	-
STs	503	22,90	19,70	3	40	40	-	-	-	506	23,30	20,10
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total	544	24,50	21,10	3	40	40	-	-	-	547	24,90	21,50
Out of the above:												
Women entrepreneurs	342	13,40	14,60	2	30	30	-	-	-	344	13,70	14,90
New entrepreneurs	297	13,20	9,30	-	-	-	-	-	-	297	13,20	9,30
Others	503	22,90	12,40	3	40,	40	-	-	-	506	23,30	12,80

9. PERSONAL SEGMENT

a. Personal Segment lending

	As on 31st March 2016				As on 31st March 2017			
	Disbursed		Outstanding		Disbursed		Outstanding	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
Housing	106	10,52,45	893	88,95,81	95	8,73,73	983	93,89,43
Education Loans	51	1,74,78	299	6,84,16	70	83,70	351	8,01,69
Others	3,135	48,97,26	7,879	1,70,65,5,9	2,936	74,47,17	7,950	1,66,51,23
Total	3,292	61,24,49	9,071	2,66,45,56	3,101	84,04,60	9,284	2,68,42,35

b. Pradhan Mantri Awas Yojana (PMAY) - Housing for All (Urban Mission)

	2015-16		2016-17	
	Disbursed	Outstanding	Disbursed	Outstanding
Accounts	5	5	4	7
Amount	39,74	32,44	38,80	40,17

10. RECOVERY OF LOANS & ADVANCES/IRAC NORMS/NPA MANAGEMENT

a. Demand Collection Balance (DCB)

Sector	Demand		Collection		Overdues		Recovery %	
	June '15	June '16	June '15	June '16	June '15	June '16	June '15	June '16
Farm	52,03,71	44,50,57	36,77,85	25,84,58	15,25,87	18,65,99	70.68	58.07
Non-Farm	2,80,41,53	3,67,15,17	2,15,15,72	3,15,09,68	65,25,81	52,05,49	76.73	85.82
Total	3,32,45,25	4,11,65,74	2,51,93,57	3,40,94,26	80,51,68	70,71,48	75.78	82.82

Period	Farm		Non-Farm		Total	
	June'15	June'16	June'15	June'16	June'15	June'16
Below 1 year	6,21,66	11,20,05	30,35,95	31,56,91	36,57,60	42,76,96
1 to 3 years	8,52,63	4,04,72	15,49,37	16,43,42	24,01,99	20,48,14
3 to 5 years	43,66	2,21,56	13,76,93	2,16,71	14,20,59	4,38,27
Above 5 years	7,93	1,19,66	5,63,57	1,88,45	5,71,49	3,08,11
Total	15,25,87	18,65,99	65,25,81	52,05,49	80,51,68	70,71,48

b. Bakijai (Certificate) cases

	2015-16		2016-17	
	Accounts	Amount	Accounts	Amount
Pending at the beginning of the year	1,004	1,67,20	1,250	2,20,32
Settled during the year	351	1,22,31	166	1,24,09
Additional filed during the year	597	1,75,43	45	9,30
Pending at the end of the year	1,250	2,20,32	1,371	3,35,11

c. Compromise settlement/OTS/Write-off

	31st March 2016		31st March 2017	
	Accounts	Amount	Accounts	Amount
Bad debts written-off	556	2,13,69	219	1,64,95
Compromise/One-time settlement	3	4,48	12	10,02
Total	559	2,18,17	231	1,74,97

d. Income Recognition & Asset Classification (IRAC) norms

	2015-16	2016-17
Beginning of the year	94,74	1,72,42
Recovered	51,63	,77,59
Added	1,29,31	1,35,76
At the end of the year	1,72,42	2,30,59

Assets	31st March 2016				31st March 2017			
	Secured	Unsecured	Total	Provision	Secured	Unsecured	Total	Provision
Standard	4,85,99,94	1,18,68,01	6,04,67,95	1,92,08	4,71,01,94	1,20,62,26	5,91,64,20	1,91,94
Sub-Standard	7,42,41	1,28,31	8,70,72	1,43,44	1,7,62,23	3,19,27	20,81,50	3,44,15
Doubtful-1	19,46,01	8,57,76	28,03,77	12,44,11	1,6,26,21	3,65,81	19,92,02	7,18,19
Doubtful-2	3,68,69	1,01,22	4,69,91	2,16,56	1,6,45,55	6,22,37	22,67,92	12,13,54
Doubtful-3	32,26	1,63,62	1,95,88	1,94,03	24,74	1,76,22	2,00,96	1,99,03
Loss	-	1,61,96	1,61,96	1,62,95	-	1,09,28	1,09,28	75,39
Total	5,16,89,31	1,32,80,88	6,49,70,18	21,53,17	5,21,60,67	1,36,55,21	6,58,15,88	27,42,24

e. NPA Management

	31st March 2015	31st March 2016	31st March 2017
NPA at the beginning of the year	22,37,30	26,51,34	45,04,19
Added during the year	12,59,40	31,71,89	31,61,48
NPA upgraded to Standard Assets	4,06,31	6,72,71	48402
Recovered	3,79,18	4,32,64	36514
Written-off	59,87	2,13,69	16485
Total reduction during the year	8,45,36	13,19,04	10,14,01
Gross NPA at the end of the year	26,51,34	45,04,19	66,51,66
Gross NPA as % of total advances	4.31	6.93	10.11
NPA net of provisions	12,81,41	12,42,40	38,70,77
Net NPA as % of total advances	2.08	3.65	5.88

11. TOTAL BUSINESS

As on 31st March:	Deposits	Loans & Advances o/s	Total Business	Increase %
2013	9,95,30,14	3,78,85,27	13,74,15,41	26.58
2014	10,41,55,80	5,03,09,53	15,44,65,33	12.41
2015	11,92,60,69	6,15,82,52	18,08,43,21	17.08
2016	12,69,29,46	6,49,72,13	19,19,01,59	6.11
2017	17,95,66,59	6,58,72,88	24,54,39,47	27.90

	31 st March 2013	31 st March 2014	31 st March 2015	31 st March 2016	31 st March 2017
Per Branch	18,08,10	16,97,42	19,65,69	20,63,46	26,11,06
Per Employee	4,32,12	4,46,43	4,86,14	4,80,96	6,18,24

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

	No. of Accounts
Opened	1,59,675
ATM Debit Cards issued	52,612
No. of zero-balance accounts	13,124
RuPay Debit Cards issued	47,312

b. Financial Literacy Campaign (FLC)

A total of 194 Financial Literacy Camps were organised in various parts of the state by rural branches of the Bank in course of 2016-17. A good number of the camps were arranged with help of the two NGOs - Khyndai Kyntoit Social & Cultural Organisation (KKSCO) and Lifetime Solution - engaged by the Bank as FLC resource and counselors. Generous financial assistance for organising the camps was also received from NABARD, Shillong.

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

Table 41: Enrolment under Government's Social Security Schemes: 2016-17		
Scheme	Nos. enrolled during 2016-17	Cumulative as on 31 st March 2017
PMSBY	5,136	10,196
PMJJBY	3,690	6,394
APY	520	1,132
Total	9,346	17,722

d. Top performers in enrolment under P.M.'s Social Security schemes

Table 42: Recognition Of Top Performers In Enrolment Under the Government's Social Security Schemes: 2016-17	
Position	Branch
First Position	Zero Point
1st Runner-up	Shangpung

13. DEMONETISATION

Following announcement by the government on 8th November 2016 regarding withdrawal of the legal tender nature of specified bank notes (i.e. the then existing currency of Rs 500 and Rs 1,000 denominations) w.e.f. 9th November 2016, banking transaction for the public resumed on 10th November 2016 and branches of the Bank became fully involved in coping with the rush of customers seeking to exchange/deposit the demonetised currency notes.

The officers and staff extended themselves to the fullest extent in arranging for cash remittances and handling the situation generally with much help particularly from the Sponsor Bank and the state government. The Bank remains very grateful for the assistance received.

The total number of SPNs deposited/exchanged through the Bank's branches between 10th November and 30th December 2016 was close to 90 crore pieces and the monetary value involved close to Rs 600 crore.

14. INFORMATION TECHNOLOGY

a. Roll-outs during the year

Among the IT-related advancements achieved during the year were the roll-out of the Bank's:

- ~ e-Commerce product to facilitate use of the Bank's RuPay ATM Debit Cards for online shopping and payment of utility bills. The product was launched on 12th January 2017,
- ~ Public Financial Management System (PFMS), w.e.f. 3rd February 2017, to enable direct crediting of payments by government agencies to the Bank accounts of recipient customers,
- ~ Mobile banking services, w.e.f. 24th March 2017.

15. DIGITAL INDIA DRIVE

The Bank participated actively in the Digital India drive and was involved in implementing the Lucky Grahak Yojana and DigiDhan Vyapar Yojana launched by the Government of India to promote digital payments and transactions. As of March 2017, over 100 customers of the Bank had won incentives for transactions using RuPay ATM Debit Cards.

The Bank also opened a stall at the DigiDhan Mela organised by the IT & Communications Department of the Government of Meghalaya at the State Central Library premises, Shillong, on 7th February 2017. At the Mela, the Bank's digitally-enabled products were prominently show-cased, visitors' queries responded to, RuPay ATM Debit Cards issued, mobile numbers seeded for e-Commerce, and new deposit accounts were opened online.

16. RTI ACT, 2005

Applications received for providing information under the Right to information Act, 2005 were responded to by the Bank's General Manager in his capacity as Central Public Information Officer (CPIO).

17. MRB-RSETI, NONGSTOIN

a. Training conducted

Table 43: MRB-RSETI: Training programmes conducted, 2016-17				
Prg.	Subject	Dates	No. of trainees	Of whom, women
XV	Poultry Farming	28 th March to 2 nd April 2016	51	32
XVI	Goatery Farming	11 th to 16 th April 2016	35	20
XVII	Poultry Farming	26 th April to 2 nd May 2016	27	18
XVIII	Multi-Cropping	21 st to 28 th July 2016	20	12
XVIXI	Goatery Farming	1st to 6th Aug. 2016	20	11
XX	Goatery Farming	8th to 13th Aug. 2016	12	05
XXI	Dairy Farming	17 th to 23rd Aug. 2016	22	06
XXII	Poultry Farming	25th to 31st Aug. 2016	26	16
XXIII	Piggery Farming	5th to 10th Sept. 2016	31	06
XXIV	Farmers' Skill Devp.	12th to 19th Sept. 2016	33	17
XXV	Integrated Pest Mgt.	26th Sept. to 1st Oct. 2016	35	17
XXVI	Piggery Farming	16th to 22nd Nov. 2016	25	21
XXVII	Multi- Cropping	6th to 11th Feb. 2017	12	08
XXVIII	Poultry Farming	13th to 18th Feb. 2017	27	09
Total			376	198
Conducted prior to 2016-17			312	215
Cumulative			688	413

b. Awareness Camps conducted

Sl	Date	Village	Nos. who attended
1	10 th May '16	Siangra	10
2	8 th June '16	Mawthawphet	20
3	15 th June '16	DC's Office, Nongstoin	28
4	24 th June '16	Block Office, Nongstoin	162
5	24 th June '16	MRB-RSETI Hall	38
6	4 th July '16	Mawkawah	30
7	9 th Aug. '16	Myriaw	14
8	1 st Sep. '16	Mawlan A/Mawlan B	12
9	21 st Sep. '16	Ktiehthawiar	37
10	9 th Nov. '16	Mawliehbah-Mawnar	68
11	23 rd Nov. '16	Umshynrut	30
12	28 th Nov. '16	Porsohsynnam	30
13	15 th Dec. '16	Nongklung	29
14	19 th Jan. '17	Mawkohiew,Rambrai	30
15	31 st Jan. '17	New Nongstoin	69
16	31 st Jan. '17	Siejlieh	79
Total			686

c. Success stories

- ~ Smt Bida Sohshang of Nongdom-Laitmihlang village, Marngor, attended MRB-RSETI's XVI training programme (11th to 16th April 2016) on goatery farming and proceeded to avail loan from the Bank for a goatery unit with 3 sheds and a flock of over 60 goats. The enterprise helped the trainee boost her income by around Rs 20,000/- per month.
- ~ Shri Jenes Kharpan of Domkohsam Village, Nongstoin, was trained in piggery farming at the Institute from 15th to 22th September 2015 and went on to set up a piggery unit having 10 sheds and 16 pigs. The enterprise helped increase the trainee's income by around Rs 10,000 monthly.

- ~ Mrs Skylesse Syiemiong of Mawngap Village, Nongstoin was trained in dairy farming at MRB-RSETI from 17th to 23rd August 2016 and later availed loan from the Bank to set-up a 2-shed farm with 4 milch cattle and 2 calves. The enterprise helped enhance this trainee's income by approximately Rs 15,000 per month.
- ~ Mrs Magdalin Thongni, of Siejlieh village, Nongstoin, attended the XIII training programme (8th to 15th Dec. 2015) at the Institute and subsequently availed allied agricultural loan to set up a small but successful piggery unit. Mrs Magdalin Thongni was subsequently selected for a further 2-weeks' specialised training at the Indian Council of Agricultural Research (ICAR), Umiam, and presented additional piglets to rear as an incentive by the Council.
- ~ Mr Synsharbor Lyngkhoi of Mawiong Lumsyntiew, Nongstoin, attended the XVII training programme at the Institute and availed Bank credit to set up a poultry unit with a clutch of some 500 birds. This trainee was selected to undergo a 16-day specialised training on meat processing at ICAR, Umiam, and was granted an additional 200 birds to rear by way of incentive from the Council.

d. Assistance from MSRLS

The Meghalaya State Rural Livelihood Society (MSRLS), Shillong, on behalf of the Ministry of Rural Development, Government of India, reviewed the functioning of RSETIs based in Meghalaya, including that of MRB-RSETI. MSRLS also reimbursed to the Bank a portion of the training costs incurred by MRB-RSETI during the year.

e. DLRAC meetings

Meetings of the 13-Member District Level RSETI Advisory Committee (DLRAC) for MRB-RSETI, chaired by the Deputy Commissioner: West Khasi Hills District and co-chaired by the Bank Chairman, were convened on the following dates:

Table 45: DLRAC meetings, 2016-17		
Meeting	Date	Members in attendance
4th	13 th May 2016	13
5th	21 st December 2016	12

f. Permanent campus for the Institute

The National Institute of Rural Development & Panchayat Raj (NIRD), Hyderabad, released to the Bank during the year, its first installment of financial assistance for construction of a permanent campus for MRB-RSETI at Nongstoin.

g. Change in incumbency of Directorship

Shri Ermington Nengnong, Manager Scale II, was on 14th February 2017 appointed Director: MRB-RSETI vice Shri Ebenezer Jyrwa who had been Director since inception of the Institute and whose services in another capacity had been requisitioned by the Bank.

18. CROSS-SELLING

The following progress was achieved in cross-selling of SBI Life Insurance and SBI General Insurance products during 2016-17:

a. SBI Life Insurance Co. products

Policies	2015-16		2016-17	
	No. of new policies	Amt. of new business premium mobilised (excl. tax)	No. of new policies sold	Amt. of new business premium mobilised (excl. tax)
Individual	208	5,80	59	32,99
Group	1039	57,69	1,073	3,38
Total	1247	63,49	1,132	36,37

This year sourcing of business for SBI Life Insurance secured for the Bank its first ever MDRT (Million Dollar Round Table) qualifier.

b. SBI General Insurance Co. products

Policies	2015-16		2016-17	
	No. of new Policies sold	Amt of New Business Premium mobilised (excl. tax)	No. of New Policies sold	Amt. of New Business premium mobilised (excl. tax)
Small & Medium Enterprises (SMEs)	553	13,37	574	12,98
Housing (Long term)	56	5,08	64	6,66
Motor vehicles	24	2,57	22	2,27
Others	98	72	89	54
Total	731	21,74	749	22,45

The Bank's Nongstoin, Shillong and Tura branches, in that order, were identified as the year's top performing branches in sale of SBI General Insurance products.

c. Insurance workshop-cum-seminars

The following workshop-cum-seminars on cross-selling were organised/participated in by the Bank:

- ~ Workshop for CIFs on SBI Life products, organised by SBI Life Insurance at Guwahati on 4th June 2016,
- ~ Workshop on Cross-selling for Senior Managers, organised by SBI Life Insurance at Mumbai from 21st to 23rd August 2016,
- ~ Workshop on SBI Life Insurance and SBI General Insurance products, at the Bank's Head Office on 10th November 2016.

19. CASH AND BALANCES WITH BANKS

	31 st Mar'2014	31 st Mar'2015	31 st Mar'2016	31 st Mar'2017
Cash held	9,03,01	8,07,02	9,41,10	10,89,61
Average cash held	8,33,00	9,46,95	9,53,42	11,58,17
Average cash as % of average deposits	0.88	0.84	0.79	0.73
Balance in current account with RBI	45,51,22	49,90,31	54,55,24	81,15,22
Current account with other banks	11,35,37	21,80,98	44,24,98	63,50,09
TDR with banks	3,45,99,97	3,50,80,12	3,50,21,69	5,78,55,01

It might be mentioned that the Bank on completion of necessary procedures participated in the migration of the Shillong Clearing House to CTS (Cheque Truncation System) Clearing w.e.f. 25th April 2016.

20. INVESTMENTS

Investment of the Bank's SLR funds was handled by the Sponsor Bank's Portfolio Management Section (PMS), Securities Services Branch, Mumbai, while deployment of non-SLR funds was managed by the Bank's Head Office. The Bank posted a Return on Investments ratio of 7.31% for the year.

	31st March 2015			31st March 2016			31st March 2017		
	Amount	Interest	Yield %	Amount	Interest	Yield %	Amount	Interest	Yield %
SLR	3,91,42,75	36,31,49	9.28	2,75,15,02	23,60,24	8.58	3,12,88,93	25,63,71	8.19%
Non-SLR	2,56,39,95	22,35,23	8.72	3,69,54,20	31,92,46	8.64	6,86,37,66	47,42,26	6.91%
Total	6,47,82,70	58,66,72	9.06	6,44,69,22	55,52,70	8.61	9,99,26,59	73,05,97	7.31%

21. INCOME, EXPENDITURE AND PROFITABILITY

a. Transfer Price Mechanism

Interest Payable to Head Office	Rate
Weekly average advances	7.60%
Weekly average cash balance	7.60%
Weekly average balance in current account with link branch	7.60%
Income received for issuing GPOs	35% of total income
Downgrade in audit rating	Rs 50,000
Migration suspense account balance as on 31st March 2017	100% of outstanding
On NPA (Non-standard A/cs.) as on 31 st March 2017	5% of outstanding NPA
Incentives Receivable from Head Office	
Weekly average deposits	7.93%
Average weekly balance in Subsidy Reserve Fund	7.93%
Recovery from Loss/Doubtful - 3 Assets	100% of amount recovered
Recovery from Doubtful – 2 Assets	100% of amount recovered
Recovery from Doubtful – 1 Assets	100% of amount recovered
Disbursement of agricultural loans (other than under NRLM)	10% of loans disbursed
Disbursement of Priority Sector loans (other than agricultural -loans)	10% of loans disbursed
No-Frill, SB, APY & PMJDY accounts opened during the year	Rs 50 per account
New Farmers' Clubs formed and duly registered with NABARD	Rs 5,000 per Club
Direct lending to SHGs/JLGs	12% of loans 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
KCC Rupay Cards issued during the year	Rs 50 per Card
RuPay-Debit Cards issued to PMJDY account holders	Rs 50 per Card

b. Income

There was an increase by 11.24% in the Bank's total income during the year.

	31st March 2015		31st March 2016		31st March 2017	
	Amount	%	Amount	%	Amount	%
Interest on balances with banks	28,30,83	29.95	29,49,56	31.20	34,06,89	23.70
Interest on investments	30,35,89	32.12	26,03,14	27.54	38,99,08	27.13
Interest on Loans & Advances	60,43,43	63.93	66,10,83	69.93	64,94,63	45.19
Commission and Exchange	1,78,31	1.89	1,71,84	1.82	1,72,06	1.20
Others	2,80,82	2.97	5,84,62	6.18	3,99,63	2.78
Total	1,23,69,28	100.00	1,29,19,99	100.00	1,43,72,29	100.00

c. Expenditure

The increase in total expenditure was by 11.05%.

	31st March 2015		31st March 2016		31st March 2017	
	Amount	%	Amount	%	Amount	%
Interest on deposits	57,54,34	76.43	65,24,25	86.65	77,32,00	62.79
Interest on borrowings	1,41,19	1.88	1,25,07	1.66	1,58,03	1.29
Payment to/for employees	17,19,63	22.84	26,84,54	35.65	27,00,74	21.93
Other operating expenses	8,84,87	11.75	8,47,20	11.25	9,89,21	8.03
Provisions	8,63,04	11.46	9,07,28	12.05	7,33,55	5.96
Total	93,63,07	100.00	1,10,88,34	100.00	1,23,13,53	100.00

d. Net Profit

Year	Amount	Year	Amount
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	18,24,51
2010-11	11,99,17	2015-16	12,98,34
2011-12	15,48,40	2016-17	11,64,91

22. PERFORMANCE PARAMETERS & FINANCIAL INDICATORS

a. Net Worth

	2012-13	2013-14	2014-15	2015-16	2016-17
Share Capital	1,00,00	1,00,00	1,00,00	2,59,76	2,59,76
Share Capital Deposit	1,59,76	1,59,76	1,59,76	-	-
Reserves	32,77,08	40,69,17	44,20,22	47,44,81	50,36,04
Accumulated profit	53,74,51	67,50,77	78,23,73	87,97,48	96,71,16
Total	89,11,35	1,10,79,70	1,25,03,71	1,38,02,05	1,49,66,96
Increase %	24.93	24.33	12.85	10.38	8.44

b. Capital Adequacy

31st March	Capital			Risk Weighted Assets	CRAR %
	Tier 1	Tier 2	Total		
2013	89,11,35	1,14,76	90,26,11	5,33,60,47	16.92%
2014	1,10,79,70	1,52,75	1,12,32,45	7,01,30,53	16.02%
2015	1,25,03,71	1,86,06	1,26,89,77	9,20,18,45	13.79%
2016	1,38,05	4,14,58	1,42,16,63	8,80,72,70	16.14%
2017	1,49,66,96	4,14,44	1,53,81,40	11,20,44,31	13.73%

c. Financial Ratios

	2012-13	2013-14	2014-15	2015-16	2016-17
Average working funds	10,59,38,20	11,33,96,17	13,10,10,59	15,21,44,71	17,61,56,03
Financial Returns %	8.57	8.93	9.09	7.99	7.83
Financial Cost %	4.21	4.58	4.50	4.37	4.48
Financial Margin %	4.36	4.35	4.59	3.62	3.35
Operating Cost %	1.65	2.02	2.44	2.32	2.09
Miscellaneous Income %	0.35	0.50	0.35	0.50	3.20
Operating Profit %	3.05	2.83	2.50	1.80	4.46
Risk Cost %	0.38	0.03	0.21	0.60	4.20
Net Margin %	2.67	2.79	2.29	1.20	1.16

d. MOU 2016-17

	2015-16		2016-17	
	Target	Achievement	Target	Achievement
Reserves and surplus	1,51,32,00	1,35,42,29	1,51,65,00	1,47,07,20
Deposits	13,71,50,00	12,69,29,46	14,22,00,00	17,95,66,59
Growth %	15.00	6.43	12.03	30.92
[A] Demand deposits	8,39,92,00	7,64,72,72	8,67,42,00	12,43,17,54
Growth %	10.00	0.15	13.43	48.01
[B] Time deposits	5,31,58,00	5,04,56,74	5,54,58,00	5,52,49,05
Growth %	23.90	17.60	9.91	3.93
Borrowings	38,00,00	24,53,76	3000,00	23,41,56
Loans and advances outstanding	7,02,03,00	6,49,72,13	7,14,69,00	6,58,15,88
Growth %	14.00	5.50	10.00	1.38
[A] Target Group	4,56,32,00	4,27,06,80	4,64,69,00	4,13,67,87
As % of total advances	65.00	65.73	9.55	62.85
[B] Non-target Group	2,45,71,00	2,22,65,33	2,50,00,00	2,44,48,01

	2015-16		2016-17	
	Target	Achievement	Target	Achievement
As % of total advances	35.00	34.27	10.85	37.15
Loans issued during the year	6,01,21,00	2,78,66,45	3,62,00,00	2,72,08,56
Growth %	79.99	(-)53.65	29.91	(-)2.36
[A] Target Group	3,85,41,00	1,65,29,94	2,42,00,00	1,62,14,38
As % of total advances	64.11	59.32	46.40	59.59
[B] Non-Target Group	2,15,80,00	1,13,36,51	1,20,00,00	1,09,94,18
As % of total advances	35.89	40.68	5.85	40.41
CD Ratio	51.19	51.19	50.26	36.65
Recovery %	85.00	75.78	80.00	82.82
Investments	7,84,30,00	7,14,21,79	7,66,97,00	11,90,03,21
SLR	3,03,60,00	2,83,14,30	3,05,73,00	3,68,50,20
Non-SLR	4,80,70,00	4,31,07,49	4,61,24,00	8,21,53,01
Investments to deposits ratio %	57.19	56.27	53.94	66.27
Net profit	19,15,00	12,98,00	13,63,00	11,64,91

23. MODEL BRANCH AWARDS, 2015-16

Winners of the Model Branch Awards 2015-16 were announced on 20th August 2016 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 27th August 2016.

Table 58: Model Branch Awards, 2015-16		
	Category	Branch
	Best All Round Performance:	
i	First Position	Tura
ii	1st Runner-up	Laitlyngkot
iii	2nd Runner-up	Demthring
	Highest Budget Achievement:	
iv	Loans & Advances	Tura
v	Deposits	Ladrymbai
	Lowest NPA for the last 2 consecutive years among branches in operation for over 10 years:	

Category		Branch
vi	First Position	Rynjah
vii	1st Runner-up	Sohryngkham
viii	2nd Runner-up	Rymbai
Highest percentage of NPA Reduction:		
ix	First Position	Smit
x	1st Runner-up	Mawngap
xi	2nd Runner-up	Bhoirymbong
xii	Best Emerging Branch	Nongthymmai
Enrolment under the Government's Social Security schemes:		
xiii	First Position	Shillong
xiv	1st Runner-up	Laitlyngkot
xv	2nd Runner-up	Shangpung and Mawkyrwat

The awards for enrolment under the government's social security schemes were introduced for the first time this year.

24. PERSONNEL & HUMAN RESOURCES

a. Staff position

Table 59: Staff position as on 31 st March 2017			
	Nos.	Of whom, STs	Of whom, women
Chief Managers (Scale IV)	3	1	-
Senior Managers (Scale III)	14	9	2
Managers (Scale II)	33	25	11
Assistant Managers (Scale I)	100	89	38
Total Officers	150	129	54
Office Assistants (Multipurpose)	126	121	45
Office Attendants (Multipurpose)	120	114	50
Total staff	396	359	146
As % of total staff strength	-	90.66	36.87

Table 60: Changes in staff position during 2016-17

Item	Officers	Office Assistants	Office Attendants	Total
As on 31 st March 2016	159	121	121	401
Deaths	2	1	-	3
Promoted	-	-	-	-
Retired	4	-	-	4
Resigned	3	2	1	6
Appointed	-	8	-	8
As on 31 st March 2017	150	126	120	396

b. Recruitment

From the panel of candidates for the posts of Office Assistant who opted for Meghalaya Rural Bank and had been declared successful at the CWE for RRBs-IV examination and interview conducted by IBPS in 2015, appointment letters were issued to a number, 8 of whom responded and joined the Bank during 2016-17.

c. Participation in IBPS programmes

The Bank extended cooperation to the Indian Banking Personnel Selection (IBPS), Mumbai, in conduct by the latter of the common recruitment process (CRP) - V for RRBs, locally. The Bank, on behalf of IBPS, assisted by way of:

- ~ Conducting the pre-examination training (PET) at Shillong from 17th to 22nd October 2016 for candidates for the posts of Assistant Manager (Scale I), and from 24th to 29th October 2016 for candidates for the posts of Office Assistant,
- ~ Supplying Venue Bank Officers (VBOs) for the IBPS preliminary online common written examination (CWE-V for RRBs) held at Shillong and Baridua from 4th to 19th November 2016,
- ~ Supplying Venue Bank Officers (VBOs) for the CWE RRB V – Main and Single examinations held at Shillong on 11th and 18th December 2016.

d. Officers on deputation from the Sponsor Bank

As at the year end, the Sponsor Bank Officers on deputation to this Bank were:

- ~ Smt RoseAlba Bina Khyriem, TEGS-VI, as Chairman wef. 1st August 2014,
- ~ Shri Komanly Khongwar, SMGS- IV, as General Manager wef. 16th January 2015,
- ~ Shri Ratnanka Choudhury, MMGS-III, as Chief Vigilance Officer wef. 5th September 2014.

e. Skill-enhancement

Training programmes organised in-house and deputation of officers for training by external agencies/institutions were as follows:

Table 61: In-house programmes conducted, 2016-17			
	Programme	Venue	Duration
1	Branch Managers' Performance Review Meeting-cum-Seminar	Shillong Club Conference Hall	27 th August 2016
2	Workshop on SBI Life & SBI General products	Bank's Head Office, Shillong	11 th November 2016
3	Seminar-cum-Training session for SHPI functionaries and selected Branch Managers	Bank's Head Office, Shillong	31 st January 2017

Table 62: Deputation of Officers to various Training Institutes during 2016-17			
Sl	Subject	Institute	Period
1	Training on Vigilance/Disciplinary Matters	SBLC, Guwahati	21 st & 22 nd April 2016
2	Basic training on CBS	SBLC, Shillong	25 st & 27 th April 2016
3	Special workshop for CIFs	SBI Life, Guwahati	4 th June 2016
4	Workshop on Pradhan Mantri Awas Yojana (PMAY) Housing for All (Urban)	Housing & Urban Devp. Corp., Guwahati	15 th to 16 th July 2016
5	Workshop on Cross-selling	SBI Life, Mumbai	21 st to 23 rd July 2016
6	Training on Internal Disciplinary Action/Vigilance	IIBM, Guwahati	25 th to 28 th July 2016
7	Workshop on NRLM-bank linkage portal	SIRD, Nongsder	20 th to 22 nd Sept. 2016
8	Programme on Audit in computerised environment	IIBM, Guwahati	26 th to 30 th Sept. 2016
9	Meeting called by Bankers' Clearing House for the Southern Grid, Chennai	Guwahati	20 th October 2016
10	Workshop on submission of returns in XBRL platform	RBI, Pune	23 rd February 2017

f. Projection of manpower requirement

Consequent to adoption by the Bank in 2015 of the recommendations of the ‘(Shri S.K. Mitra) Committee on HR Policy for RRBs post CBS’ and faced with a growing shortfall in availability of Officers and Office Assistants, the Bank undertook during the year a fresh projection of its manpower requirement for the immediate and near future.

g. Transfer Policy for Officers and Employees

Based on guidelines forwarded by NABARD and the Sponsor Bank, the Bank finalised and adopted a formal Transfer Policy for its Officers & Employees. The Policy came into effective from the latter part of 2016.

h. Industrial relations

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

25. INSPECTION & AUDIT**a. Statutory Audit**

From a panel forwarded by NABARD, the following firms were appointed Statutory Auditors of the Bank for 2016-17: Messrs. Soumya Dutta Associates, Kolkata (as Statutory Central Auditor), and Messrs. Chowdhury Basu & Roy, Kolkata, Messrs. Monoj Dutt & Co., Kolkata, and Messrs. Amit O.P. Sharma & Co., Shillong, (as Branch Statutory Auditors).

After scrutinising the Bank’s closing financial statements for the year 2016-17, the Central Statutory Auditor certified that the statements presented “a true and fair view in conformity with the Accounting principles generally accepted in India.”

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

A team from NABARD, Assam Regional Office, Guwahati, led by Shri N.C. Bhowal, Assistant General Manager, conducted the XVIIth Statutory Inspection of the Bank under Section 35(6) of the BR Act, 1949 from 30th June to 16th July 2016. On the concluding day of the Inspection, the Inspecting Team called a Wrap-up meeting to discuss their observations with Directors of the Board and senior executives of the Bank.

The Report on the Statutory Inspection was received on 18th August 2016 and the Bank's compliance remarks were submitted to NABARD within the recommended time-frame.

c. Management Audit

The Report on Management Audit of the Bank conducted by State Bank of India in December 2015, was early in 2016-17 treated by the Sponsor Bank as attended to and dealt with.

d. Internal Inspection & Audit

Table 63: Internal Audit Inspection & of Branches: 2016-17				
Inspection/ Audit	Pending as on 31 st Mar'2016	Branches that became due for audit/ Inspection during 2016-17	Total due in 2016-17	Audited/Inspected during 2016-17
Internal Inspection	08	45	53	30
Snap Audit	10	17	27	18

Table 64: Closure of Inspection & Audit reports: 2016-17				
Inspection/ Audit	Pending as on 31 st March 2016	Added for closure during 2016-17	Total due for closure during 2016-17	Closed during 2016-17
Internal Inspection	07	51	58	50
Snap Audit	05	03	08	08

26. VIGILANCE

As a preventive vigilance measure and on suggestion of the Central Vigilance Commission (CVC), Vigilance Week was observed in the Bank from 1st October to 5th November 2016. As part of the observance, Meghalaya Rural Bank as an institution formally subscribed to the CVC's Integrity Pledge and called a pledge-taking ceremony at the Bank's Head Office on 1st November 2016.

Further, Awareness Gram Sabhas were organised at 19 rural centers between 2nd and 5th November 2016 on the theme of "Public participation in promoting Integrity and eradicating Corruption." The Awareness Gram Sabhas attracted good public response and participation.

27. GUESTS AND VISITORS

The Bank was happy to specially welcome the visit of:

- ~ Shri Krishna Kumar, CEO, and Shri Jitendra Chivate, Vice-President, C-Edge Technologies, Mumbai, at the Bank's Head Office on 16th April 2016;
- ~ Shri H. Kerwood Thabah, M.C.S., Block Development Officer, Jirang C&RD Block, as Chief Guest at a function organised by the Bank at Patharkhmah Branch on 3rd May 2016.

28. BOARD OF DIRECTORS

The following Directors joined the Board in course of 2016-17:

- ~ Shri J.E. Massar, Joint Director, C&RD, Govt. of Meghalaya, Shillong, vice Shri Akash Deep, I.A.S., w.e.f. 28/06/2016;
- ~ Shri E.Y. Chen, Joint Director, Institutional Finance & Ex-Officio Deputy Secretary to the Govt . of Meghalaya, Finance (Economic Affairs) Department, vice Smt D.T. Kharshiing, w.e.f. 15/07/2016;
- ~ Shri Rajeev Arora, DGM, SBI Administrative Office, Shillong, vice Shri B.V.S.K.T. Bhaskar, DGM, w.e.f. 5/11/2016;
- ~ Smt Anjali T. Lyndem, DGM (OR), SBI Local Head Office, Guwahati, vice Shri Imkong Sashi Pongener, DGM, w.e.f. from 15/11/2016.

The Bank expressed appreciation for the services rendered by the out-going Directors and extended a warm welcome to the in-coming Directors.

Meetings of the Board of Directors during the year were convened on:

Meeting	Date	Directors in attendance
201 st	8 th February 2016	7
202 nd	24 th May 2016	7
203 rd	16 th July 2016	5
204 th	8 th September 2016	6
205 th	16 th November 2016	6
206 th	13 th December 2016	6
207 th	20 th February 2017	6

Besides regular agenda items discussed and decided upon, the following policies were adopted by the Board during the year for implementation in the Bank:

- ~ Policy on Insurance through Business Solicitation and Servicing
- ~ Policy on Banking Correspondents (BCAs)
- ~ Transfer Policy for Officers and Employees.

29. ACKNOWLEDGEMENTS

Meghalaya Rural Bank is profoundly grateful to the Government of India, Government of Meghalaya, Reserve Bank of India, NABARD, and State Bank of India for their active support and assistance to the Bank during 2016-17.

The Bank is grateful for the cooperation extended to it by various NGOs, organisations, corporations and agencies, and is majorly indebted to the growing body of customers whom it had the privilege of serving during the year.

For a final word, appreciation is expressed to staff of the Bank whose dedication and hard work was most vital in enabling Meghalaya Rural Bank to move ahead along the pathway of growth and progress and of service during 2016-17.

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

STATUTORY CENTRAL AUDITOR'S REPORT**TO THE MEMBERS
MEGHALAYA RURAL BANK****Report on the Financial statements**

1. We have audited the accompanying financial statements of MEGHALAYA RURAL BANK which comprise of the Balance Sheet as at 31st March 2017, 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 80 (Eighty) Audited branches and 13 (Thirteen) 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.

we report that :

- 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 gross advances of Rs. 658.73 Crores, gross NPA figure stands at Rs. 66.52 Crores. Steps should be taken to reduce NPA to an acceptable level.

Place : Shillong
Dated : 21.04.2017

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


Nabendu Mohan Rakshit
Partner
Membership No. 051618

MEGHALAYA RURAL BANK
Head Office : Shillong
BALANCE SHEET AS ON 31st MARCH 2017

(Rs. in 000)

Particulars	Schedule	Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
CAPITAL AND LIABILITIES			
Capital	1	25976	25976
Reserve and Surplus	2	1470720	1354229
Deposits	3	17956659	12692946
Borrowings	4	234156	245376
Other liabilities and provisions	5	904590	875159
TOTAL		15193686	15193686
ASSETS			
Cash and Bank Balance with RBI	6	920483	639634
Balance with Bank & Money at Call and Short notice	7	6420510	3944667
Investments	8	6114820	3640010
Advances	9	6309199	6283863
Fixed Assets	10	63073	62883
Other Assets	11	764016	622629
TOTAL		20592101	15193686
Contingent Liabilities	12	39154	33935

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

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

Sd/-
(Shri J. E. Massar)
Director

Sd/-
(Smt A. T. Lyndem)
Director

Sd/-
(Shri Nestingdar Nongdkhar)
Director

Sd/-
(Smt. L. Leivang)
Director

Sd/-
(Shri Forward L. Mawlong,
Director

Sd/-
(Shri T. Lungdim)
Director

Sd/-
(Shri E.Y. Chen)
Director



Nabendu Mohan Rakshit
(Nabendu Mohan Rakshit)
Partner
Membership No. 051618
Date : 21st April 2017

MEGHALAYA RURAL BANK

Head Office : Shillong

Profit & Loss for the year ended 31st March 2017

(Rs. in 000)

Particulars		Schedule	Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
1	Interest Earned		1380060	1216353
	a. Interest / Discount on Advances/Bills	13	649463	661083
	b. Interest on Investments		389908	260314
	c. Interest on Balances with RBI and other Inter Bank Funds		--	--
	d. Interest on TDR/STDR with Banks		340689	294956
2	Other Income		57169	75646
	i. Commission, Exchange and Brokerage	14	12706	17184
	ii. Miscellaneous Income		39963	58462
3	TOTAL (1+2)	15	1437229	1291999
4	Interest Expended	16	789003	664932
5	Operating Expenses		368995	353174
	a. Employees Costs		270074	268454
	b. Other Operating Expense		98921	84720
6	Total Expenditure excluding Provisions and Contingencies (4+5)		1157998	1018106
7	Operating Profit before Provisions and Contingencies (3-6)		279231	273893
8	Provision (other than Tax) and Contingencies		73355	90728
9	Exceptional Items		--	--
10	Profit / Loss from Ordinary Activities before Tax (7-8 -9)		205876	183165
11	Tax Expense		89385	53331
	a. Provision for Taxation		89385	86111
	b. Deferred Tax Asset		--	--
	c. Earlier Years Adjustments (Excess)		--	(32780)
12	Net Profit/Loss for the period for Ordinary Activities after Tax (10-11)		116491	129834
13	Extra-ordinary items (net of tax expenses)		--	--
14	Net Profit/Loss for the period (12-13)		116491	129834
15	APPROPRIATION			
	a. Net Profit/Loss for the period		116491	129834
	b. Brought forward Profit		879748	782373
	c. Transfer to Statutory Reserves		29123	32459
	Profit / Loss carried over to Balance Sheet		967116	879748
	Summary of Significant Accounting Policies	17		
	Disclosures and Note to Accounts	18		

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

Sd/-
(Smt A. T. Lyndem)
Director

Sd/-
(Smt. L. Leivang)
Director

Sd/-
(Shri T. Lungdim)
Director

Sd/-
(Shri J. E. Massar)
Director

Sd/-
(Shri Nestingdar Nongdkhar)
Director

Sd/-
(Shri Forward L. Mawlong)
Director

Sd/-
(Shri E. Y. Chen)
Director

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



Rahmslit

(Nabendu Mohan Rakshit)
Partner
Membership No. 051618
Date : 21st April 2017



MEGHALAYA RURAL BANK

Head Office : Shillong

Schedules forming part of Balance Sheet As at 31st March 2017**SCHEDULE - I-A : CAPITAL**

(Rs. in 000)

Particulars	Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
Authorised Capital (200,00,000,00 Equity Shares of Rs. 10/- each)	2000000	2000000
Issued Capital (25,97,600 Equity Shares of Rs. 10/- each)	25976	25976
Subscribed Capital (25,97,600 Equity Shares of Rs. 10/- each)	25976	25976
Called up Capital (25,97,600 Equity Shares of Rs. 10/- each)	25976	25976
Less : Call unpaid	----	----
Add : Forfeited Share	----	----
TOTAL	25976	25976



SCHEDULE - 2 : RESERVES AND SURPLUS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
I	Statutory Reserve		
	i) Opening Balance	474481	442022
	ii) Addition during the year	29123	32459
	iii) Deduction during the year	-	-
Total		503604	474481
II	Capital Reserve		
	i) Opening Balance	-	-
	ii) Addition during the year	-	-
	iii) Deduction during the year	-	-
Total		-	-
III	Share Premium		
	i) Opening Balance	-	-
	ii) Addition during the year	-	-
	iii) Deduction during the year	-	-
Total		-	-
IV	Revenue and other reserves		
	i) Opening Balance	-	-
	ii) Addition during the year	-	-
	iii) Deduction during the year	-	-
Total		-	-
V	Balance in Profit and Loss Account		
	i) Opening Balance	879848	782373
	ii) Addition during the year	87368	97375
	iii) Deduction during the year	-	-
Total		967116	879748
GRAND TOTAL (I+II+III+IV+V)		1470720	1354229



SCHEDULE - 3 : DEPOSITS

(Rs. in 000)

Particulars			Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
A	I	Demand Deposits		
		i From Bank	-	-
		ii From Others	1059633	548865
	II	Savings Bank Deposits	11372121	7098407
	III	Term Deposits		
		a. From Banks	-	-
b. From Others		5524905	5045674	
Total			17956659	12692946
B	i	Deposits of Branches in India	17956659	12692946
	ii	Deposits of Branches out side India	-	-
Total			17956659	12692946

SCHEDULE - 4 : BORROWINGS

(Rs. in 000)

Particulars			Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)	
I	Borrowings in India				
	i	Reserve Bank of India	-	-	
	ii	Other Banks			
		a	State Bank of India	25705	22250
		b	Others	76	76
	Total			25781	22326
	iii	Other Institutions and Agencies :			
		a	NABARD	184094	191979
		b	NSTFDC	24281	31071
	Total			208375	223050
II	Borrowings outside India		-	-	
Grand Total (I+II)			234156	245376	

SCHEDULE - 5 : OTHER LIABILITIES AND PROVISIONS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
I	Bills Payable	--	-
II	Inter Office Adjustments (Net)	--	-
III	Interest Accrued on :		
	a] Deposits	357906	389832
	b] Borrowings	2577	972
	Total Interest Accrued	360483	390804
IV	Others provisions		
	a] Audit Fees	590	540
	b] Gratuity	2396	28624
	c] Leave Encashment	6067	3389
	d] Standard Assets	19194	19208
	e] IBIT	1034	1034
	f] TDS	3730	3730
	g] Income Tax	449666	360281
	k] EDLI	77	44
	l] Migration Suspense Account	246	246
	Total Other Provisions	483000	417096
V	Other Liabilities		
	i] Subsidy Reserve Fund	41425	61544
	ii] Deposits received on account of SBI Cheques Issued	1545	1968
	iii] DD Received Realisation	-	609
	iv] ATM Settlement	1297	-
	v] Credit Balance in Advances Accounts	5699	3134
	vi] Subsidy received for RSETI	625	-
	vii] RSETI Construction Fund	4900	-
	viii] NABARD FLC Fund	108	2
	ix] Pradhan Mantri Social Security Scheme	15	2
	x] System Suspense (Net)	5493	-
	Total Other Liabilities	61107	67259
	GRABD TOTAL (I+II+III+IV+V)	904590	875159

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

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
I	Cash in hand (including Foreign Currency Notes)	108960	94110
II	Balance with Reserve Bank of India		
	i. In Current Account	811522	545524
	ii. In Other Accounts	--	--
Total		811522	545524
GRAND TOTAL (I+II)		920483	639634

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

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
A	In India		
	I Balances with Banks		
	a In Current Account	635009	442498
	b In Other Deposits Accounts	5785501	3502169
	Total	6420510	3944667
II	Money at call and short notice:		
	a With Banks	--	--
	b With other Institutions	--	--
Total (I+II)		6420510	3944667
B	Outside India		
	i In Current Account	--	--
	ii In Other Deposit Accounts	--	--
	iii Money at call and short notice	--	--
Total		--	--
GRAND TOTAL (A + B)		6420510	3944667

SCHEDULE - 8 : INVESTMENTS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
I	Investment in India		
	i Government Securities	3685020	2831430
	ii Other Approved Securities	--	--
	iii Shares	--	--
	iv Debentures and Bonds	--	--
	v Subsidiaries and/or Joint Ventures	--	--
	vi Others - Mutual Fund	2429800	808580
	Total	6114820	3640010
II	Investment outside of India		
	a Government Securities (Including Local Authorities)	--	--
	b Subsidiaries and /or Joint Ventures	--	--
	c Other Investments	--	--
	Total	--	--
GRAND TOTAL (I + II)		6114820	3640010

SCHEDULE - 9 : ADVANCES

(Rs. in 000)

Particulars			Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)	
A	i	Bills purchased and discounted	--	--	
	ii	Cash Credit, Overdraft, and Loans Repayable on Demand	2887247	2815879	
	iii	Term Loans	3421952	3467984	
Total			6309199	6283863	
B	a	Secured by Tangible Assets	5060236	5099074	
	b	Covered by Bank/Govt. Guarantee	--	--	
	c	Unsecured	1248963	1184789	
Total			6309199	6283863	
C	I	Advances in India			
		i	Priority Sector	4602645	4097889
		ii	Public Sector	--	--
		iii	Banks	--	--
		iv	Others	1706554	2185974
Total			6309199	6283863	
	II	Advance outside India			
		a	Due from Banks	--	--
		b	Due from others	--	--
		c	Bills purchased and discounted	--	--
		d	Syndicated loan	--	--
		e	Others	--	--
Total			--	--	
Grand Total			6309199	6283863	



SCHEDULE - 10 : FIXED ASSETS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
I	Land		
	i At cost as on 31st March of preceding year	7000	--
	ii During during the year	8840	7000
	iii Deductions during the year	--	--
	Total	15840	7000
II	Building		
	a At cost as on 31st March of preceding year	--	--
	b During during the year	--	--
	c Deduction during the year	--	--
	Total	--	--
III	Other Fixed Assets		
	i At cost as on 31st March of the preceding year	142380	124450
	ii During during the year	3276	17930
	iii Deductions during the year	--	--
	iv Depreciation to date	98423	86497
Total	47233	55883	
Grand Total (I+II+III)		63073	62883

SCHEDULE - 11 : OTHER ASSETS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
i	Inter Office Adjustment (Net)	1239	99
ii	Interest Accrude on		
	i Investments	243718	175118
	ii Loans & Advances	28	3195
	Total	243746	178313
iii	TDS Receivable	3730	3730
iv	Receivable from Income Tax	1098	1098
v	Advance Income Tax	477904	379344
vi	Stationery	2535	2468
vii	Stamps	60	95
viii	Branch Clearing Account	5376	8168
ix	Prepaid Admn. Charge of EPF	-	600
x	Suspense Account	196	80
xi	Unamortised Premium on Investment	24400	21731
xii	Agl. Interest Subvention Account	433	--
	Others		
	a NEFT Settlement	2839	17660
	b ATM Settlement	--	5573
	c NACH Settlement	19	0
	d RBI DEAF Notional Interest	37	37
	e RBI DEAF Claim Receivable	19	16
	f Advance to C-Edge for FI Cards	--	110
	g DD Received Realisation	385	--
	h System Suspense (Net)	--	3507
	Total	3299	26903
Grand Total		764016	622629

SCHEDULE - 12 : CONTINGENT LIABILITIES

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
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	36661	31466
v	Acceptance, Endorsements and Other Obligations	--	--
vi	Other items for which the Bank is contingently liable (DEAF)	2493	2469
vii	Other items for which Bank is contingently liable	--	--
Total		39154	33935

SCHEDULE - 13 : INTEREST EARNED

(Rs. in 000)

Particulars	Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
Interest / Discount on Advances / Bills	649463	661083
Interest on Investments	389908	260314
Interest on Balance with RBI and other Bank Funds	--	--
Others - Interest on TDR/STDR with Banks	340689	294956
Total	1380060	1216353



SCHEDULE - 14 : OTHER INCOME

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
i	Commission, Exchange and Brokerage and Others	17206	23626
ii	Recovery in written-off loan accounts	2374	2309
iii	Profit on Sale of Investments	--	--
iv	Profit on Revaluation of Investments	--	--
v	Profit on Sale of Other Assets	--	--
vi	SBI Life & General Commission	438	--
vii	Miscellaneous		
a	Inspection Charge on Loans and Advances	22631	23980
b	Leave Encashment Reimbursement from SBI Life	6110	6036
c	FIT Fund Grant received from NABARD	--	4450
d	SMA Alert Charge	882	170
e	ATM Charge	5284	2699
f	Subsidy received for RBI on NCM	--	4356
g	Previous years excess provision	--	4356
h	Financial Incentive for Setellite Connectivity received from Reserve Bank of India	2244	11016
Total		37151	56453
Grand Total		57169	75646

SCHEDULE - 15 : INTEREST EXPENDED

(Rs. in 000)

Particulars	Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
Interest on deposits	773200	652425
Interest on RBI/Inter Bank Borrowings	15803	12507
Others	--	--
Total	789003	664932

SCHEDULE - 16 : OPERATING EXPENSES

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
a	Salary Payments and Provisions to Employees	270074	268454
b	Rent, Taxes and Lighting	16092	14915
c	Printing and Stationery	3077	3756
d	Advertisement and Publicity	--	93
e	Directors' Fee, Allowances and Expenses	81	74
f	Depreciation on Bank's Property	11926	9266
g	Auditor's Fee and Expenses	614	566
h	Legal Charges	27	44
i	Postage & Telephone Charges	674	714
j	Repairs and Maintenance	164	293
k	Insurance	14433	13293
l	TA, HA, LTC and Conveyance Expenses	4974	3538
m	Medical Expenses	6192	3601
n	CBS Expenses	19149	16605
o	AMC for Hardware	1476	892
p	Newspaper, Books and Periodicals	834	859
q	Computer Expenses	474	1135
r	Fuels & Lubricants for Vehicle	124	176
s	Business Development	316	254
t	Hiring Charge of Generator	4695	4491
u	Hiring Charge of Vehicles	744	587
v	Trainings, Seminars and Recruitment	181	336
w	Administrative Charge on EPF Account	728	762
x	ATM Charges	4145	2642
y	SMS Alert Charge	408	205
z	Tax Consultancy Service	230	229
aa	Board Meetings	46	14
ab	Wages to temporary messenger/sweeper	--	71
ac	Exchange/Clearing Charges/Bank Charges	253	231
ad	Remittance and Security Services	586	527
ae	EDLI Premia	765	45
af	Miscellaneous Expenses	5513	4506
Total		368995	353174

DETAILS OF ITEM No. (af) OF SCHEDULE - 16

(Rs. in 000)

Particulars		Current Year (As on 31.03.2017)	Previous Year (As on 31.03.2016)
a	Financial Literacy Campaign	42	215
b	Water Supply and Washing Expenses	96	98
e	Performance Linked Incentive of Chairman	--	150
f	Carriage / Frieght Charge	77	271
h	Payment of Business Correspondents	432	273
i	Printing of Staff Identity Cards	433	--
j	Staff Welfare	30	31
k	Petty Expenses	4403	3468
	Total	5513	4506

DETAILS OF FIXED ASSETS : SCHEDULE - 10

(Rs. in 000)

Category	Rate of Depre.	Useful Life (Yr.)	Original Cost				Depreciation				WDA as on 31.03.2017
			01.04.2016		31.03.2017		01.04.2016		31.03.2017		
			Addition	Deduction	Addition	Deduction	Addition	Deduction	Addition	Deduction	
I LAND	-		7000	-	15840	-	-	-	-	-	15840
II BUILDING	-		-	-	-	-	-	-	-	-	-
III OTHERFIXEDASSETS											
i. Furniture & fittings	10%	10	54502	944	55446	21571	7310	28881	26565		
ii. Electrical fittings & fixture	20%	5	2453	674	3127	1597	1244	2841	286		
iii. Safe, Strong Room etc.	5%	20	5714	-	5714	1112	-555	557	5157		
iv. Vehicle	20%	5	592	-	592	328	38	366	226		
v. Computer	33.33%	3	38883	1285	40168	36568	3001	39569	599		
vi. Server	25%	4	9582	46	9628	8678	285	8963	665		
vii. Operating Software	33.33%	3	2447	-	2447	2447	0	2447	-		
viii. Other Software	33.33%	3	14459	-	14459	9523	-1	9422	5037		
ix. Air-Conditioning System	12.50%	8	58	-	58	18	6	24	34		
x. Automatic Voltage Stibiliser	20%	5	2246	9	2255	626	434	4293	1195		
xi. Plant & Machinery	10%	10	11444	318	11762	4129	164	4293	7469		
Total other Assests			142380	3276	145656	86497	11926	98423	47233		
TOTAL FIXED ASSETS			149380	12116	161496	86497	11926	98423	63073		

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

2.4 All commission and fee incomes are recognised on their realisation.

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 classified into two categories, vix. Held to Maturity (HTM) and Available for Sale (AFS) as per RBI Guidelines.

4. ADVANCES

4.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where :

- i. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;
- ii. In respect of Overdraft Cash Credit Advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest due during the same period.
- iii. In respect of agricultural advances : (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

4.2 NPAs are classified into Sub-standard, Doubtful and Loss Assets, based on the following criteria stipulated by NABARD/RBI :

- i. Sub-standard : A loan asset that has remained non-performing for a period less than or equal to 12 months.
- ii. Doubtful : A loan asset that has remained in the sub-standard category for a period of 12 months.
- iii. Loss : A loan asset where loss has been identified but the amount has not been fully written off.

4.3 Provisions are made on all outstanding 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	10.00% of gross
		outstanding Sub Standard	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 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provision are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions" and are not considered for arriving at the Net NPAs.

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 ` 1 shall 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) during the financial year 2015-16
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	₹ -0.15 lakh
Bad & Doubtful Asset	₹ 733.70 lakh
Leave Encashment	₹ 60.67 lakh
Gratuity	₹ 23.96 lakh
IBIT	₹ 0.77 lakh
Total Provisions	₹ 818.95 lakh

6. During the year a provision of ₹ 893.85 lakh has been made for income tax liability. Advance tax amounting to ₹ 985.61 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 , 4.2 and 4.3 of the significant accounting policies.

9. Consumption of stationery is reckoned for the 12 month period, 1st February 2016 to 31st January 2017 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 ₹ 391.54 lakh are for financial bank guarantee given to constituents and ₹ 24.93 lakh for Depositors' Education Awareness Funds (DEAF) with RBI.
11. Credit Balance in Advance Accounts as appearing in Detail of item No. V(v) of Schedule -5 (Other Liability and Provisions), is comprised of (i) Small Business Finance Cash Credit Account - ₹ 47.52 lakh and (ii) Overdraft - ₹ 9.47 lakh
12. 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. 24.93 lakh (exclusive of notional interest) till 31st March 2017. Details as under :

Rupees in lakh

Particulars	Current Year	Previous Year
Opening Balance of amount transfer to DEAF Account	24.69	24.32
Add: Amount transferred to DEAF Account during the Year	0.24	0.37
Less : Amount reimburses by DEAF towards claim	--	--
Closing Balance transferred to DEAF Account	24.93	24.69

13. 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.

14. Disclosures :

I. Concentration of Deposits, Advances, Exposures and NPAs

Concentration of Deposits	
(Amount in Rupees Crores)	
Total Deposits of twenty largest depositors	106.53
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	5.93

Concentration of Advances	
(Amount in Rupees Crores)	
Total Advances of twenty largest borrowers	33.29
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank.	5.05

Concentration of Exposures	
(Amount in Rupees Crores)	
Total Exposures of twenty largest borrowers/customers	117.35
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the Bank on borrowers/customers.	4.79

Concentration of NPA	
(Amount in Rupees Crores)	
Total Exposures of top four NPA accounts	6.14

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
A	Priority Sector						
1	Agriculture and allied activities	121.83	13.05	10.71	120.68	11.45	9.49
2	Advances to industries sector eligible as priority sector lending	35.38	8.98	25.38	37.25	5.95	15.97
3	Services	326.83	39.39	12.00	266.26	20.21	7.59
	Sub-total	484.04	61.42	12.69	424.19	37.61	8.87
B	Non-Priority Sector						
1	Agriculture and allied activities	--	--	--	--	--	--
2	Industry	--	--	--	--	--	--
3	Services	28.18	2.77	4.76	41.96	1.88	4.48
4	Personla loans	116.50	2.33	2.00	183	5.55	3.02
	Sub-total (B)	174.68	5.10	2.92	225.54	7.43	3.29
	Total (A+B)	658.72	66.52	10.10	649.73	45.04	6.93

III. Movement of NPAs

Particulars		Amount in Rupees Crores
Gross NPA as on 1st April 2015 (Opening Balance)		45.04
Additions (Fresh NPAs) during the year		31.62
Sub-Total (A)		76.66
Less		
i	Upgradations	3.77
ii	Recovery (excluding recoveries made from upgraded accounts)	4.76
iii	Write-off	1.61
Sub-Total (B)		10.14
Gross NPAs as on 31st March 2016 (A-B)		66.52
Gross NPS as percentage of total loans and advances		10.10
Net NPA		41.01
Net NPA as percentage of total loans and advances		6.23