



MEGHALAYA RURAL BANK



ANNUAL REPORT : 2014-15

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FOREWORD

It was with expectation and anticipation that I came to Shillong from Guwahati in July 2014 to undertake my new assignment as Chairman: Meghalaya Rural Bank. Now 8 months have passed by since and we are at the end of the year. As I look back and reflect, I can say that regardless of the constraints encountered my belief in the Bank and optimism about its prospects have been justified and continue to grow.



For a start, it was not that Meghalaya Rural Bank was entirely unknown territory for I had served as Director on its Board for a span of about 9 months from 22nd May 2008 to 23rd February 2009. Nonetheless, taking over the reins of full responsibility for the every-day performance of an eminent Regional Rural Bank of the region was a new challenge.

It must be said that exposure to the wide variety of work situations afforded me by State Bank of India, my parent bank, including exposure as Branch Manager of the busy Nayabungalow Agricultural Development Branch, Assistant General Manager of Shillong and Laitumkhrah branches, Regional Manager, and Head of the Government Business Unit (GBU) at the Local Head Office, placed me in good stead to handle the assignment of chief executive of the dynamic institution that Meghalaya Rural Bank is.

The compelling vision I had when I came to headship of Meghalaya Rural Bank which was to make the Bank an effective instrument of tangible improvement in the lives and socio-economic prospects of the rural folk who constitute so vast a majority of the state's population. The driving of this vision has been the keynote and lynchpin of my leadership activities and initiatives undertaken in the Bank thus far.

The time-table was tight from the very next day of my assuming charge from Shri Mukul Jeishi - the previous incumbent in the Chairman's position. There were meetings to attend, discussions to chair, and then from 28th August 2014 the Pradhan Mantri Jan-Dhan Yojana (PMJDY) was launched and we had to immediately get down to achieving, under conditions of severe manpower constraint, the high SSA survey targets assigned to us.

I was also eager that MRB-RSETI, which had been inaugurated on 23rd June 2014, should begin imparting without further ado the skills-training to the rural youth it had been mandated for.

In addition, especially from the first week of January 2015, it was about leading from the front the herculean task of reining in the Bank's run-away NPA position against the backdrop of a local economy still sluggish from the effects of the National Green Tribunal (NGT) ban on coal-mining in the state.

The enhancement of Other Income, tackling long-standing issues and problems head-on, and institutionalising proper banking systems and procedures were among the other priorities of the year.

I am glad 2014-15 ended on a positive note with achievement of most of the Bank's budgetary targets. Meanwhile, effort towards realising longer-term goals and of lifting the Bank to the next level continues.

Shillong: 15th May 2015

(Rosc Alba Bina Khyriem)
CHAIRMAN



BRANCH NETWORK				
EAST KHASI HILLS DISTRICT			38 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
	TEWDUH	Scale - III	26.02.1990	25.10.1995
	DEMTHRING	Scale - II	23.03.1990	04.03.2002
	JHALUPARA	Scale - I	06.08.2008	
	GOLFLINKS	Scale - I	27.01.2010	
	JAIW	Scale - I	31.03.2011	
	BISHNUPUR	Scale - I	31.03.2011	
	KSEHBILAT	Scale - I	21.03.2012	
	NONGTHYMMAI	Scale - I	20.12.2012	
	UMLYNGKA	Scale - I	28.03.2013	
	POMLUM	Scale - I	19.12.2012	
	MAWPREM	Scale - I	26.03.2013	
	MAWLAI - MAWDATBAKI	Scale - I	25.03.2013	
	LABAN	Scale - I	20.12.2013	
	MAWIONG	Scale - I	20.12.2013	
	NONGRAH	Scale - I	20.12.2013	
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 MAWKYNREW PYNURSLA KHADARSHNONG LAITKROH	LAWBAH	Scale - I	27.12.1983	
	TYRSAD	Scale - I	13.12.1984	
	PONGKUNG	Scale - I	31.05.1983	
	MAWKYNREW	Scale - I	09.03.1984	
	PYNURSLA	Scale - I	11.11.1988	15.04.1996
	MAWKDOK	Scale - I	27.12.1984	
	LAITLYNGKOT	Scale - I	23.06.1984	
MAWPHLANG	NONSPUNG	Scale - I	18.12.1984	
	MAWNGAP	Scale - I	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
MAWKYRWAT	MAWKYRWAT	Scale - II	10.10.1983	
	MAWTHAWPDAH	Scale - I	28.01.1984	
WEST KHASI HILLS DISTRICT				13 Branches
MAWSHYNRUT	ARADONGA	Scale - I	25.03.1985	
	RIANGDO	Scale - II	31.10.1983	
	SEINDULI	Scale - I	22.01.1992	
NONGSTOIN	RAMBRAI	Scale - I	28.02.1984	
	NONGSTOIN	Scale - III	15.03.1985	
	NONGPYNDENG	Scale - I	26.03.2013	
	NONDEIN	Scale - I	20.12.2013	
MAWTHADRAISHAN	MARKASA	Scale - I	30.05.1986	
	MYRIAW	Scale - I	04.09.1984	
	KYN Shi	Scale - I	26.02.1985	
MAIRANG	NONGKHLAW	Scale - I	23.03.1984	
	NONGTHLIEW	Scale - II	17.06.1986	
	MAIRANG	Scale - II	15.12.1984	
EAST JAINTIA HILLS DISTRICT				12 Branches
LASKEIN	MOWKAIW	Scale - I	10.03.1983	
	SHANGPUNG	Scale - III	13.08.1983	
KHLIEHRIAT	IOOKSI	Scale - I	05.11.1988	
	UMKLANG	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	
	KHLIEHRIAT	Scale - I	28.03.2013	
SAIPUNG	SUTNGA	Scale - III	04.12.1996	
	LATYRKE	Scale - I	14.03.2013	
WEST JAINTIA HILLS DISTRICT				7 Branches
THADLASKEIN	KHANDULI	Scale - I	18.09.1984	
	JOWAI	Scale - III	21.03.1985	
	WAHLAJER	Scale - I	17.12.2012	
	MIHMYNTDU	Scale - I	20.12.2013	
	CHUDWAKHU	Scale - I	20.12.2013	
AMLAREM	AMLAREM NONGTALANG	Scale - I Scale - I	28.03.1985 16.07.1984	



BRANCH NETWORK					
SOUTH WEST KHASI HILLS DISTRICT				2 Branches	
CDBLOCK	Branch	Incumbency	Opened On	Relocated On	
RI BHOI DISTRICT UMSNING	BHOIRYMBONG	Scale - I	31.01.1984	10 Branches	
	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		
UMLING	NONGPOH	Scale - I	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		
EAST GARO HILLS DISTRICT				1 Branch	
SAMANDA	WILLIAMNAGAR	Scale - I	09.01.2009		
WEST GARO HILLS DISTRICT				6 Branches	
RONGRAM	TURA	Scale - I	31.03.2008		
	RINGRE	Scale - I	23.03.2012		
	DALU	Scale - I	28.03.2013		
SELSELLA	PHULBARI	Scale - I	20.12.2013		
	GAROBADHA	Scale - I	20.12.2013		
	MAHENDRAGANJ	Scale - I	20.12.2013		
NORTH GARO HILLS DISTRICT				1 Branch	
RESUBELPARA	RESUBELPARA	Scale - I	27.03.2014		
SOUTH GARO HILLS DISTRICT				1 Branch	
BAGHMARA	BAGHMARA	Scale - I	28.03.2012		
SOUTH WEST GARO HILLS DISTRICT				1 Branch	
BETASING	AMPATI	Scale - I	27.03.2013		
TOTAL NUMBER OF BRANCHES			92		



PERFORMANCE OF THE BANK AT A GLANCE

(Rupees in thousands)

Particulars		2012-13	2013-14	2014-15
A KEY PERFORMANCE INDICATORS				
1	No. of Districts covered	7	11	11
2	No. of Branches	76	91	92
i	Rural	58	72	73
ii	Semi-Urban	15	16	16
iii	Urban	3	3	3
iv	Metropolitan	—	—	—
3	Total staff (excluding Sponsor Bank staff)	318	346	369
4	Of which, Officers	142	151	141
	Deposits	9953014	1E+07	1.2E+07
	Growth	23.27	4.65	14.50
5	Borrowings Outstanding	129676	463510	191082
	Growth %	-4.98	257.44	-58.77
6	Gross Loans & Adv. Outstanding	3788527	5030953	6158252
	Growth %	3617	32.79	22.41
	Of 6 above, loans to			
a	Priority Sector	2485993	3526330	3837740
b	Non Priority Sector	1302534	1504623	2320512
c	SCs & STs	3695259	4907208	6006957
d	SF/MF/AL	597500	914243	1080517
e	Minorities	3695259	4907208	6006957
7	C.D. Ratio	41.08	48.30	51.64
8	Investments Outstanding	6447369	6531724	6478270
	Growth	12.44	1.31	-0.82



Particulars		2012-13	2013-14	2014-15
9	SLR Investment Outstanding	2184700	2429340	2563995
	Non-SLR Investment Outstanding	4262669	4102384	3914275
B	AVERAGES			
10	Average Deposits	8858876	9515885	1.1E+07
	Growth %	21.35	7.42	18.07
11	Average Borrowings	198477	289142	236577
	Growth %	-28.87	45.68	-18.18
12	Average Gross Loans & Advances	3116675	4201883	5628647
	Growth %	29.82	34.82	33.96
13	Average Investments	5806041	6351412	6478174
	Growth %	11.91	9.39	2.00
	Avg. SLR invt. as % of Average Deposits	21.63	24.19	22.82
	Avg. Non-SLR invt. as % of Avg. Deposits	43.9	42.55	34.84
	Average Working Funds	1.1E+07	1.1E+07	1.3E+07
C	LOANS ISSUED			
14	Loans Issued during the year	2261732	3216134	3340199
	Growth %	36.65	42.20	3.86
	Of 14 above			
	i Priority Sector	1476430	2072037	2035158
	ii Non Priority Sector	785302	1144097	13050.4
	iii SC & ST	2067342	3124252	3253062
	iv SP/MP	246088	479495	563630
	v Minorities	2067342	3124252	3253062
D	PRODUCTIVITY			
15	Per Branch	180810	169742	196569
	Per Staff (excluding sub-staff)	57496	60575	74421
E	RECOVERY PERFORMANCE			



Particulars		2012-13	2013-14	2014-15
16	Total			
	Demand	947997	2649928	1654889
	Recovery	792930	2128492	1274305
	Overdues	155067	511436	380584
	Recovery % (June position)	83.64	80.70	77.00
17	Farm Sector			
	Demand	107731	413346	538494
	Recovery	69490.4	293809	418345
	Overdues	38241	119537	120149
	Recovery % (June position)	64.5034	71.08	77.69
18	Non-Farm Sector			
	Demand	840266	2236582	1116395
	Recovery	723440	1844683	855960
	Overdues	116826	391899	260435
	Recovery % (June position)	86.0966	82.48	76.67
F	ASSET CLASSIFICATION			
19	i Standard	3548569	4807223	5893118
	i Sub-Standard	101644	82100	125801
	iii Doubtful	124948	121609	119009
	iv Loss	13366	20021	20324
	Total	3788527	5030953	6158252
20	Std. Assets as % to Gross Loans & Adv	93.67	95.55	95.69
G	PROFITABILITY ANALYSIS			
1	Interest Paid on :	446525	519701	936307
	a Deposits	437790	507356	575434
	b Borrowings	8735	12345	14119
22	Salaries	115930	155720	171963
23	Other Operating Expenses	59238	73707	88487



Particulars		2012-13	2013-14	2014-15
24	Provisions made during the year	40764	3799	86304
i	Against NPAs	33352	0	0
ii	Other Provisions	7412	3799	86304
25	Interest Received	908045	1013184	1236928
i	Loans & Advances	344976	456100	604343
ii	Current A/c with SponsorBank/RBI/ Other Banks	—	—	—
iii	SLR Investments/Approved Securities	179137	195657	363149
iv	Non SLR Invts/Money at Call/TDR with Sp.Bank	383932	361427	223523
26	Miscellaneous Income	37267	56578	45913
27	Profit	282855	316835	300621
H	OTHER INFORMATION			
28	Share Capital Deposit Received	15976	15976	15976
29	Deposit Insurance & Credit Guarantee			
a	Claims settled - Cumulative	10432	10432	10432
b	Claims received but pending adjustment	—	—	—
c	Claims pending with DICGC	1633	1633	1633
30	Cumulative Provisions			
i	Against NPAs	122551	103548	126770
ii	Against Intangible Assets, Frauds, etc	749	749	749
31	Interest Derecognised			
a	During the year	8411	7143	6894
b	Cumulative	10635	18738	9474
32	Loans Written-off during the year			
i	No. of Accounts	138	152	224
ii	Amount	6240	5397	5987
33	Reserves and Surplus	865159	1081994	1224395
a	Statutory Reserves	287658	366867	442022
b	Other Reserves & Revenue	40050	40050	—
c	Accumulated Profit	537451	675077	782373



DIRECTORS' REPORT 2014-15

The Meghalaya Rural Bank Board of Directors is pleased to present the 34th Annual Report of the Bank for the year ended 31st March 2015.

1. INTRODUCTION

a. Meghalaya

Table 1: Meghalaya - A Few Basic Statistics

Area	22,429 Sq Km.
Population	29,66,889
Density per sq. km.	132
Households	5,48,059
Villages	5782
Rural population/% of total population	23,85,972 (80.42%)
Female population/% of total population	14,75,057 (49.72%)
Number of cultivators/% of total population	4,84,675 (16.67%)
Population below Poverty Line in 1999-2000 as per Planning Commission estimate	33.33%
Literacy rate	75.48%
Schedule Tribe population as % of total population	86.10%
Gross State Domestic Product (GSDP) at constant 1993-94 prices	Rs.3728crore
Share of primary sector in State GDP	17.37%
Per capita Net State Domestic Product (NSDP) at current prices	Rs.20,729

Population figures are as per the 2011 Census

Meghalaya was inaugurated as the country's 21st state on 21st January 1972. The state has an area of 22,429 sq kms administratively organised into 11 districts, 4 civil-subdivisions and 39 community and rural development (C&RD) blocks. The Meghalaya Legislative Assembly is unicameral and there are also 3 District Councils for managing local tribal affairs.

Meghalaya is geographically positioned south of Assam's Brahmaputra Valley and north of the Bangladesh plains. By configuration, it is approximately 300 kms long and 100 kms broad. The topography is largely mountainous and rises to a plateau with maximum elevation of 6,434 feet, this last being the measure of Shillong Peak, the highest point in the state.

The state receives plentiful rainfall (average of 470 inches annually) from the South-West Monsoon active during the summer months of May to September. Winters are dry and cold with temperatures dropping to sub-zero in the higher altitudes.



The state is geologically composed of Archean rocks yielding rich deposits of minerals such as coal, limestone, uranium and siliminite. About 70% of the terrain is under cover of deciduous/sub-tropical forests.

Meghalaya has a population of 29,66,889, with the Khasis, Jaintias and Garos- the main tribal groups of the state – constituting the majority.

The Meghalaya economy is basically agrarian with 80% of the inhabitants engaged in the cultivation of rice, maize, potato, ginger, turmeric, areca nut, betel-vine, etc. The mode of cultivation practiced has been characterized as 'low-yield/low-productivity.' The important fruits grown include oranges, pineapples and banana.

The density of road network and of other infrastructure, and the level of industrialization in Meghalaya is at a relatively low level.

A significant development of 2014-15 which directly impacted thousands of small coal-mine owners and had a cascading effect on the revenue and earnings of the state as a whole, was implementation of the National Green Tribunal (NGT) directive of 17th April 2014 banning the practice of 'rat-hole' and illegal-mining of coal in Meghalaya.

Another notable development was the Meghalaya High Court Order of 16th December 2014 barring local headmen from issuing No Objection Certificates for various purposes, including obtaining of bank loans.

It also merits mention that after the launch in October 2012 of the Meghalaya State Aquaculture Mission (MSAM), the state government's Department of Agriculture on 10th January 2015 embarked on Meghalaya Mission Organic with the purpose of "moving towards safer Food" and a cleaner environment partly through scaling-down on use of chemical pesticides and fertilisers by farmers and cultivators of the state.

b. Meghalaya Rural Bank

Meghalaya Rural Bank is the only Regional Rural Bank among the 22 Public Sector commercial banks, 8 Public Sector banks, and 4 co-operative banks operating in Meghalaya. The state also has offices of the Reserve Bank of India and NABARD.

Meghalaya Rural Bank was established as a Scheduled Bank of the Second Schedule of the RBI Act, 1934 under the nomenclature of Ka Bank Nongkyndong Ri Khasi Jaintia on 29th December 1981 - 5 years after passage of the Regional Rural Banks Act, 1976. The Bank was the first State Bank of India-sponsored Regional Rural Bank to be set up in the North East.

From December 1986 till April 2007, the Bank's jurisdiction was confined to the Khasi and Jaintia Hills region of Meghalaya. Then from 1st May 2007, the Bank's name was changed to Meghalaya Rural Bank and its area of operation extended to cover the entire state. The Bank's branch network now spans all 11 districts of Meghalaya.



In terms of organisational set-up, the Bank has a Board - comprised of 9 Directors, as its apex monitoring and decision-making body. The Chairman of the Board as Chief Executive of the organization, is directly assisted in his functioning by the General Manager and the Senior Managers heading the following Head Office departments: Accounts, Advances, IT & MIS, Audit and Inspection, Personnel and Human Resources, Vigilance, and the Chairman's Secretariat.

There is also a Regional Office headed by the Regional Manager who exercises Control of all branches except for Shillong Branch which is under Control of the General Manager. The Bank currently has 2 Scale IV branches managed by Chief Managers, 7 Scale III branches managed by Senior Managers, 11 Scale branches managed by Managers, and 73 Scale I branches managed by Assistant Managers.

2. SHARE CAPITAL

a. Share Capital

<i>Table 2: Issued Share Capital</i>	
<i>Rupees in thousands</i>	
Share-holder	Share Amount
Government of India	50,00
Government of Meghalaya	15,00
State Bank of India	35,00
Total	100,00

Meghalaya Rural Bank at inception had Authorised Share Capital of Rs 1 crore and issued /paid-up Share Capital of Rs 25 lac. These amounts were enhanced in stages and currently stand at Authorised Share Capital of Rs 5 crore and issued Share Capital of Rs 1 crore. The Share Capital amount is split into fully paid shares of Rs 100 each.

The Bank's shareholders with the ratio of share-holdings are: Government of India: 50%, the Government of Meghalaya: 15% and State Bank of India: 35%.

b. Share Capital Deposit

<i>Table 3: Share Capital Deposit</i>			
<i>Rupees in thousands</i>			
Contributor	Cleansing of Balance Sheet	Liquidity Support	Total
Government of India	36,50	43,38	79,88
Government of Meghalaya	25,55	30,37	55,92
State Bank of India	10,95	13,01	23,96
Total	73,00	86,76	1,59,76



In 1994-95, the shareholders contributed a further sum of Rs 1,59,76,000 as Share Capital Deposit towards cleansing of balance sheet and liquidity support in the same ratio as their respective shareholdings in the Bank.

3. BRANCH NETWORK

<i>Table 4: District-wise Categorisation & Break-up of Bank's Branch Network</i>				
District	Rural	Semi Urban	Urban	Total
East Khasi Hills	23	13	2	38
West Khasi Hills	11	1	1	13
South West Khasi Hills	1	1	-	2
East Jaintia Hills	9	-	-	9
West Jaintia Hills	9	1	-	10
East Garo Hills	1	-	-	1
West Garo Hills	4	-	1	5
North Garo Hills	1	-	-	1
South Garo Hills	1	-	-	1
South West Garo Hills	2	-	-	2
Ri Bhoi	9	1	-	10
Total	71	17	4	92

After the record number of branches opened in 2013-14, the focus during the current year had necessarily to be on putting into operation and consolidating the new branches already declared open. With the continuing circumstance of manpower shortfall, the task was not simple.

<i>Table 5: Change in Branch Status during 2014-15</i>	
Branches:	No.
Merged	-
Relocated	-
Opened	1
Converted into satellite branches	-

At the same time, in deference to the demands of local residents and ground-level agencies, the opening of a branch at Marngar as approved by the Board of Directors on 18th February 2014 could no longer be delayed. Accordingly, Marngar branch was opened as the Bank's 92nd branch on 30th March 2015.



Table 6: Branch Network of All Banks in Meghalaya

Banks	Rural	Semi-urban	Urban	Total
Meghalaya Rural Bank	71	17	4	92
All other banks	125	52	99	276
Total	196	69	103	368

Meghalaya Rural Bank today accounts for 25% of the total number of branches of all banks in Meghalaya. In terms of number of branches, it is the second largest bank in the state, shares with its sponsor bank the No. 1 position in number of rural branches, and has on its own the largest number of semi-urban branches.

Meghalaya Rural Bank has a particularly strong presence in the districts of East Khasi Hills, West Khasi Hills, South West Khasi Hills, East Jaintia Hill, West Jaintia Hills, and Ri Bhoi.

4. DEPOSITS

a. Growth

Table 7: Deposit Level

<i>Rupees in thousands</i>				
Category	31 st March 2014		31 st March 2015	
	Accounts	Amount	Accounts	Amount
Current Account	6,448	62,81,56	6785	61,42,46
Saving Bank	2,79,406	612,43,04	3,66,608	702,10,05
Sundries	--	3,14	--	3,23
Term Deposit	11,141	123,35,16	12200	152,50,47
Spl. Term Deposit	10,501	236,95,08	11587	269,11,11
Recurring Deposit	2,617	5,97,82	15223	7,43,37
Total	3,10,113	1041,55,80	4,12,403	1192,60,69



Table 8: Deposit Growth: Last 10 Years

Rupees in thousands

31 st March:	Deposit Level	Growth %
2006	250,40,85	13.86
2007	280,13,85	11.87
2008	315,98,48	12.8
2009	403,94,45	27.84
2010	532,30,70	31.78
2011	677,41,88	27.26
2012	807,42,00	19.19
2013	995,30,14	23.27
2014	1041,55,80	4.65
2015	1192,60,69	14.50

Table 9 : Average Deposits

Rupees in thousands

Year	Amount	Growth %
2008-09	370,03,24	26.63
2009-10	458,69,12	23.96
2010-11	600,32,95	30.88
2011-12	730,05,23	21.61
2012-13	885,88,76	21.34
2013-14	951,58,85	7.42
2014-15	1123,58,79	18.07

The increase in deposits during the year was by 14.50%, as compared to 4.65% in the previous year. The amount of incremental growth was Rs 151.05 crore. The Time deposits component grew by 17.14% and Demand deposits by 13.07%.

The MOU 2014-15 deposit level target of Rs 1,171.76 crore and growth percentage target of 12.50% were achieved.



b. Deposit per Employee/Branch

<i>Table 10: Deposit Per Branch and Per Employee</i>		
<i>Rupees in thousands</i>		
31st March :	Per Branch	Per Employee
2009	7,48,05	1,96,09
2010	9,67,83	2,44,18
2011	24,19,35	2,64,62
2012	12,61,59	3,15,40
2013	13,09,61	3,12,99
2014	11,44,57	3,01,03
2015	12,96,31	3,20,59

The per employee and per branch deposits indexes were restored to the growth trend.

c. CASA Deposits

<i>Table 11 : Average CASA to Total Deposit Ratio</i>			
Year	CASA %	Year	CASA %
2003-04	54.46	2009-10	65.98
2004-05	59.29	2010-11	67.42
2005-06	60.41	2011-12	67.89
2006-07	62.33	2012-13	69.05
2007-08	65.98	2013-14	64.83
2008-09	63.5	2014-15	64.15

The ratio of low-cost (Current Account and Savings Bank) time deposits to total deposits remained above the 60% bench-mark.

d. Cost of Deposits

The average Cost of Deposits was lower at 5.12 % compared to 5.33% in the previous year.

e. DICGC

Deposits from the public, excluding government deposits were insured with the Deposit Insurance & Credit Guarantee Corporation, Mumbai.



5. LOANS AND ADVANCES

a. Disbursement

Table 12: Loans and Advances Disbursed						
Rupees in thousands						
Category	31st March 2014			31st March 2015		
	Accounts	Amount	%	Accounts	Amount	%
Crop Loans	8,565	41,30,75	12.84	8,321	43,61,72	13.06
Agriculture Term Loan	237	1,50,09	0.47	128	1,24,99	0.37
Allied Agriculture Term Loan	728	3,04,96	0.95	231	3,08,24	0.92
Debt-Swap	-	-	0.00	5	1,59	0.00
Self Help Groups	90	1,02,45	0.32	68	46,04	0.14
Retail Trade/ Small Business	3,899	96,86,56	30.12	2,619	111,46,90	33.37
Transport operators	418	16,09,76	5.01	283	7,49,53	2.24
Small Scale Industries	443	14,39,44	4.48	521	15,89,80	4.76
Housing	152	21,74,48	6.76	146	13,21,89	3.96
Education Loans	71	2,60,43	0.81	96	3,59,09	1.08
GCC	822	1,54,44	0.48	602	2,05,30	0.61
Others	2,502	7,07,02	2.20	3,119	1,36,49	0.41
Total Priority Sector	17,927	207,20,37	64.43	16,139	203,51,58	60.93
Non-Priority Sector	3,042	114,40,97	35.57	3,121	130,50,41	39.07
Total disbursement	20,969	321,61,34	100.00	19,260	334,01,99	100.00

The quantum of disbursement of loans and advances increased by 3.86% during the year.

b. Outstanding

Table 13: Loans and Advances Outstanding						
Rupees in thousands						
Category	31st March 2014			31st March 2015		
	Accounts	Amount	%	Accounts	Amount	%
Crop Loans	14,460	60,86,60	12.10	17,522	78,88,26	12.81
Agriculture Term Loan	522	4,79,88	0.95	479	4,30,37	0.70
Allied Agriculture Term Loan	1,392	7,92,33	1.57	1,130	8,21,49	1.33
Debt-Swap	19	3,68	0.01	11	2,31	0.00
Self Help Groups	700	5,11,68	1.02	744	7,73,66	1.26
Retail Trade/ Small Business	4,399	133,66,66	26.57	4,340	131,61,32	21.37
Transport Operators	1,139	42,23,47	8.39	1,184	37,12,88	6.03
Small Scale Industries	1,167	32,45,47	6.45	1,439	40,54,45	6.58
Housing	734	55,15,93	10.96	774	57,02,99	9.26
Education Loans	177	3,55,24	0.71	253	5,15,61	0.84
GCC	3,033	4,76,27	0.95	4,255	8,82,88	1.43
Others	471	2,06,08	0.41	1,473	4,31,18	0.70
Total Priority Sector	28,213	352,63,30	70.09	33,604	383,77,40	62.32
Non-Priority Sector	6,945	150,46,23	29.91	7,721	232,05,12	37.68
Total Disbursement	35,158	503,09,53	100.00	41,325	615,82,52	100.00



Loans and advances outstanding grew by 22.41% as against the MOU growth target of 13.50%. The overall MOU credit outstanding target of Rs 571 crore was achieved.

c. Interest Rates

Table 14: Interest Rates on Loans and Advances as on 31st March 2015	
Categories	Rate %
Agricultural Loans	
Crop loans/ Production loans upto Rs 3 lac	7.00
Above Rs 3 lac to Rs 5 lac	11.50
Above Rs 5 lac to Rs 10 lac	12.50
Above Rs 10 lac	13.50
All other Agriculture & Allied Agriculture Loans	
Upto Rs 50,000/-	9.50
Above Rs 50,000/- to Rs 2 lac	10.50
Above Rs 2 lac to Rs 5 lac	11.50
Above Rs 5 lac to Rs 10 lac	12.50
Above Rs 10 lac	13.50
General Credit Card (GCC) and Swarozgar Credit Card (SCC)	9.50
SME Loans	
Upto Rs 50,000/-	11.00
Above Rs 50,000/- to Rs 2 lac	11.50
Above Rs 2 lac to Rs 5 lac	12.00
Above Rs 5 lac to Rs 10 lac	13.00
Above Rs 10 lac	13.50
Housing Loans	
Upto Rs 15 lac	9.80
Above Rs 15 lac to Rs 25 lac	9.95
Above Rs 25 lac	10.10
Education Loans	
Upto Rs 4 lac	10.00
Above Rs 4 lac to Rs 10 lac	11.00
Above Rs 10 lac to Rs 20 lac	11.50
Above Rs 20 lac	12.00
Above Rs 20 lac	
Loans under NSTFDC schemes	
Upto Rs 5 lac	6.00
Above Rs 5 lac	8.00
Other Loans	
To NGOs for onward lending to SHGs	10.00
Loans under Rent Plus and Mortgage loan schemes	14.00
Demand loan/OD against Bank's own securities	1%+FD rate
Demand loan/OD against NSC/Surrender value of LIC policy Gold ornaments etc	14.00
Loan for Consumer durable / Computers / Two Wheeler	14.00
Public Car Loan	10.00
Personal Loan / Festival loan	14.00
Clean Overdraft	15.00



The interest rates charged on loans and advances remained largely unchanged during the year.

d. Return on Loans and Advances

The Yield on Advances Ratio for the year was marginally lower at 10.74% compared to the corresponding rate of 10.85% for the preceding year.

e. Borrowings

Table 15: Borrowings						
<i>Rupees in thousands</i>						
Particulars	NABARD			Sponsor Bank		NSTFDC
	ST-SAO	Farm Sector	MT-Schematic	ST-SAO	ST-Non-SAO	General Term Loan
Previous year's outstanding	11,75,00	-	3,77,87	-	29,77,98	1,05,62
Limit sanctioned during the year	13,00,00	-	-	-	33,00,00	3,69,29
Drawn	13,00,00	-	-	-	33,00,00	3,96,29
Repaid	11,75,00	-	1,17,04	-	62,59,90	1,70,00
Outstanding	13,00,00	-	2,60,83	-	18,08	3,31,91

The schedules for repayment of refinance principal and interest were meticulously adhered to. The Bank was commended by NSTFDC, New Delhi, for "the excellent performance of (the) Corporation towards repayment of dues to NSTFDC during 2014-15."

f. Lending to SC/STs, Minorities, Small & Marginal Farmers, Agricultural Labourers

Table 16: Lending to SC/STs, Minorities, etc.				
<i>Rupees in thousands</i>				
Particulars	Disbursed	As % of total disbursement	Outstanding	As % of total o/s
Accounts	15,544	74.13	36,225	87.73
Amount	27,75,020	86.28	58,38,387	94.81

The majority of the state population is constituted of tribal communities engaged in small-scale subsistence agriculture. This aspect of the state's demographics is reflected in the high percentages recorded in the table above.



g. Priority Sector Lending

Table 16: Priority Sector Lending				
<i>Rupees in thousands</i>				
Category	31st March 2014		31st March 2015	
	Accounts	Amount	Accounts	Amount
Disbursement	17,927	207,20,37	16,139	203,51,58
Outstanding	28,213	352,63,30	33,604	383,77,40

The Priority Sector had a share of 62.31% in the Bank's total loans and advances outstanding as on 31st March 2015. The corresponding all-bank combined PS ratio for the state as a whole stood at 57.38%.

6. AGRICULTURAL LENDING

a. Growth

Table 17: Agri-Sector Lending				
<i>Rupees in thousands</i>				
Categories	Disbursed		Outstanding	
	Accounts	Amount	Accounts	Amount
KCC	8,321	43,61,72	17,522	78,88,26
ATL	128	1,24,99	523	5,19,92
AAITL	231	3,08,24	1,204	9,50,95
Debt Swap	5	1,59	11	2,31
Agri-clinic	-	-	1	90
GCC	602	2,05,30	4,255	8,82,88
Others	3,017	8,18,95	1,260	4,13,62
Total	12,304	58,20,79	24,776	106,58,84

The Agri-Sector accounted for 17.42% the total amount of loans and advances disbursed in 2014-15, and for 17.30% of the total loans and advances outstanding as on 31st March 2015.

b. KCC

Table 18: Kisan Credit Card (KCC)						
<i>Rupees in thousands</i>						
Particulars	31st March 2013		31st March 2014		31st March 2015	
	Accounts	Amount	Accounts	Amount	Accounts	Amount
Disbursed	6,434	28,75,76	8,565	41,30,75	8,321	43,61,72
Outstanding	11,890	44,96,94	14,454	60,86,60	17,522	78,88,26



c. Interest Subvention Scheme

The Government of India under the Interest Subvention Scheme for Short Term Crop Loans provided interest subvention of 2% to farmers availing crop loans of upto Rs 3 lac. Additional subvention of 1% was available as incentive for promptly repaying crop loan borrowers.

d. National Agricultural Insurance Scheme (NAIS)

Table 19: National Agricultural Insurance Scheme				
<i>Rupees in thousands</i>				
Particulars	2013-14		2014-15	
	Kharif	Rabi	Kharif	Rabi
Eligible Crop Loans disbursed	17,27,34	24,03,41	18,23,93	25,37,79
Premium paid	5,10	8,67	8,58,38	14,59,25
Claims received	Nil	Nil	Nil	Nil

As part of implementation of the National Agricultural Insurance Scheme in the state of Meghalaya, crop loans disbursed in notified areas of the state were compulsorily insured with the Agriculture Insurance Company of India Ltd. against crop losses liable to be suffered on account of hailstorms, floods, pests, dry spells, etc. Ten per cent of the premium payable by small and marginal farmers under the scheme was jointly subsidized by the Central Government and the State Government.

e. Joint Liability Groups (JLGs)

Table 20: Financing of JLGs		
<i>Rupees in thousands</i>		
Year ended	Outstanding	
	Accounts	Amount
31st March 2014	18	18,81
31st March 2015	24	19,88

f. Personal Accident Insurance (PAIS)

KCC borrowers were insured against personal accident risk under the National Insurance Company's Personal Accident Insurance Scheme (PAIS).



g. NRLM-Aajeevika

Table 21: NRLM								
Rupees in thousands								
Categories	31st March 2014				31st March 2015			
	Outstanding		Disbursement		Outstanding		Disbursement	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
Revolving Fund	325	37,71	44	10,45	242	40,62	20	6,22
Activity Loan	316	4,08,96	40	86,49	502	7,33,04	48	39,82
Total	641	4,46,67	84	96,94	744	7,73,66	68	46,04

The National Livelihood Mission (NRLM)–Aajeevika was launched in 2013 as a programme for reduction of poverty through extension of support to institutions of the poor, including SHGs and their Federations. The Bank remained active in implementation of the programme.

h. Financing of Self-Help Groups/NGOs

Table 22: Financing of SHGs/NGOs				
Rupees in thousands				
Year ended	Disbursed		Outstanding	
	Accounts	Amount	Accounts	Amount
31st March 2012	12	7,02	111	26,06
31st March 2013	32	18,72	68	47,38
31st March 2014	6	5,50	59	65,01
31st March 2015	11	7,35	32	42,88

As part of effort to increase lending to SHGs, discussions were opened with Bakdil, a Tura-based NGO, for extending credit linkage to Women SHGs nurtured by them in the Dalu-Tura region of Garo Hills.



L Scale of Finance

The scale of finance followed for farm sector investments was as per rates prescribed by the NABARD-constituted Standing Committee on Unit Cost.

J Farmers Clubs

<i>Table 23: Farmers' Clubs Sponsored by Meghalaya Rural Bank</i>	
Year	No. of FCs
2008-09	8
2009-10	24
2010-11	7
2011-12	19
2012-13	12
2013-14	36
2014-15	14
Total	120

Among the new FCs sponsored during the year were the following based in Ri Bhoi district: Umwang Nongbah FC, Tyllilang FC at Lalumpam village, Pynroilang FC at Umshakait village, Umwang Them FC, Kamar FC, Umwang Nongbah FC, and Umwang Them FC.

7. MSME SECTOR FINANCING

a. Growth

<i>Table 24: Credit to MSMEs - 2014-15</i>				
<i>Rupees in thousands</i>				
Category	Disbursed		Outstanding	
	Accounts	Amount	Accounts	Amount
Retail Trade/ Small Business	2,619	111,46,90	4,506	175,20,34
Transport Operator	283	7,49,53	1,184	37,12,88
Small Scale Industries	521	15,89,80	1,439	40,54,45
Others	161	3,27,54	401	8,38,24
Total	3,584	138,13,77	7,530	261,25,91



The MSME Sector had a share of 41.35% in the Bank's total loans and advances amount disbursed during the year, and of 42.42% in the total loans and advances outstanding as on 31st March 2015.

b. Transport Operators

Table 25: Transport Operator Credit				
Particulars	2013-14		2014-15	
	<i>Rupees in thousands</i>			
	Disbursed	Outstanding	Disbursed	Outstanding
Accounts	419	1,140	283	1,184
Amount	16,09,75	42,23,46	74,953	37,12,88

There was a marked reduction in uptake of credit by transporters mainly due to the slump in commercial activities following the ban on coal - mining in the state.

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

Table 26: PMEGP				
Year ended	Disbursement		Outstanding	
	<i>Rupees in thousands</i>			
	No.	Amount	No.	Amount
31st March 2012	131	4,09,87	326	11,21,75
31st March 2013	162	4,02,16	345	7,89,34
31st March 2014	157	5,46,83	353	7,94,50
31st March 2015	172	4,87,49	388	11,43,39



d. Women's Economic Empowerment Scheme

Table 27: Outstanding Loans under Women Economic Empowerment as on 31st March 2015 <i>Rupees in thousands</i>			
Sl	District	Accounts	Amount
1	East Khasi Hills	1,616	2,57,23
2	West Khasi Hills	187	37,10
3	S.W Khasi Hills	-	-
4	West Jaintia Hills	170	78,80
5	East Jaintia Hills	53	13,86
6	N.Garo Hills	-	-
7	East Garo Hills	-	-
8	West Garo Hills	-	-
9	S.W Garo Hills	-	-
10	South Garo Hills	-	-
11	Ri-Bhoi	316	74,75
	Total	2,342	4,61,74

The Women 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. The Bank achieved good progress in implementation of the scheme during the year. The total outstanding of loans disbursed by the Bank under the scheme increased by 237%, while the number of loan accounts had tripled.

8. PERSONAL LOANS

a. Growth

Table 28: Personal Segment Loans: 2014-15 <i>Rupees in thousands</i>				
Category	Disbursed		Outstanding	
	Accounts	Amount	Accounts	Amount
Housing	339	43,50,80	948	81,71,37
Education Loans	96	3,59,09	260	5,67,72
Others	3,101	123,15,37	7540	206,84,63
Total	3,536	170,25,26	8748	294,23,72



Credit outstanding under the Personal Segment grew by 39.38% between March 2014 and 2015. The segment accounted for 47.77% of the Bank's overall loans and advances outstanding as on 31st March 2015.

b. Public Housing Loans

Table 29: Public Housing Loans Disbursed								
<i>Rupees in thousands</i>								
Year ended	Rural		Semi-Urban		Urban		Total	
	A/cs	Amount	A/cs	Amount	A/cs	Amount	A/cs	Amount
31.03.2014	182	16,77,31	281	19,72,27	271	18,66,35	734	55,15,93
31.03.2015	225	23,77,08	326	29,87,90	397	28,06,39	948	81,71,37

Table 30: Public Housing Loans: The Last Three Years				
<i>Rupees in thousands</i>				
Year ended	Outstanding		Disbursement	
	Accounts	Amount	Accounts	Amount
31.03.2013	647	39,32,27	292	7,92,99
31.03.2014	734	55,15,93	141	21,15,43
31.03.2015	948	81,71,37	339	43,50,80

The Bank provided credit for construction of residential houses on land already owned, purchase of houses and flats, and purchase of land and house construction thereupon, and for renovation/extension/repair of residential houses. PHL disbursement increased by 105.66% and PHL outstanding by 48.14% in course of the year.

c. Education Loans

Table 31: Education Loans				
<i>Rupees in thousands</i>				
Particulars	2013-14		2014-15	
	Disbursed	Outstanding	Disbursed	Outstanding
Accounts	71	178	96	260
Amount	2,60,43	3,55,24	3,59,09	5,67,72

Education Loans was extended to needy and meritorious students desirous of pursuing courses of higher study both within the country and abroad. Education Loans disbursed increased by 37.88% and Education Loans outstanding by 59.81% during the year.



9. RECOVERY, IRAC, NPA MANAGEMENT

a. Demand Collection Balance (DCB)

Table 32: Demand- Collection-Balance								
Rupees in thousands								
Sector	Demand		Collection		Overdues		Recovery %	
	June'13	June'14	June'13	June'14	June'13	June'14	June'13	June'14
Farm	41,33,46	53,84,94	29,38,09	41,83,45	11,95,37	12,01,49	71.08	77.69
Non-Farm	223,65,82	111,63,95	184,46,83	85,59,60	39,18,99	26,04,35	82.48	76.67
Total	264,99,28	165,48,89	213,84,92	127,43,05	51,14,36	38,05,84	80.70	77.00

Table 33: Age-wise Overdues						
Rupees in thousands						
Period	Farm		Non-Farm		Total	
	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14
Below 1 year	9,52,39	5,67,68	13,69,31	10,64,89	23,21,70	16,32,57
1 to 3 years	13,06,24	4,63,56	11,19,29	10,68,86	24,25,54	15,32,42
3 to 5 years	66,89	93,42	1,55,68	2,27,34	2,22,57	3,20,76
Above 5 years	12,14	76,83	1,32,41	2,43,26	1,44,56	3,20,09
Total	23,37,66	12,01,49	27,76,70	26,04,35	51,14,36	38,05,84

Table 34: DCB Position of the Last Ten Years					
Rupees in thousands					
Year	Recovery %	Year	Recovery %	Year	Recovery %
1987	65.00	1997	32.05	2007	62.17
1988	41.00	1998	32.05	2008	78.09
1989	59.00	1999	41.19	2009	78.22
1990	44.59	2000	41.74	2010	78.80
1991	45.00	2001	43.18	2011	72.74
1992	36.87	2002	51.16	2012	83.64
1993	38.75	2003	54.14	2013	80.70
1994	39.60	2004	60.00	2014	77.00
1995	30.77	2005	60.94		
1996	22.89	2006	61.09		



b. Certificate/Bakijai Cases

Table 35: Certificate/Bakijai Cases				
Number of cases	Rupees in thousands			
	31st March 2014		31st March 2015	
	Accounts	Amount	Accounts	Amount
Pending at the beginning of the year	410	58,17	410	58,17
Settled during the year	-	-	251	35,61
Additional filed during the year	-	-	845	1,44,64
Pending at the end of the year	410	58,17	1004	1,67,20

Certificate cases were filed with designated Bakijai Officers under the Meghalaya Credit Operation and Miscellaneous Act 1976 for recovery from borrowers of loan overdues under government-sponsored programmes. The year saw increase in both the number of cases filed and of cases settled.

c. Write Off/Compromise

Table 36: Write-Off/Compromise Settlement/OTS				
Particulars	Rupees in thousands			
	31st March 2014		31st March 2015	
	Accounts	Amount	Accounts	Amount
Loans Written-Off	152	53,97	224	59,87
Of which:				
Bad Debts debited	149	53,52	224	59,87
DICGC Claims adjusted	-	-	-	-
Compromise/One-time Settlement	3	45	-	-
Total	152	53,97	224	59,87

d. IRAC Norms

Table 37: Interest derecognized		
During the Year	Rupees in thousands	
	31st March 2014	31st March 2015
At the beginning	1,06,35	1,87,38
Recovered	71,43	1,61,58
Added	1,52,46	68,94
At the end	1,87,38	94,74



e. NPA Managements

<i>Table 38 : NPA Management</i>		
<i>Rupees in thousands</i>		
Particulars	31st March 2014	31st March 2015
NPA at the beginning of the year	23,99,59	22,37,30
Added during the year	10,15,75	12,59,40
NPA upgraded to Standard Assets	4,87,93	4,06,31
Recovered	6,36,14	3,79,18
Written-off	53,97	59,87
Total reduction during the year	11,78,04	8,45,36
Gross NPA at the end of the year	22,37,30	26,51,34
Gross NPA as % of total Loans & Advances	4.45	4.31
NPA Net of Provisions	10,06,95	12,81,41
Net NPA as % of total Loans & Advances	2.00	2.08

The economic downturn in the state proved a hindrance to the recovery of loans and advances. Nonetheless, through well thought-out strategies, gross NPAs were contained at Rs 26.51 crore and the Gross NPA percentage trimmed from 4.45% to 4.31%.

<i>Table 39: Asset Classification and Provisioning</i>								
<i>Rupees in thousands</i>								
Assets	31st March 2014				31st March 2015			
	Secured	Unsecured	Total	Provision	Secured	Unsecured	Total	Provision
Standard	383,88,38	96,83,85	480,72,23	1,52,75	484,98,45	104,32,73	589,31,18	1,86,06
Sub-Standard	6,05,59	2,15,41	8,21,00	1,60,03	8,70,68	3,87,33	12,58,01	2,49,33
Doubtful-1	2,68,91	1,51,54	4,20,45	1,75,71	1,62,43	1,56,05	3,18,48	1,77,66
Doubtful-2	3,22,14	3,36,81	6,58,95	4,17,74	3,21,47	3,82,03	7,03,50	4,79,72
Doubtful-3	66,97	69,72	1,36,69	1,16,45	26,42	1,41,69	1,68,11	1,66,81
Loss	-	2,00,21	2,00,21	1,73,03	-	2,03,24	2,03,24	2,01,66
Total	396,51,99	106,57,54	503,09,53	11,95,72	498,79,45	117,03,07	615,82,52	14,61,25

f. Credit Guarantee Scheme

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



g. Risk Fund

Considering that full provisioning for bad and doubtful debts had been made as per the prescribed IRAC norms, a separate Risk Fund has not been created.

10. TOTAL BUSINESS

a. Growth

Table 40: Business Growth				
Rupees in thousands				
31 st March	Deposits	Loans & Advances O/s	Total Business	Increase %
2011	677,41,88	216,15,45	893,57,33	28.98
2012	807,42,00	278,21,74	1085,63,74	21.51
2013	995,30,14	378,85,27	1374,15,41	26.58
2014	1041,55,80	503,09,53	1544,65,33	12.41
2015	1192,60,69	615,82,52	1808,43,21	17.08

b. Business per Employee/Branch

Table 41: Business per Employee/Branch				
Rupees in thousands				
Per -	Mar' 2012	Mar' 2013	Mar' 2014	Mar' 2015
Employee (excl. Off. Attendants)	6,13,35	5,74,96	6,05,75	7,44,21
Branch	16,96,31	18,08,10	16,97,42	19,65,69

The year witnessed increase in Per Employee and Per Branch business.



11. SKILLS & PRODUCT DEVELOPMENT

a. MRB-RSETI

The SLBC (Meghalaya) had on 11th October 2010 allotted to Meghalaya Rural Bank the responsibility for setting up and running a Rural Self-Employment Training Institute (RSETI) in West Khasi Hills district, where the Bank had the largest number of bank branches among operating banks.

Nongstoin, the district headquarters, was selected as site for the Institute and in April 2013 the C&RD Department of the state government handed over to the Bank a plot measuring 3,600 sq meters adjacent to the Nongstoin Block Office for constructing a permanent campus for the Institute. Shri Ebenezer Jyrwa, an experienced Officer of the Bank, was appointed the Institute Director.

MRB-RSETI was duly inaugurated by Shri P.D. Sangma, M.C.S., Project Director: DRDA, Nongstoin, on 23rd June 2014 in the presence of several other dignitaries from the district. A 14-Member Local Advisory Committee (LAC) with the Deputy Commissioner as Chairman and the Bank Chairman as Co-Chairman, was constituted thereafter. The LAC (subsequently renamed the District Level RSETI Advisory Committee-DLRAC) had its first meeting on 21st October 2014 and the second on 19th March 2015.

MRB-RSETI commenced its training programmes on 28th October 2014.

Table 42: MRB-RSETI: Training Programmes Conducted During 2014-15					
SL	Subject	Duration	Nos. Trained	Of whom,	
				Female	From SHGs
1	Pig & Poultry Farming	28 th Oct. to 5 th Nov. 2014	26	18	2
2	Integrated Pest Management	13 th to 20 th Feb. 2015	17	14	7
3	Poultry Farming	10 th to 17 th March 2015	9	8	4
			52	40	13

Within the short period of its existence, the popularity of MRB-RSETI has spread widely through word of mouth, the conduct of Awareness Programmes, and coverage in the local media.

b. TME Cells

Cells for Technical Monitoring cum Evaluation Cell have not been set up in the Bank.



c. Financial Institutional Partnership in World Bank Project

At the initiative of the Government of Meghalaya and the Meghalaya Basin Development Authority (MBDA), Meghalaya Rural Bank was identified as a Partner Financial Institution of the World Bank's Non-Lending Assistance (NLTA) Project. The objective of the project is to lend support to Financial Inclusion initiatives of the Government through piloting of financial awareness, capacity-building of select financial institutions, and designing of roadmap for responsible finance in the state.

The Bank participated in the first round of discussion with members of the World Bank team in June 2014 and extended support to Basix Consulting and Technology Ltd., a World Bank - commissioned consultancy firm, in conducting market surveys for product development in the service area of 3 branches of the Bank, namely Saisohpen and Lawbah in East Khasi Hills district and Umkiang in East Jaintia Hills district.

12. FINANCIAL INCLUSION & CUSTOMER SERVICE

a. Pradhan Mantri Jan Dhan Yojana (PMJDY)

The Pradhan Mantri Jan Dhan Yojana (PMJDY) formulated to ensure cent per cent financial inclusion of the population and ease of access to financial services, was announced by the Prime Minister on 15th August 2014 and officially launched in the state on 28th August 2014. As part of implementation of the programme, the state SLBC allotted the Bank the task of conducting household surveys in 89 (rural) Sub-Service Areas and 9 (urban) Wards. The allotted SSAs covered a total of 110,490 households found in 1373 villages spread through most districts of the state, including West Garo Hills, South West Garo Hills and East Garo Hills districts. The allotted Wards were in Nongstoin and Williamnagar.

With many of the rural branches being manned by a bare complement of an Officer, Office Assistant, and Office Attendant, carrying out the survey proved challenging. The branch personnel, nonetheless, rose to the occasion and by dint of sheer hard-work completed the assignment much ahead of the 31st December 2014 target-date.

The number of PMJDY accounts opened during the year is as under:

<i>Table 43: PMJDY Accounts opened up to 31st March 2015</i>	
No. of accounts	50,115
Of these, No. of zero-balance accounts	19,411
No. of RuPay Debit Cards issued	33,494

b. Banking Correspondents

Consequent to the large number of PMJDY accounts opened since the autumn, the Bank has been focusing on promoting more effective bank-customer relationship and linkage through active deployment of BCs and the setting up of Customer Service Points (CSPs). The Bank already had 5 BCs from earlier and is in process of identifying and appointing several more.



c. **Financial Literacy Campaign**

The Bank's rural branches conducted Financial Literacy Camps (FLCs) at various village locations the whole year round. At the camps, instruction was imparted on the range of financial services available with banks, the utility of having bank accounts, the importance of prompt repayment of bank loans, etc. Part of the expenditure incurred by the branches in organising the FLCs was reimbursed to them by NABARD.

d. **DEAF Scheme- 2014**

The RBI in May 2014 issued instructions for remitting them on a monthly basis the balances of deposit accounts that had not been operated upon for 10 years or more for creating a Depositor Education and Awareness Fund (DEAF). Beginning from September 2014, the Bank has been regularly remitting amounts to the DEAF Account.

e. **RTI**

For responding to queries raised under provisions of the Right to Information Act, 2005, the Bank had designated its Branch Managers and the Senior Manager: HR & Per as Central Assistant Public Information Officer/s (CAPIOs) for the branches and Head Office respectively. The General Manager is the designated Central Public Information Officer (CPIO) and the Chairman, the Appellate Authority with regard to the RTI Act.

13. TECHNOLOGY-BASED SERVICES

Migration of the Bank to Core Banking Solution (CBS) on the Tata Consultancy Services (TCS)'s Bancalink platform had been completed in mid-2011 with C-Edge Technologies Ltd., Mumbai - a joint enterprise of TCS and SBI- serving as the Bank's CBS vendor and Service Provider.

Since migration to CBS, a string of technology-backed facilities have been rolled out for greater convenience of the Bank's customers. Some of these were: NEFT from December 2011, ATMs from June 2013, and RTGS from July 2013. Yet other facilities added during the year were the following:

a. **PMJDY ATM Debit Cards**

In line with the objectives of the Pradhan Mantri Jan Dhan Yojana (PMJDY), the Bank issued over 33,000 PMJDY ATM Debit Cards to customers who opened accounts under PMJDY.

b. **Internet Banking (INB)**

The User Acceptability Testing (UAT) for Internet Banking (INB) was completed in September 2014. The Bank remained in readiness thereafter for rolling out both retail and corporate Internet Banking services (INB).



c. SMS and NEFT Alerts

The facility of SMS and NEFT alerts was made operational from 12th September 2014.

d. PoS and E-Commerce

On 11th February 2015, the Bank obtained certification as an Issuer Bank on the RuPay Global & Settlement System (RGSS), enabling customers of the Bank issued with RuPay Debit Cards to swipe their cards at Point of Sale (PoS) Terminals installed at retail and merchant establishments for completion of purchase transactions.

e. Direct Benefits Transfer for LPG Consumers (DBT-LPG)

The Bank on 30th January 2015 received confirmation from the National Payment Corporation of India (NPCI) for going live on the Automated Clearing House (ACH-Cr) and for certification for Options 1 and 2 of the Government of India's Pahal DBT Scheme. The Bank has thereafter been running daily transactions for transferring subsidy amounts for LPG purchase directly to the accounts of eligible customers.

f. Kiosk Banking

In March 2015 the Bank completed the User Acceptability Testing (UAT) for Kiosk banking.

g. Aadhaar Enabled Payment System (AePS)/eKYC

The Bank completed documentation procedures with UIDAI and NPCI for AePS and eKYC in March 2015 and is awaiting completion of User Acceptability Testing (UAT) in this regard.

14. CROSS SELLING

a. SBI Life Insurance

Table 44: Corporate Agency-ship of SBI Life Insurance Co.							
Rupees in thousands							
Year	No. of New Policies opened				New Business Premium		
	Indv.	Micro: Grameen Super Suraksha	Group: RinNRaksha	Total	Budget	Achieved	Commission earned
2012-13	Nil	Nil	23	23	-	-	
2013-14	294	1373	131	1,798	25,00	25,00	2,29
2014-15	170	796	741	1,707	35,00	42,40	1,51



In order to boost Commission Income, extend added financial services to customers, and enhance safeguard for loans, the Bank opted two years ago to venture into cross-selling of insurance products. IRDA license for Life Insurance Business was procured and on 24th January 2013 the Bank entered into agreement with SBI Life Insurance Co. Ltd. for soliciting and processing life insurance business as there Corporate Agent.

Sale of the company's products by branches has picked up and the number of Bank staff who have qualified as Certified Insurance Facilitators (CIFs) has risen to 11. However, fewer individual policies fetching relatively high premium and commission were sold in 2014-15, which explains the dip in the amount of commission earned during the year.

Meghalaya Rural Bank was awarded by SBI Life for '100% New Business Premium Budget' and overall 'Excellence in Performance during FY 2013-14', and for 'Excellence in Performance during FY 2014-15.' The company also organised a function at Hotel Majestic, Shillong on 22nd November 2014 to felicitate high-performing Branch Managers and CIFs of the Bank.

The Bank's conduct of life-insurance business was subjected to audit on 22nd September 2014 and found to be in compliance with the provisions of the Insurance Act.

b. SBI General Insurance

<i>Table 45: Corporate Agency-ship of SBI General: Sale of Products 2014-15</i>		
		<i>Rupees in thousands</i>
Cover For	No of New Policies Opened	New Business Premium
Small & Medium Enterprises (SMEs)	157	3,43
Long Term Housing	36	2,30
Motor Vehicles	8	94
Total	201	6,67

On obtaining license for Non-Life Insurance, the Bank entered into Corporate Agency-ship of SBI General Insurance Co. Ltd. on 4th June 2013. Sale of the company's products was initially slow but with the appointment of a full-fledged representative of the company locally, has since picked-up.

The Bank's conduct of general insurance business was audited on 9th August 2014 and found to be in order.



15. CASH & BALANCES WITH BANKS

Table 46: Cash & Balances with Banks				
<i>Rupees in thousands</i>				
Items	Mar'2012	Mar' 2013	Mar' 2014	Mar' 2015
Cash held	4,59,09	5,95,93	9,03,01	8,07,02
Average Cash held	5,66,87	6,90,83	8,33,00	9,46,95
Average Cash as % of Average Deposits	0.78	0.78	0.88	0.84
Balance in Current Account with RBI	39,88,26	40,09,40	45,51,22	49,90,31
Current Account with Sponsor Bank	13,36,63	39,26,99	11,25,55	21,59,81
Current Account with other banks	25,97	1,05,63	8,92	21,17
TDR with Sponsor Bank	370,99,52	420,06,69	345,99,97	350,80,12

16. INVESTMENTS

Table 47: Average Investment						
<i>Rupees in thousands</i>						
Category	March 2014			March 2015		
	Amount	Interest	Yield %	Amount	Interest	Yield %
SLR	191,65,75	17,47,52	9.12	391,42,75	36,31,49	9.28
Non-SLR	388,94,66	38,83,17	9.98	256,39,95	22,35,23	8.72
Total	580,60,41	56,30,69	9.70	647,82,70	58,66,72	9.06

Statutory Liquidity Ratio (SLR) was calculated on the Bank's Demand and Time Liabilities (DTL) at the rate of 23% upto 13th June 2014, 22.50% from 14th June 2014, 22% from 9th August 2014, and 21.50% from 7th February 2015. SLR was maintained mainly in the form of investment in approved securities of the Central and State Governments, including the Government of Meghalaya. Transactions in regard of these investments were handled on behalf of the Bank by the Portfolio Management Section of the Sponsor Bank's Securities Services Branch, Mumbai.

Investment of non-SLR funds was decided as per extant guidelines of the RBI, NABARD and Sponsor Bank and parked mostly in deposit/investment schemes of the Sponsor Bank. Returns at rates of between 7% and 9.15% was earned on the investment.



17. PROFITABILITY

a. Transfer Price Mechanism

<i>Table 48: Transfer Price Mechanism Applicable as on 31st March 2015</i>		
Payable to Head Office On:	2013-14	2014-15
Weekly average of Loans & Advances	7.73 %	7.71 %
Weekly average Cash	7.73 %	7.71 %
Weekly average balance of C/A with Link Branch	7.73 %	7.71 %
Income from issuing GPO/NEFT/RTGS	30%	35%
Downgrade in Audit rating	Rs 50,000	Rs 50,000
Migration Suspense A/c. balance at year end	100%	100%
Non-standard NPAs at year end	5%	5%
Receivable from Head Office On:		
Weekly average Deposits	7.65%	7.70
Weekly average Subsidy Reserve Fund	7.65%	7.70
Loss/Doubtful 3 Assets recovered	100%	100%
Doubtful-2 Assets recovered	100%	80%
Doubtful-1 Assets Recovered	100%	50%
Agri-Loan disbursement other than under SGSY	10%	10%
Non-Agri. Priority Sector Loan disbursement	10%	10%
SB & PMJDY accounts opened	Rs 50/- per A/c	Rs 50/- per A/c
New Farmers' Clubs registered with NABARD	Rs 5,000/- per Club	Rs 5,000/- per Club
Direct lending to SHGs/JLGs	12%	12%
Audit Rating maintained/upgraded to 'A'	Rs 50,000/-	Rs 50,000/-
Fresh adoption of village as Apna Gaon	Rs 1 lac per village	Rs 1 lac per village
Cross-selling of SBI Life/SBI General products	100% of premium	-
Issue of RuPay KCC cards	-	Rs 50/- per Card

The TPM has been in regular use in the Bank. Rates under the mechanism were partially recalibrated in course of the year.



b. Income

Table 49: Income						
<i>Rupees in thousands</i>						
Item	31st March 2013		31st March 2014		31st March 2015	
	Amount	%	Amount	%	Amount	%
Interest on Balance with banks	38,14,87	40.36	35,67,21	37.74	28,30,83	29.95
Interest on Investments	18,15,82	19.21	20,03,63	21.20	30,35,89	32.12
Interest on Advances	34,49,76	36.49	45,61,00	48.25	60,43,43	63.93
Commission and Exchange	1,38,17	1.46	2,36,26	2.50	1,78,31	1.89
Others	2,34,50	2.48	3,29,52	3.49	2,80,82	2.97
Total	94,53,12	100.00	106,97,62	100.00	123,69,28	100.00

There was a 15.62% increase in the level of income earned during the year as compared to the corresponding increase by 13.16% in the previous year.

c. Expenditure

Table 50: Expenditure						
<i>Rupees in thousands</i>						
Items	31st March 2013		31st March 2014		31st March 2015	
	Amount	%	Amount	%	Amount	%
Interest on deposits	43,77,90	66.09	50,73,56	67.38	57,54,34	76.43
Interest on borrowings	87,35	1.32	1,23,45	1.64	1,41,19	1.88
Payment to/for employees	11,59,30	17.50	15,57,20	20.68	17,19,63	22.84
Other operating expenses	5,92,38	8.94	7,37,07	9.79	8,84,87	11.75
Provisions	4,07,64	6.15	37,99	0.5	8,63,04	11.46
Total	66,24,57	100.00	75,29,27	100.00	93,63,07	100.00

Expenditure grew sharply by 24.35% as compared to by 13.66% in the previous year. Provisioning contributed substantially to the increase in expenditure.



d. Profit

Table 51: Bank's Profit/Loss Record					
Rupees in thousands					
Year	Result	Year	Result	Year	Result
1981	-9	1993-94	1,22,31	2005-06	1,93,23
1982	-2	1994-95	95,03	2006-07	3,48,99
1983	-4,75	1995-96	7,51	2007-08	5,92,17
1984	-8,81	1996-97	89,26	2008-09	11,55,18
1985	-16,94	1997-98	3,12,99	2009-10	11,63,62
1986	-18,04	1998-99	2,92,27	2010-11	11,99,17
1987	-14,49	1999-00	3,44,40	2011-12	15,48,40
1988	-25,93	2000-01	2,62,61	2012-13	28,28,55
1989-89	-19,52	2001-02	3,87,27	2013-14	31,68,35
1990-91	-22,23	2002-03	3,10,09	2014-15	30,06,21
1991-92	-13,37	2003-04	2,21,32		
1992-93	12,03	2004-05	1,49,42		

The Bank maintained its profitability record. The number of loss-making branches remained constant at 1.

18. PERFORMANCE PARAMETERS & FINANCIAL INDICATORS

a. Net Worth

Table 52: Bank's Net Worth					
Rupees in thousands					
Items	2010-11	2011-12	2012-13	2013-14	2014-15
Share Capital	1,00,00	1,00,00	1,00,00	1,00,00	1,00,00
Share Capital Deposit	1,59,76	1,59,76	1,59,76	1,59,76	1,59,76
Reserves	19,64,02	25,63,51	32,77,08	40,69,17	44,20,22
Accumulated Profit	37,58,23	43,09,53	53,74,51	67,50,77	78,23,73
Total	59,82,01	71,32,80	89,11,35	110,79,70	125,03,71
Increase %	18.65	19.24	24.93	24.33	12.85



b. Capital Adequacy

Table 53: Capital to Risk Weighted Assets					
<i>Rupees in thousands</i>					
March	Capital		Risk Weighted		CRAR %
	Tier 1	Tier 2	Total	Assets	
2013	89,11,00	1,15,00	90,26,00	533,60,00	16.92
2014	11,08,00	1,52,00	112,32,00	701,30,00	16.02
2015	125,03,71	1,86,06	126,89,77	920,18,45	13.79

The Bank's 'critical' Tier 1 capital, comprised of paid-up capital and statutory reserves, along with 'subordinate' Tier 2 capital, comprised of provisions for standard assets, has steadily increased. Nonetheless, a lower CRAR/CAR resulted due to increase in lending and, hence, of risk weighted assets. The current CRAR of 13.79%, however, remains on the positive side of the minimum benchmark of 9% prescribed for Regional Rural Banks under Basel-II prudential norms.

c. Financial Ratios

Table 54: Financial Ratios				
<i>Rupees in thousands</i>				
Particulars	2011-12	2012-13	2013-14	2014-15
Average Working Funds	845,97,42	1059,38,20	1133,96,17	1310,10,59
Financial Returns	8.58%	8.57%	8.93%	9.09%
Financial Cost	4.62%	4.21%	4.58%	4.50%
Financial Margin	3.97%	4.36%	4.35%	4.59%
Operating Cost	2.21%	1.65%	2.02%	2.44%
Miscellaneous Income	0.24%	0.35%	0.50%	0.35%
Operating Profit	2.21%	3.05%	2.83%	2.50%
Risk Cost	0.28%	0.38%	0.03%	0.21%
Net Margin	1.83%	2.67%	2.79%	2.29%



d. Memorandum of Understanding (MOU) 2014-15

Table 55: Achievement under MOU 2014-15		
<i>Rupees in thousands</i>		
Items	Target	Achievement
Reserves and Surplus	133,56,00	1224395.00
Deposits	1171,76,00	1192,60,69
Growth %	12.50	14.50
[A] Demand Deposit	767,50,00	763,55,74
Growth %	13.66	13.07
[B] Time Deposit	404,26,00	429,04,95
Growth %	10.37	17.14
Borrowings	15,00,00	19,10,82
Loans and Advances Outstanding	571,00,00	615,82,52
Growth %	13.50	22.41
[A] Target Group	405,41,00	383,77,40
As % of Total Advances	14.97	8.83
[B] Non-target Group	165,59,00	232,05,12
As % of total Advances	10.06	54.23
Loans Issued during the year	364,90,00	334,01,99
Growth %	34.37	3.86
[A] Target Group	238,02,00	203,51,58
As % of Total Advances	41.68	33.05
[B] Non-target Group	126,88,00	130,50,41
As % of total advances	22.22	14.07
CD Ratio	48.73	51.64
Recovery %	85.00	77.00
Investment	760,00,00	647,82,70
SLR	310,00,00	256,39,95
Non-SLR	450,00,00	391,42,75
Investment to Deposit Ratio	64.86	54.32
Net Profit	33,76,00	30,06,20
Accumulated Profit	87,50,51	78,23,73

MOU targets for deposits, borrowings, loans and advances outstanding, and CD Ratio were achieved.



e. Annual Credit Plan 2014-15

Table 56: Annual Credit Plan 2014-15			
Rupees in thousands			
Sector	Target	Amount Achieved	Achievement %
Crop Loan	68,52,11	43,61,72	63.65
Other Agriculture	74,59,89	6,86,16	9.19
Industries	45,37,74	15,89,80	35.03
Services	184,30,76	137,13,90	74.40
Total Priority	372,80,50	203,51,58	54.59
Non-Priority	512,10,50	130,50,41	25.48

f. Model Branch Awards 2013-14

Table 57: Model Branch Awards 2013-14		
No.	Award Categories	Branch
	Best All Round Performance	
i	First	Jaiaw
ii	First runner-up	Mawlsaingut
iii	Second Runner-up	Sohiong
	Highest Budget Achievement	
iv	Loans & Advances	Ladrymbai
v	Deposits	Rinsado
	Lowest NPA for 2 consecutive years among branches in operation for over 6 years	
vi	First	Rymbai
vii	First Runner-up	Dernfiring
viii	Second Runner-up	Iewduh
	Highest NPA Reduction	
ix	First	Markasa
x	First Runner-up	Mawkyrwat
xi	Second Runner-up	Mairang
xii	Best Emerging Branch	Tura
xiii	Best Maintained Premises	Jaiaw



The Model Branch Awards were first instituted for 2011-12 and has been declared for every year since. As per practice, members of the winning branch teams were awarded certificates at a felicitation function organised at the Head Office.

19. AUDIT AND INSPECTION

a. Internal Inspection & Snap Audit

Table 58: Branches for Internal Inspection and Audit 2014-15

Type of Inspection/Audit	Pending as on 31.03.2014	That became due during 2014-15	Total due in 2014-15	Inspected/ audited during 2014-15	Pending as on 31.03.2015
Internal Inspection	Nil	42	42	42	Nil
Snap Audit	8	69	77	64	13*

Table 59: Closure of Inspection & Audit Reports 2014-15

Type of Inspection/Audit	Pending as on 31.03.2014	Added for closure during 2014-15	Total due for closure	Total closed during 2014-15	Pending as on 31.03.2015
Internal Inspection	8	35		43	34 9
Snap Audit	1	63	64	61	3

Internal Inspections are conducted by a team of Officers of the Bank's Audit & Inspection Cell who visit a branch for a stretch of 4/5 days or more to carry out on-site and detailed scrutiny of transactions, procedures and documentation thereat. A branch falls due for Internal Inspection once every 18 months and is required to submit its Compliance Report in respect of the Inspection findings within 2 months of the date of the Inspection Report.

Spot or Snap Audits are conventionally carried out through inter-branch deputation of Officers. A branch becomes due for Spot Audit once every 6 months.

The Bank's Inspection Team remained constantly on the move throughout the year and completed the full number of Internal Inspections assigned to them. The ratings handed out by the Inspection Team during the year consisted of 38 'A's and 4 'B's.

Compliance with Inspection/Audit report findings was monitored and followed-up by the Regional Office.



b. Audit Committee of the Board

The Audit Committee of the Board was constituted in 2010 and comprises all Directors of the Board except the Chairman. Serious irregularities mentioned in Inspection Reports are placed to the Committee for review and comment. There were 4 sittings of the Audit Committee of the Board during the year.

c. Concurrent Audit

Concurrent Audit involving off-site and on-line examination of financial transactions of branches as well as of Controlling Offices was carried out by an Officer from the Bank's Audit and Inspection Cell.

d. Statutory Audit u/s 19 of the RRBs Act, 1976

From the panel of Statutory Auditors proposed by NABARD, Mumbai, and approved by the Government of India, the following firms were, with consent of the Board of Directors, appointed to audit the Bank's accounts for the year 2014-15:

<i>Table 60 : Statutory Auditors 2014-15</i>			
Statutory Central Auditor (SCA)	Statutory Branch Auditors (SBA)		
M/s Soumya Dutta & Associates, Kolkata	M/s S.Bose & Co., Guwahati	M/s Chowdhury Basu & Ray, Kolkata	M/s Monoj Dutt & Co., Kolkata

The Statutory Auditors scrutinized the Balance Sheet, Statement of Profit & Loss Account, and accounts of the Controlling offices and those of 69 branches. In their Report dated 13th May 2015, the SCA expressed the opinion that the Bank's "financial statements (presented) a true and fair view in conformity with the Accounting principles generally accepted in India."

e. Statutory Inspection US 35(60) of the Banking Regulation Act 1949

The previous (XVth) Statutory Inspection of the Bank was conducted by officials from NABARD, Guwahati, from 24th February to 7th March 2014 and had a reference to the Bank's financial position as on 31st March 2013. Based on the Inspection, the Bank was awarded an Overall Composite rating of "A", signifying that the "institution is fundamentally strong with sound banking operations."

The Bank's Compliance Report in regard of the Inspection findings was submitted in May 2014 and other supplementary reports despatched thereafter.



f. Management Audit

Management Audit of the Bank was last conducted by State Bank of India Officials in December 2013. The report of this Audit, received on 21st December 2013, awarded the Bank an 'A' rating. The Sponsor Bank has since treated the Management Audit report as "Dealt with" subject to arrangements being made for addressing a number of specified 'residual issues.'

20. PERSONNEL AND HUMAN RESOURCES

a. Promotions

With assistance of the Indian Institute of Bank Management (IIBM), Guwahati, written tests were conducted on 8th and 15th February 2015 for eligible staff to fill 18 vacancies of Officers Scale I, and 15 of Office Assistants through promotion. The outcome of the promotion exercise had not been declared as at the year-end.

b. Recruitment

Following announcement of the results of personal interviews held in April 2014, 35 candidates were appointed in the Bank as Office Attendants (Multipurpose).

Further, based on the outcome of the CWE (III) exercise conducted by the Indian Institute of Banking Personnel Selection (IBPS), the Bank requisitioned IBPS to supply of a panel of candidates to consider for recruitment to 24 posts of Officers Scale I and 41 of Office Assistants. This recruitment process is on-going.

c. Manpower position

*Table 61: Staff Position as on 31st March 2015**

Category	Total	Of which, STs	Of which, Women
Chief Managers (Scale IV)	3 [3]**	1	--
Senior Managers (MMGS III)	13[13]	9	2
Managers (Scale II)	39[39]	28	11
Assistant Managers (Scale I)	89[96]	77	35
Total No. of Officers	144 [151]	115	48
Office Assistants	102 [104]	97	41
Office Attendants	126 [91]	119	52
Total No. of Staff	372 [346]	331	141
As % of Total Staff Strength		88.97	37.90

* Officers on deputation from the sponsor bank are not included here

** The numbers given within brackets represent the corresponding staff strength as on 31st March 2014



It will be observed that the number of Officers has declined from 151 to 144, and the number of Office Assistants from 123 to 115. Only with regard of Office Attendants is the Bank currently better placed.

d. Training

From 13th June to 2nd August 2014, a marathon series of in-house Capacity Building Programmes attended by 134 frontline Managers, 102 Office Assistants, and 116 Office Attendants was arranged at the Bank's Mini Learning Centre at Nongthymmai, Shillong. Resource persons and coordinators for the programmes were drawn from among the Bank's senior officers. The training project was ambitious and had not been attempted on such a scale in the Bank earlier. Trainee-response was largely enthusiastic and appreciative. At the request of the Chairman: Nagaland Rural Bank, 10 officers of that bank attended, in two batches, the final two training programmes.

The Bank, at the behest of IBPS, provided venue, trainers and arrangements for the conduct of Pre-Examination Training (PET) for SC/ST candidates for the CWE (III) for Officers Scale I and Office Assistants. This training was conducted from 25th August to 6th September 2014.

Besides the in-house programmes, Officers were deputed to undergo various training modules at the following institutions:

Table 62: Training Provided to Bank Officers at Other Institutes during 2014-15		
Sl	Institute	No. of Officers Deputed
1	IIBM, Guwahati	13
2	NIRD, Guwahati	4
3	CAB, Pune	8
4	SBLCL, Shillong	4
5	NABARD, Guwahati	1
6	NABARD, Shillong	2
7	IPA, Bengaluru	2
8	IPA, Bhubaneswar	2
9	BIRD, Bolpur	5
10	NPCI, Goregaon	2
11	BIRD, Lucknow	2
	Total	45

e. Staff Benefits

Fresh staff benefits extended in course of the year included the introduction, on advice of the Sponsor Bank, of a comprehensive Education Loan Scheme for the wards of employees/officers of the Bank, and revision of the Staff Housing Loan facility.



f. Industrial Relations

Industrial relations remained on an even keel throughout the year.

g. Sponsor Bank Officers

After serving as Chairman since 18th November 2010, Shri Mukul Ch Jeishi, TEGS-VI, relinquished the position on 31st July 2014 to take up his new assignment with the Sponsor Bank's Kolkata Circle. The former Chairman was accorded a warm send-off by the Bank prior to his departure.

Smt Rose Alba Bina Khyriem, SMGS-V, took charge as Chairman with effect from 1st August 2014. Smt Khyriem came to the office with a rich background of experience gathered from over 35 years of service with the Sponsor Bank.

Shri Nicholas Khyriem, SMGS-V, joined the Bank as General Manager on 9th January 2013 and subsequent to his promotion, relinquished the position on 30th September 2014 to take up charge as Regional Manager (Region-II) at the Sponsor Bank's Tura Office.

Shri Ratnanka Choudhury, MMGS-III, who had been Manager, SME & Collection Officer at the SBI RASMECC, Shillong, joined on deputation at the Bank's Head Office on 5th September 2014.

Shri Komanly Khongwar, SMGS-IV, who earlier held charge as Branch Manager of SBI's Basar branch in West Siang district of Arunachal Pradesh, joined the Bank on deputation on 16th January 2015 and assumed charge as the new General Manager.

21. BOARD OF DIRECTORS

The Directors who retired from and were appointed to membership of the Board in course of the year were:

Shri Imkong Sashi Pongener, DGM, Outreach LHO, Guwahati as State Bank of India nominee Director vice Shri Kamal Singh, CM (ABU), LHO, Guwahati, with effect from 8th May 2014;

Shri K.L. Prabhakar, Deputy General Manager/Officer-in-Charge, NABARD, Shillong, as NABARD nominee Director vice Shri J.P. Machado, Assistant General Manager, Assistant General Manager, with effect from 28th July 2014;

Smt Rose A. Bina Khyriem, SMGS-V, as Chairman of Meghalaya Rural Bank vice Shri Mukul Chandra Jeishi, TEGS-VI, with effect from 1st August 2014;

Shri T. Lhungdim, Deputy General Manager, Rural Planning and Credit Department, Reserve Bank of India, Shillong as Reserve Bank of India nominee Director vice Shri C.S. Vaiphei, Assistant General Manager, with effect from 28th October 2014;



Shri Akash Deep, IAS, Director, C&RD, as Government of Meghalaya nominee vice Shri J. Lyngdoh, IAS, Commissioner & Secretary to the Government of Meghalaya, with effect from 26th November 2014.

The Board is thankful to the out-gone Directors for the services rendered by them to the Bank and extends a warm welcome to the new Directors.

Meetings of the Board of Directors in 2014-15 were convened on:

<i>Table 63: Board Meetings of 2014-15</i>		
Meeting	Date	No. of Directors in Attendance
189 th	18 th February 2014	8
190 th	24 th April 2014	7
191 st	23 rd June 2014	8
192 nd	31 st July 2014	6
193 rd	20 th October 2014	7
194 th	17 th December 2014	9
195 th	24 th February 2015	7

Among the key decisions arrived at by the Board at these meetings was adoption of the following policies for implementation in the Bank:

IT and Information Security Policy 2014-15
Lending Policy 2014
Strategies for NPA Reduction.



22. ACKNOWLEDGEMENTS

The Board of Directors avails this opportunity to record its debt of gratitude to customers and well-wishers of Meghalaya Rural Bank for their valued patronage, to the Government of India and the Government of Meghalaya for their unstinting and unwavering support, to the Reserve Bank of India and National Bank of Agriculture and Rural Development (NABARD) for mentorship and wise guidance, and to State Bank of India for generous sponsorship and close involvement in every aspect of the Bank's operations and progress.

Finally, the devotion and dedication of the Bank's officers and employees which has helped lift Meghalaya Rural Bank to where it is today, is gratefully acknowledged.

FOR and on behalf of the Board of Directors,

CHAIRMAN

**SOUMYA DUTTA & ASSOCIATES**

Chartered Accountants

13, Satyen Dutta Road, Kolkata - 700 029

Tel. : 2465 4900/01 Email : sd_asso@vsnl.net

AUDITOR'S REPORT

1. We have audited the accompanying financial statements of MEGHALAYA RURAL BANK which comprise of the Balance Sheet as at 31st March 2015, 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 69 Audited branches and 23 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 2015.
- b) In the cases of the Statement of Profit and Loss Account, of the Profit for the year ended on that date.

Report on other Legal and Regulatory Requirements

7. The Balance Sheet and the Statement of Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949.
8. Subject to the limitations of the audit as indicated in paragraphs 3 to 5 above and paragraph 10 below.
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) The transactions of the branch which have come to our notice have been within the powers of the Bank.
9. We further report that :
 - a) The Balance Sheet and the Statement of Profit and Loss Account dealt with this report are in agreement with the books of accounts and returns.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Bank so far as appears from our examination of those books.

Other Matters

10. The returns received from the branches have been found adequate for the purpose of our audit.
11. **Subject to above parameters we observe as follows**
 - a) Out of 92 branches only 91 have reported profit.
 - b) Out of total advances of Rs. 615.83 crores, NPA figure stands at Rs. 26.51 crores. Steps should be taken to reduce NPA reasonably.

For Soumya Dutta & Associates
Chartered Accounts
FRN - 322220E

Rakshit
Nabendu Mohan Rakshit
Partner
Membership No. 051618

Place : Shillong
Dated : 13.05.2015



Form-A

MEGHALAYA RURAL BANK
BALANCE SHEET AS ON 31st MARCH 2015

(000s omitted)

Capital & Liabilities	Schedule	As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
LIABILITIES			
Capital	1	10000	10000
Share Capital Deposit Account	1A	15976	15976
Profit & Reserves	2	1224395	1081994
Deposits	3	11926069	10415580
Borrowings	4	191082	463510
Other liabilities and provisions	5	1106972	900114
TOTAL		14474494	12887174
ASSETS			
Cash and Bank Balance with Reserve Bank of India	6	579733	545423
Balance with Bank, Money at Call and Short notice	7	3726110	3573534
Investments	8	3321621	3071727
Advances	9	6021259	4907918
Fixed Assets	10	47219	47230
Other Assets	11	778552	741342
TOTAL		14474494	12887174
Contingent Liabilities	12	31802	22725

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 Akash Deep)
 Director



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

Sd/-
 (Shri Deepak Kumar Lalia)
 Director

Sd/-
 (Shri K. L. Prabhakar)
 Director



Sd/-
 (Shri T. Lungdim)
 Director

Sd/-
 (Shri Nestingdar Nongdhar)
 Director

Rakshit
 (Nabendu Mohan Rakshit)
 Partner
 Membership No. 051618
 Date : 13th May 2015

Sd/-
 (Shri Forward L. Mawlong)
 Director



Form-B

MEGHALAYA RURAL BANK
PROFIT AND LOSS ACCOUNT AS ON 31st MARCH 2015

(000s omitted)

Particulars		Schedule	As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
I	INCOME			
	Interest earned	13	1191015	1013184
	Other Income	14	45913	56578
	TOTAL		1236928	1069762
II	EXPENDITURE			
	Interest expended	15	589553	519701
	Operating Expenses	16	260450	229427
	Provisions & Contingencies		86304	3799
	TOTAL		936307	752927
III	PROFIT AND LOSS ACCOUNT			
	Net Profit for the year		300621	316835
	Profit brought forward		675077	537451
	Transfer from Investment Fluctuation Reserve		-	-
	TOTAL		975698	854286
IV	APPROPRIATION			
	Transfer to Statutory Reserve		75155	79209
	Transfer to other Reserve		-	-
	Transfer to Govt. proposed dividend		-	-
	Provision for Income Tax		118170	100000
	TOTAL		193325	179209
	Balance carried over to Balance Sheet		782373	675077
	TOTAL		975698	854286

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

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

Sd/-
 (Shri Deepak Kumar Lalla)
 Director

Sd/-
 (Shri T. Lungdim)
 Director



Sd/-
 (Shri Akash Deep)
 Director

Sd/-
 (Shri K. L. Prabhakar)
 Director

Sd/-
 (Shri Nestingdar Nongdikhar)
 Director

In terms of our report of even date attached herewith
 For Soumya Dutta & Associates

Chartered Accounts
 FRN - 322220E

Rakshit
 (Nabendu Mohan Rakshit)
 Partner
 Membership No. 051618
 Date : 13th May 2015

Sd/-
 (Shri Forward L. Mawlong)
 Director



SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31st MARCH 2015

(000s omitted)

SCHEDULE - 1	As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
SHARE CAPITAL		
AUTORISED		
500000 share of Rs.100/- each	50000	50000
ISSUED		
100000 shares of Rs.100/- each	10000	10000
SUBSCRIBED, CALLED AND PAID UP		
100000 shares of Rs.100/- each	10000	10000

(000s omitted)

SCHEDULE - 1A	As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
From Government of India	7988	7988
From State Bank of India	5592	5592
From Government of Meghalaya	2396	2396
TOTAL	15976	15976





(000s omitted)

SCHEDULE - 2		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
RESERVES AND SURPLUS			
I	Statutory Reserve		
	i) Opening Balance	366867	287658
	ii) Addition during the year	75155	79209
	iii) Deduction during the year	-	-
Total		442022	366867
II	Capital Reserve		
	i) Opening Balance	40050	40050
	ii) Addition during the year	-	-
	iii) Deduction during the year	40050	-
Total			40050
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	782373	675077
GRAND TOTAL		1224395	1081994





(000s omitted)

SCHEDULE - 3			As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
DEPOSITS				
I	Demand Deposits			
	i	From Bank	-	-
	ii	From Others	614569	628470
II	Saving Bank Deposits		7021005	6124304
III	Term Deposits			
	i	From Bank	-	-
	ii	From Others	4290495	3662806
Total			11926069	10415580
A	Deposits of Branches in India		11926069	10415580
B	Deposits of Branches outside India		-	-
Total			11926069	10415580

(000s omitted)

SCHEDULE - 4			As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)	
BORROWINGS					
I	Borrowings in India				
	i	Reserve Bank of India	-	-	
	ii	Other Banks			
		a	SBI	1732	297050
		b	Others	76	748
	Total		1808	297798	
	ii	Other institutions and agencies :			
		a	NABARD	156083	165712
		b	NSTFDC	33191	-
Total		189274	-		
II	Borrowings outside India		-	-	
Total		191082	297798		



(000s omitted)

SCHEDULE – 5		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
OTHER LIABILITIES AND PROVISIONS			
I	Bills Payable	—	—
II	Inter Office Adjustments (Net)	54808	54451
III	Interest Accrued on :		
a)	Deposits	356935	314046
b)	Borrowings	350	511
IV	Others (including provisions)	694879	531106
Total		1106972	900114

(000s omitted)

SCHEDULE – 6		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
CASH AND BALANCE WITH RESERVE BANK OF INDIA			
I	Cash in hand (including foreign currency notes)	80702	90301
II	Balance with Reserve Bank of India		
i.	In Current Account	499031	455122
ii.	In Other Accounts	—	—
Total		579733	545423





(000s omitted)

SCHEDULE – 7			As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)	
BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE					
A	In India				
	I	Balance with Banks			
		i	In Current Account	218098	113537
		ii	In Other Accounts	3508012	3459997
	II	Money at call and short notice:			
		i	With Banks	--	--
		ii	With other institutions	--	--
Total			3726110	3573534	
B	I	Outside India			
		i	In Current Account	--	--
		ii	In Other Deposit Accounts	--	--
	II	Money at call and short notice	--	--	
	Total			--	--
Total (I + II)			3726110	3573534	

(000s omitted)

SCHEDULE – 8			As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
INVESTMENTS				
Investment in India				
I	Government Securities		2640610	2429340
II	Other approved securities		--	--
III	Shares		--	--
IV	Debentures and Bonds		--	--
V	Others (Mutual Funds)		681011	642387
	Total		3321621	3071727



(000s omitted)

SCHEDULE – 9		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
ADVANCES			
Bills purchased and discounted			
Cash Credit, Overdraft, and Loans repayable		2579986	1849234
Term Loans		3441273	3058684
Total		6021259	4907918
Secured by tangible assets		4955321	3929810
Covered by Bank/Govt. Guarantee		--	--
Unsecured		1065938	978108
Total		6021259	4907918
A	Advances in India		
	i Priority Sector	3719838	3414121
	ii Public Sector	--	--
	iii Banks	--	--
	iv Others	2301421	1493797
Total		6021259	4907918
B			
Advance outside India			
	i Due from Banks	--	--
	ii Due from others	--	--
	iii Bills purchased and discounted	--	--
	iv Syndicated loan	--	--
	v Others	--	--
	Total	--	--
Total (A + B)		6021259	4907918





(000s omitted)

SCHEDULE – 10		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
FIXED ASSETS			
I	Premises		
i	At cost on 31st March of the preceding year	--	--
ii	Additions during the year	--	--
iii	Deductions during the year	--	--
iv	Depreciation	--	--
	Total	--	--
II	Other Fixed Assets		
i	At cost as on 31st March of the preceding year	47230	34144
ii	Additions during the year	10305	25381
iii	Deductions during the year	-	179
iv	Depreciation	10316	12116
	Total	47219	47230
	Total (I+II)	47219	47230

(000s omitted)

SCHEDULE – 11		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
OTHER ASSETS			
i	Interest Accrued	181857	195484
ii	TDS receivable	4036	4036
iii	Advance Income Tax	453860	347037
iv	Stationery and stamps	2940	1317
v	Branch Clearing Account	80787	104499
v	FTT Fund Receivable		
a	From NABARD	--	4450
b	State Bank of India	--	22250
vii	Others	55072	62269
	Total	778552	741342



(000s omitted)

SCHEDULE – 12		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
CONTINGENT LIABILITIES			
i	Claims against the Bank not acknowledged as debt	--	--
ii	Liability on account of outstanding forward exchange	--	--
iii	Guarantees given on behalf of constituents	29370	22725
iv	Acceptances, endorsements and other obligations	--	--
v	Other items for which the Bank is contingently liable - Depositors Education Awareness Fund (DEAF) With RBI	2432	--
Total		31802	22725

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT AS AT 31st MARCH 2015

(000s omitted)

SCHEDULE – 13		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
INTEREST EARNED			
i	Interest on Advances	604343	456100
ii	Interest in Investments	303589	200363
iii	Interest on Balance with RBI and other Banks	283083	356721
iv	Others (Intt. On Income Tax Refund)	--	--
Total		1191015	1013184





(000s omitted)

SCHEDULE – 14		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
OTHER INCOME			
i	Commission, Exchange and Brokerage	17831	23626
ii	Profit on sale of Investments	--	--
iii	Profit on Revaluation of Investments	--	--
iv	Profit on sale of land, buildings and other assets	--	--
v	Income earned by way of dividends, etc from subsidiaries companies and joint ventures	--	--
vi	Recovery in written-off loan accounts & provision write-off on Debt Waiver	1650	2011
vii	Financial Incentive for satellite connectivity received from RBI	--	9133
viii	Miscellaneous Income		
a	Inspection charge on loans and advances	12914	17443
b	Leave encashment reimbursement from SBI Life	--	4365
c	FTT Fund grant received from NABARD	13350	--
d	Previous years excess provision	168	--
Total		45913	56578

(000s omitted)

SCHEDULE – 15		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
INTEREST EXPENDED			
i	Interest on deposits	575434	507356
ii	Interest on RBI/Bank Borrowings	14119	12345
Total		589553	519701





(000s omitted)

SCHEDULE – 16		As on 31.03.2011 (Current Year)	As on 31.03.2010 (Previous Year)
OPERATING EXPENSES			
i	Payments to and provision for employees	171963	155720
ii	Rent, Taxes and Lighting	14021	11174
iii	Printing and Stationery	4362	2985
iv	Advertisement and Publicity	8	52
v	Depreciation on Bank's Property	10316	12116
vi	Directors' fees and allowances	64	58
vii	Auditors' fees and allowances	656	451
viii	Law Charges	106	86
ix	Postage, Telegrams and Telephones etc.	589	469
x	Repairs and Maintenance	2238	2693
xi	Insurance	11125	9795
xii	Other expenses	45002	33828
	Total	260450	229427





DETAILS OF FIXED ASSETS : SCHEDULE - 10

(000s omitted)

Category	Rate of depreciation	Original Cost				Depreciation				WDA as on 31.3.2015
		01.4.2014	Addition	Deduction	31.3.2015	1.4.2014	Addition	Deduction	31.3.2015	
Furniture & Fittings	10.00	45200	5965	-	51165	12348	4574	-	16922	34243
Electrical fittings & fixtures	20.00	1914	-	-	1914	856	366	-	1222	692
Safe, Strong Room etc	5.00	4481	575	-	5056	574	252	-	826	4230
Vehicles	20.00	592	-	-	592	64	132	-	196	396
Computers	33.33	44648	1811	-	46459	38523	4299	-	42822	3637
Operating Software	33.33	2447	-	-	2447	2447	-	-	2447	-
Other Software	100.00	9227	-	-	9227	9114	113	-	9227	-
Air-conditioning system	12.50	58	-	-	58	4	7	-	11	47
Automatic voltage stabiliser	20.00	854	34	-	888	124	187	-	311	577
Plant & machinery	10.00	4724	1920	-	6644	2861	386	-	3247	3397
Total		114145	10305	-	124450	66915	10316	-	77231	47219



**DETAILS OF ITEM No. VIII OF SCHEDULE – 5
OTHER LIABILITIES INCLUDING PROVISIONS**

(000s omitted)

Particulars		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
Provisions			
i	Audit fees	589	505
ii	Gratuity	21917	5049
iii	Leave Encashment	--	5300
iv	TDS	4036	4036
v	Standard Assets	18606	15275
vi	IBIT	--	168
vii	Income Tax	506469	388299
viii	Consultancy Charge	--	--
ix	Provision for Outstanding Expenditure	--	0
x	Provision for Employees Arrear Salary	50496	8018
xi	Provision for Migration Suspense Account	3692	3742
Total		605805	430392
Subsidy Reserve Fund		80134	88676
Deposits received on account of SBI, and ICICI cheques issue		2337	4215
DD Received Realisation		104	702
ATM Settlement		1593	-
Credit Balance in Advance Accounts		2157	1586
System Suspense		2749	5535
Total		89074	100714
Grand Total		694879	531106

**DETAILS OF ITEM No. IV OF SCHEDULE – 11
OTHER ASSETS**

(000s omitted)

Particulars		As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
Suspense Account		205	22
Unamortised Premium on Investments		24031	16790
Interest Subvention Amount Receivable from Govt. of India		5130	10052
NEFT Settlement		25554	25,295.00
RBI DEAF Notional Interest		37	--
RBI DEAF Claim Receivable		5	--
Advance to Cedge for ATM & FI Cards		110	110
Total		55072	62269



DETAILS OF ITEM No. XII OF SCHEDULE - 16 OTHER EXPENSES

(000s omitted)

Particulars	As on 31.03.2015 (Current Year)	As on 31.03.2014 (Previous Year)
TA, HA, LTC & Conveyance	4817	3340
Medical Expenses	3703	3948
Wages	81	68
P.O.L.	137	634
Administrative Charge of EPF Account	18	786
Newspaper	836	749
Entertainment Expenses	485	545
Financial Literacy Campaign	1	65
Water Supply and Washing Expenses	88	72
Computer Expenses & AMC	1729	2895
Trainings, Seminars & Recruitment	920	251
Remittance and Security Service	506	423
Tax Consultancy Service	225	225
Hiring Charges of Vehicle/Transportation	691	418
Exchange/Clearing Charge	257	134
Commission paid to SBI, SSB Branch	0	—
Board Meeting	23	10
Performance linked Incentives to Chairman	300	—
ATM Charges	308	—
Carriage/Freight Charge	417	—
PMJDY	37	—
Hiring Charges of Generator	4470	3394
Payment to Business Correspondants	57	32
-Printing of Staff Identity Cards	7	3
CBS Expense	22268	11289
Staff Welfare	10	10
Miscellaneous Expenses	2611	4537
Total	45002	33828



SCHEDULE 17

Note forming part of the Balance Sheet and Profit & Loss Account

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

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

2. REVENUE RECOGNITION

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

3. INVESTMENTS

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



4. ADVANCES

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

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

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

5. FIXED ASSETS

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





The new rates of depreciation under SLM are as under :

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

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

6. INTER BRANCH ADJUSTMENT ACCOUNT

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

7. STAFF BENEFITS

- 7.1 The Bank is having a 'Group Gratuity Master Policy' with the Life Insurance Corporation of India and premium for the year as calculated by them is charged to revenue account.
- 7.2 During the year the Bank subscribed to the 'Group Leave Encashment Master Policy' of SBI Life Insurance and initial premium of ₹ 144.44 lacs for the year as calculated by them is paid and charged to revenue account.
- 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.



NOTES ON ACCOUNTS

1. Schedules 1 to 16 form an integral part of the Balance Sheet and Profit and Loss Account.
2. Share Capital Deposit of ₹. 1,59,76,000/- shown separately in Schedule-I(A) in terms of NABARD letter no. NB.IDD.RRCED-2944/443/97-98, is the amount received for cleansing of balance sheet and liquidity support from the Government of India, the Government of Meghalaya and State Bank of India in proportion to their share holdings in the Bank.
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. 26406.10 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. 49.12 lakh is amortised by netting from interest received on investments.
5. During the year a total provision of ₹ 863.04 lakh has been made for :

Standard Asset	Rs. 33.31 lakh
Bad & Doubtful Asset	Rs. 236.27 lakh
Gratuity	Rs. 168.68 lakh
Arrear Wage revision	Rs. 424.78 lakh
Total Provisions	Rs. 863.04 lakh

6. During the year a provision of Rs. 1181.70 lakh has been made for income tax liability. Advance tax amounting to Rs. 1068.23 lakh was paid during the year.
7. Income has been recognised in terms of RBI guidelines vide paragraph. 2.2 of the significant accounting policies.
8. Provision has been made for advances in terms of RBI guidelines vide paragraphs 4.1 and 4.2 of the significant accounting policies.



9. Consumption of stationery is reckoned for the 12 month period, 1st February 2014 to 31st January 2015 as per the practice of earlier years. The entire amount of stationery supplied to branches is treated as stationery consumed by them for the year.
10. Contingent liabilities include and amount of Rs. 293.70 lakh are for financial bank guarantee given to constituents and Rs. 24.32 lakh for Depositors' Education Awareness Funds (DEAF) with RBI.
11. Credit Balance in Advance Accounts as appearing in Detail of item No. IV of Schedule - 5-5 (Other liability and provisions), is comprised of (i) Small Business Finance Cash Credit Account - Rs. 17.28 lakh and (ii) Overdraft - Rs. 4.28 lakh
12. Detail of arrear wage revision as appearing in 'Detail of item No. IV of Schedule - 5 (Other liability and provisions) in hereunder :

Cader		Nov. 2012- Mar 2013	Apr 2013 Mar 2014	Apr 2014 Mar 2015	Total
i	Officers	48.57	129.67	138.68	316.92
ii	Office Assistants	16.74	46.22	51.68	114.64
iii	Office Attendants	9.40	27.00	37.00	73.40
Total		74.71	202.89	227.36	504.96

13. Out of the expenditure of Rs. 445.00 lakh for migration of 58 branches. Head office and Regional Office to CBS platform, 50% and 40% amounting to Rs. 222.50 lakh and Rs. 178.00 lakh is to be shared by State Bank of India and NABARD respectively. The Bank, subsequently created the Capital Reserve Account with an amount of Rs. 445.00 lakh. The Bank has not yet received the amount for its Sponsor Bank and remaining balance of reimbursement amounting to Rs. 44.50 yet to receive from NABARD. During course of NABARD audit, it was pointed out that amount received from NABARD to be treated as revenue account and amount to be received from Sponsor Bank be considered as Perpetual Bond. Consequently, Bank reversed the amount from Capital Reserve Account and also an amount of Rs. 133.50 lakh has taken to Profit & Loss Account which was received from NABARD.
14. In terms of RBI guidelines vide letter No. RBI/2013-14-DBOD. No. DEAF. Cell BC. 114/30.01.002/2013-14 dated 27th May 2014, the Bank are liable to remit amount lying in inoperative accounts of more than 10 years old w.e.f. 23rd May 2014. Therefore, the Bank has remitted an amount of Rs. 24.69 lakh till the month of March 2015 and the shown in Schedule No. 12. Details as under :



(Rupees in lakh)

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

15. Bank has changed the method and rate of depreciation on fixed assets from F.Y. 2014-15 and the impact of the change is stated below :

- Cumulative depreciation as per new rates and method Rs. 772.31 lakh
- Depreciation amount which would have been charged to Statement of Profit and Loss Account for F.Y 2014-15 had there been no change in the rates and method of depreciation Rs. 764.23 lakh

Impact during the year for the change Rs. 8.08 lakhs

MOVEMENT OF NPA	
	Rupees in lacs
Gross NPAs at the beginning of the year	2237.30
Added during the year	1259.40
Recovered during the year	845.36
Gross NPAs at the end of the year	2651.34
Gross NPAs % of advances at the beginning of the year	4.45
Gross NPAs % of advances at the end of the year	4.30

**MATURITY PATTERN***Rupees in lacs*

Period	Deposits	Advances	Investments	Borrowings
1 to 14 days	9,573.65	899.10	12.95	79.67
15 to 28 days	5,055.08	1514.93	1172.57	60.19
29 days to 3 months	7,678.00	3978.23	9315.80	10.70
3 month to 6 months	12,792.68	5998.15	10417.11	163.58
6 months to 1 year	5,186.22	10136.49	9238.06	1402.73
1 year to 3 years	55,750.30	14447.25	8700.36	153.06
3 years to 5 years	17,895.45	13240.24	11829.38	13.38
Over 5 years	5,329.31	11368.13	14096.47	27.51
Total	119260.69	61582.52	64782.70	1910.82

OTHER INFORMATION*Rupees in lacs*

Percentage of Net NPAs to net Advances	2.08
Amount of provision made towards NPA (cumulative)	1275.19
Interest income as percentage of working funds	9.09
Business per branch	1965.69
Business per employees (excluding sub-staff)	744.21
Net profit per employee (after tax)	4.90