CHAPTER - 1 : INTRODUCTION

1.1 Introduction

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CHAPTER - 1: INTRODUCTION

1.1 INTRODUCTION

Agriculture is the backbone of our economy and country. It can be defined as "the science or practice of cultivating the land and rearing animals". Simply, agriculture literally means cultivation of fields but it includes besides raising of crops, dairy farming, poultry keeping, bee keeping, rearing of silk worms, etc. The progress of our nation is mainly linked with the advancement in agriculture. In our country, agricultural research and education has reached a considerably advanced level. Agriculture has experienced substantial change and recorded appreciable development in the level of production, productivity, cropping pattern and input – use. India has vast land area, high percentage of cultivable land, rich soils, wide climate range and long growing season. Agriculture provides work to about seventy (70) per cent of the total work force and contributes about thirty-five (35) per cent of the net national product. It provides food to the people, supply industrial raw material to agro-based industries and contributes to export of the country to earn foreign exchange. Not only in agro-base industries, agriculture helps the development of transport services. For example, the railways and roadways secure most of their business from the movement of agricultural produce. Government finances largely depend on the prosperity of agriculture. The general price level in the country is also
largely governed by food prices. Indian farmers adopt agriculture as a business proposition like industry. Nearly 30% of the agriculturist are economically very poor, and have necessarily to supplement their meagre income by pursuing subsidiary occupations. Another 40%, though not compelled to take to subsidiary occupations, are poor still and have their own problems of finding timely and adequate finance for agricultural operations. Thus, a large majority of farmers, who are left with very little or no surplus at all from their earnings for further investment, require credit for various purposes. But, there still exists a wide gape between the available agriculture credit and its rapid transfer to the farmers by the financial institutions. The requirements of the farmers were met to a very large extent in the past by money lenders who charged exorbitant interest, what is required is to fill up the increasing gap between the available agricultural credit and the farmers. Narrowing this gap is very important in order to increase the growth and development in agriculture as well as the national economy. Agriculture provides the biggest scope for employment. According to 1991 census, 65.5% of the Indian Worker belongs to agriculture and allied activities in the primary sector as against 14.5% in the secondary sector and 20% in the tertiary sector.

Since independence, agricultural and rural development has been in the priority agenda of our policy planners. It has again been marked as the most important thrust area in the 9th Five Year Plan. As capital is a primary requirement for any development activity, availability of credit to rural masses is one component of the rural development that was locked into right since the invitation of planned development in our country, various committees have analysed the situation and offered suggestions for effective credit delivery system in rural India.

In 1951-52, institutional credit in rural areas was only 7.3% while the share of non-institutional sources was 92.7%. To overcome this situation, the policy on rural credit has been its progressive institutionalisation for providing better access to institutional credit to small and marginal farmers and other weak sections of the society.

1.2 PHYSIOGRAPHY OF MANIPUR WITH RELATION TO AGRICULTURE

The State of Manipur is situated in the extreme North-Eastern corner of India. It is located between Latitudes 23°N to 25°N and Longitudes 93°02’E to 94°47’E. It has an area of 22356 sq. km. at an oval shape. The valley area covers only one tenths ($\frac{1}{10}$) of the total area
and the remaining portion is hilly. The hills are mostly of sedimentary rocks. The altitude of the state is about 790 metres above the sea level and the average annual rainfall is 2011.4 mm. It is bounded on the East by upper Burma on the West by Cashar District of Assam, on the North by Nagaland and on the South by the Chin Hills of Burma and Mizoram. The minimum and maximum temperatures are 0.0°C to 40.0°C, respectively.

The State has a net cropped area about 250 thousands hectares. The total availability of Jhum land in the hills comprising nine-tenths ($\frac{9}{10}$) of the total geographical area of the state is estimated at 100 thousand hectares. Out of it, the area under jhum or shifting cultivation at any point of time is about 70 thousand hectares. 38.4% of the net-cropped area was irrigated by the end of the Seventh Plan in 1989-90. In 1991-92, 61 thousand hectares of cropped area was under irrigation.

Agriculture is the main occupation of the people of Manipur. According to 1991 census, 66.38% of the workers of the state were cultivators and agricultural labourers as against 68.59% in 1981. The Kharif crops of summer season and Rabi crops of winter season are usually sown in the months of April or May and October or November respectively. Principal crops of Kharif season are Rice, Maize, Vegetable

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2 Government of Manipur, Department of Agriculture, Head Office, Sanjenthong, Imphal.
and Pulses. Whereas, the main crops of Rabi season are Wheat, Potatoes, Pulses, Oil seeds, Spices, Vegetable etc. The state's food production increased from 2.75 lac tonnes in 1979-80 to 3.60 lac tonnes in 1983-84 and further to 4.15 lac tonnes in 1988-89 registering a growth of 5.5% over the base level production of the Seventh Plan in 1984-85\(^3\). The Seventh Plan target for 1989-90 was 4.35 lac tonnes. However, from the surplus state, Manipur is now marginally deficit State in respect of food grains.

The Eight Five Year Plan (1992-97) of Manipur allotted 9.35% amounting to Rs.91.49 crores of the total public sector outlay to agriculture and allied programmes and 18.08% amounting to Rs.177 crores for irrigation and flood control. In Manipur agriculture is mainly depend upon the Indian Monsoon. It has seasonal characteristics. Hence, many cropped lands are remained without any crop during dry season. In order to solve this problem, the state has twenty-four (24) irrigation projects. Loktak lift irrigation project, Thoubal multipurpose project, Imphal barrage project, Ithai barrage, Sekmai barrage project, Singda project dam, Khuga project etc. may be mentioned. Since the projects are not well functioning to provide irrigation facilities in the fields, there still exist the problem of dryness. Therefore, the majority of farmers practice

\(^3\) Government of Manipur, Planning Department, Background Note for the State Planning Board Meeting on 27.10.1989. P – 3.
single cropping. The main factors that explain the drawback of double
and multiple cropping in Manipur are

1. Due to unskilled cultivators.

2. Lack of more scientific methods.

3. Uncertainty of rainfall and

4. Lack of available agricultural credit to the farmers.

Without the above factors, which lead less productivity, the farmers
of Manipur could not earn their livelihood by agriculture. As a factor, in
rural areas of Manipur farmers need short and medium term credit to
adopt modern technology and improved agricultural practices for
increasing agricultural productions and productivity. They also need credit
for long-term firm development activities like land - improvement, soil
conservation, purchase of heavy implements, development of irrigation
sources etc. The following financial institutions are taking part for
agricultural development in Manipur.
1.3 NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD)

The Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) set up by Reserve Bank of India (RBI), in consultation with Government of India (GOI) in 1979 under the Chairmanship of Shri B. Sivaraman recommended in its interim report the setting up of a national bank to be known as NABARD. Accepting the proposal, NABARD Act was passed by the Parliament in December 1981. It has been established by merging the Agricultural Credit Department and Rural Planning and Credit cell of RBI and the entire undertaking Agricultural Refinance and Development Corporation (ARDC), NABARD commenced its business from 12th of July 1982 as per notification of Government of India under NABARD Act.

NABARD is not only as an all India refinancing agency but also the leader of the entire rural credit system in the country. In Manipur, the bank delivers credit requirements of the farmers indirectly through MRB and MSCB Ltd. for the development of agriculture. In order to ensure flow of credit to the agriculture sector, the National bank is taking several initiatives. It also started associating with Non-Governmental Organisations in order to build social capital in the form of groups that can generate for farmers to develop agriculture. There are various projects planned by MRB and MSCB Ltd. to flow credit in Agriculture.
NABARD plays special attention to monitoring these various projects in order to ensure their proper implementation and to evaluate them so that, in the light of findings, the quality of the projects and their implementation can be improved. NABARD also reviews the performance of the on going agricultural development schemes sanctioned by it through its District Oriented Monitoring Studies. The national bank came into existence in the year 1978 as Sub-Office and upgraded as Regional Office from August, 1998 onwards in the State of Manipur.

I. Objectives:

NABARD is an Apex Development Bank in the country for supporting and promoting agriculture and rural development. It provides through the financial banking system in several lines of production and investment credit to agriculture, small -scale industries, cottage and village industries, handicraft and other allied economic activities. NABARD directs the policy, planning and operational aspects in the field of credit for agriculture and integrated rural development.

II. Functions: NABARD has primarily the following functions:
A. CREDIT FUNCTIONS

NABARD provides different types of refinance to the following eligible institutions.

1. Short term credit

Eligible institutions

i) State Co-operative Banks (SCBs)

ii) Regional Rural Banks (RRBs)

iii) Other financial institutions approved by RBI.

purposes

i) Seasonal agriculture operations and marketing of crops.

ii) Marketing & distribution of inputs like fertilizers, pesticides, etc.

iii) Any other activity connected with rural/agricultural sectors.

iv) Bonafide commercial trade transactions.
v) Production & Marketing activities of:

(a) Artisans, (b) Small scale Industries (c) Village & Cottage Industries (d) Handicrafts (e) Sericulture (f) Handlooms etc.

Period: Up-to 15 months.

2. Medium term Credit

Eligible Institutions

i) State Co-operative Banks (SCBs)

ii) State Land Development Banks (SLDBs)

iii) Regional Rural Banks (RRBs)

iv) Other financial institutions approved by RBI.

purposes

Any investment connected with agriculture and rural sector requiring medium term credit assistance.

Period: Between 18 months to 7 years.
3. Long term Credit

*Eligible Institutions*

i) State Land Development Banks (SLDBs)

ii) Regional Rural Banks (RRBs)

iii) Commercial Banks (CBs)

iv) State Co-operative Banks (SCBs)

v) Other financial institutions approved by RBI.

* Purposes *

i) Refinance for investment in agriculture and allied activities such as minor irrigation, land development, soil conservation, dairy, sheep rearing, poultry, piggery, farm mechanisation, plantation/horticulture, forestry, fishery, storage and market yards, agricultural aviation, biogas and other alternative sources of energy, sericulture, apiculture, animals and animal driven carts, agro-processing, agro-services centres, compost plants, modern abattoirs, pump-sets energisation etc.
ii) Refinance for artisans/small-scale industries/tiny sector industries, village & cottage industries, handicrafts, etc. (Non-farm Sector)

iii) Loans to State Governments for share capital contribution to co-operative institutions.

iv) Investment in share capital/securities of institutions concerned with agriculture and rural development.

*Period*: Available upto a maximum of 25 years.

4. Conversion & Rescheduling facilities

NABARD provides refinance to eligible institution, normally RRBs and SCBs for conversion and rescheduling of loans under conditions of drought, famine or other natural calamities, military operations, enemy action etc. Similar facilities are also available in respect of loans made to artisans, small-scale industries, etc.

*Period*: Generally not exceeding a period of 7 years.
5. Financing cottage/village/small scale industries, etc.

All such industries located in 'rural areas' will be eligible for refinance from NABARD.

B. DEVELOPMENT FUNCTIONS

i) Co-ordinates operations of rural credit institutions.

ii) Ensures institutions building to improve absorptive capacity of the credit delivery system.

iii) Develops expertise to deal with agricultural and rural problems.

iv) Assists Government, RBI and other institutions in rural development efforts.

v) Acts as Agent to Government and RBI in transaction of business in relevant areas.

vi) Provides facilities for Training and Research and dissemination of information in rural banking and development.

vii) Assists State Government to enable them to contribute to the share capital of eligible institutions.
viii) Provides direct loans in cases approved by Central Government.

C. REGULATORY FUNCTIONS

i) The Banking Regulation Act, 1949, empowers NABARD to undertake inspection of RRBs and Co-operative banks (other than primary co-operative banks)

ii) Any RRB or Co-operative Bank seeking permission of RBI for opening branches, etc. will have to obtain the recommendation of NABARD.

III. Criteria for financing

Important criteria followed by NABARD in judging whether it can provide refinance to any scheme submitted by a financing institution are:

i) Technical feasibility of the project and adequate response from the prospective beneficiaries.

ii) Financial viability and adequate incremental income to the ultimate borrower to repay the loan within a reasonable period.

iii) Organisational arrangements to ensure close supervision by the financing banks.
IV. Ultimate Beneficiaries

While all funds are routed through the SLDBs/SCBs/CBs/RRBs by NABARD, the ultimate beneficiaries of investment finance can be individuals, partnership concerns, companies, state owned corporations or co-operative societies. The ultimate beneficiaries of production credit are generally individuals who are members of primary credit institutions.

V. Lending Terms and Quantum of Refinance

NABARD’s refinance forms a major portion of the on-lending made by the banks to the ultimate beneficiaries, ranging from 75% to 95%.

Rate of Interest:

The rate of interest on refinance and the ultimate lending rate are fixed from time to time. The rates as on 15.12.98 are as follows:
TABLE - I

NABARD’S RATE OF INTEREST IN REFINANCE

<table>
<thead>
<tr>
<th>Size of Loan</th>
<th>SCBs, SLDBs and RRBs</th>
<th>CBs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up-to Rs.25,000</td>
<td>6.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Over Rs.25,000 but less than Rs. 2 lacs</td>
<td>9.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Over Rs. 2 lacs</td>
<td>11.5%</td>
<td>3% below the rate fixed by the bank subject to a minimum of 11.5%</td>
</tr>
</tbody>
</table>


Production and Marketing Credit:

The rate of interest on refinance varies from 7% to 11% and the Ultimate Lending Rate varies between 7.5 to 14% in case of Production Credit and from 13.5% to 17.5% in case of Marketing Credit.

Security:

The financing banks obtain such security as is prescribed, which normally is in the form of:
i) Hypothecation of assets created

ii) Mortgage of land

iii) Personal surety

iv) Government guarantee etc.

Margin Money:

NABARD stipulates beneficiary's contribution to the project cost in order to ensure his stake in the investment. Such margin money varies from 5 per cent to 25 per cent according to type of investment and the class of borrowers*. It is nominal (5 percent) in the case of small farmers. This can be by way of contribution in cash or by way of own or family labour. Corporate borrowers, such as irrigation corporations, forest development corporations, etc. provides higher contribution up-to 25 per cent of the investment cost.

VI. RESOURCES

Capital

The paid up capital of NABARD is Rs.100 crores at present contributed equally by the Government of India and RBI.
Other Fund

1. Internal:

i) Short term General Line of Credit from RBI

ii) National Rural Credit Fund.

iii) Issue and scale of Bonds and Debentures (Guaranteed by Central Government)

iv) Borrowing from Central Government and any other organisation as approved by Central Government.

2. External Borrowing through Govt. of India.


ii) IFAD

iii) Other countries like U.K., West Germany, EEC, Switzerland, Netherland, Canada, Co-financing with World Bank Group.
VII. ORGANISATIONAL SET UP

NABARD is managed by a Board of Directors comprising 15 members and consisting of Chairman, Managing Director, two experts in Rural Economics, three experts from Co-operative and Commercial Banks, three sitting Directors from the Board of RBI, three Directors from Government of India and two members representing the State Governments. The Board of Directors can constitute an Advisory Council.

NABARD Office:

The Head Office of NABARD is situated at Sterling Centre, First Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 018. It has Regional Offices in all State capitals and Sub Offices at Agartala, Gangtok, Imphal, Jammu, Panaji, Simla and Shillong.

VIII. PROMOTIONAL ROLE

NABARD plays a vital role in the reduction of regional imbalance and providing assistance to small farmers, marginal farmers and other weaker sections. It pays special attention to exploring new and innovative investment opportunities in agriculture and rural development.
Research and Development Fund:

NABARD maintains a R & D Fund for supporting research cum action oriented projects in the field or rural development. The Fund will also be assisting the SLDBs/RRBs to build up their technical capabilities. Apart from annual contributions to the Fund out of NABARD's profits, the Fund will be further supplemented by gifts, grants, donations, etc. which NABARD gets for the purpose from various sources.

Soft Loan Assistance Fund for Margin Money:

NABARD has constituted Soft Loan Assistance Fund for Margin Money out of its profits to facilitate grant of margin money assistance to the promoters/entrepreneurs to be assisted under the refinance schemes for cottage, tiny and village industries. The assistance is provided free of interest to be recovered in suitable annual installments after the repayment of the term loans.

Training:

As part of its institution building efforts, NABARD provides comprehensive training to officers of other banks viz. Commercial banks,
RRBs, State and Central Co-operative Banks and State Land Development Banks as also its own officers. The facilities for training in the field or rural banking, agriculture and rural development are provided at its own colleges, at BIRD and Academy for Agriculture and Rural Development Banking at Lucknow. Regional Training Centres, at Bolpur and Mangalore and also at College of Agricultural Banking (CAB), Pune, and the training establishments of various other banks.

**Institution Building:**

One of NABARD's main functions will be institution building. Besides undertaking inspection of co-operative banks and RRBs, it also helps in their reorganisation, restructuring or rehabilitation according to needs. With a view to ensuring sound lending by banks, NABARD links its refinance support to the recovery performance of banks.

The Bank has also launched a scheme of borrower's education in repayment ethics through its "Vikas Volunteer Vahini", operative in select areas. In this programme, farmers and artisans who have successfully put into practice the principles of development through credit, are drafted to disseminate financial discipline among the beneficiaries of the rural banking system.
Monitoring & Evaluation:

NABARD pays special attention to monitoring the various projects in order to ensure their proper implementation and to evaluate them so that, in the light of findings, the quality of the projects and their implementation can be improved. NABARD also reviews the performance of the on-going agricultural development schemes sanctioned by it through its District Oriented Monitoring Studies.

1.4 MANIPUR RURAL BANK (MRB)

Banks Profile

In accordance with RRB Act, 1976 of Government of India, MRB was established on 28th May 1981 as a joint undertaking of Government of India, govt. of Manipur & United Bank of India by contributing share capital at the ratio of 50:15:35 respectively. The bank started its operation with an objective of economic development of the rural people of the state, particularly the weaker section by participating in different poverty alleviation programmes of Central and State Government. The bank has been included in the 49 RRBs selected by the Government of India in the first phase of restructuring.
The Role of MRB in Agriculture:

According to RRB Act, the MRB extended financial assistance to small and marginal farmers and agricultural labours whether individually or in groups and to cooperative societies, agricultural farming, marketing processing societies or farmers service societies for agricultural operations or for other purposes connected herewith. The MRB disbursed credit for various activities in agriculture into two categories. These are (i) Production Credit and (ii) Investment Credit. The production credit is disbursed to the farmers to enable them to purchase seeds, fertilizers, pesticides, insecticides and to meet expenses for agricultural labour etc. On the other hand, the investment credit is disbursed to the farmers to purchase equipment such as tractors, pump sets, harrows, bullocks, carts etc. The bank also extends credit flow to the farmers who are rearing animals for profit. The following table shows the credit disbursement of MRB in Agriculture and allied activities in the State of Manipur during the period of study (1989-90 to 1998-99).
### TABLE – II

<table>
<thead>
<tr>
<th>Year</th>
<th>89-90</th>
<th>90-91</th>
<th>91-92</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
<th>95-96</th>
<th>96-97</th>
<th>97-98</th>
<th>98-99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amt</td>
<td>32.38</td>
<td>30.84</td>
<td>11.58</td>
<td>7.54</td>
<td>2.74</td>
<td>2.62</td>
<td>15.47</td>
<td>9.79</td>
<td>14.53</td>
<td>5.84</td>
</tr>
</tbody>
</table>


The above credits were assisted by MRB for the purpose of agriculture and allied activities. In the initial stage, the bank disbursed a sum of Rs.32.38 lacs in the sector but it is becoming in a decreasing trend. In the year 1993-94, it was Rs.2.74 lacs only which was distributed by the bank in agriculture and allied activities in the State of Manipur. Likely the trend again went down in the following year that is, 1994-95 by Rs.2.62 lacs. As per the Table – II, MRB could distribute credit to the farmers in order to meet their requirements but it cannot be considered as satisfactory to the farmers as the amount is too low and irregular during the study period of 10(ten) years.
State Profile:

The area of operation of the bank covers the entire State of Manipur. The State consists of 9 districts and 30 community development blocks. The total geographical area consists of 22327 sq. km. of which 68% is under forest. Out of 9 districts, 5 districts are under hilly areas. The economy under banks command area is under developed and in general characterised by inadequate infra-structural facilities. The State is connected with the rest of the country by Air-ways and two National Highways i.e, NH-39 and NH-53. The total population in the State is 18.26 lacs (approx.) as per 1991 census. The scheduled tribe and scheduled cast population is nearly 37% of total population. The population in valley districts and hill districts comprises of 70% and 30% respectively of the total population. The Manipur Hills cover over 92% of the total area of the State.

Agriculture is the main produce of the State. About 71% of the population depends on agriculture for their livelihood. Manipur is renowned for her handloom and handicraft industries. The most important natural resource is forest resource.
Share-Capital:

The bank started functioning with a share capital of Rs.25 lacs contributed by Government of India, Government of Manipur and UBI to the extent of 50%, 15% and 35% respectively. The paid up capital of the bank is Rs.100 lacs as on 31.3.97. The contributions of Government of India, Government of Manipur and UBI are Rs.50 lacs, 15 lacs and 35 lacs respectively. The authorised capital of the bank has been enhanced from Rs.5 crores to Rs.7.6476 crores with effect from 31.3.95.

As a part of the exercise undertaken by the Government of India for restructuring of 49 selected RRBs including MRB, additional funds in the form of equity was being provided towards cleaning of Balance Sheet and liquidity support by the Central Government, UBI (Sponsored Bank) and State Government concerned in the ratio of 50:35:15 respectively. The government of India and UBI (Sponsored Bank) have fully contributed their matching shares of Rs.3,32,38,000 and Rs.2,32,66,600 respectively. However, the State Government has partly released Rs.15,00,000 out of Rs.99,71,000 and Rs.84,71,400 has yet to be released.
Branch Expansion

The bank is operating at present with a network of 29 branches spread over in all 9 districts of the State. The following Table-III shows the location of the branches of the bank.

**TABLE – III**

**AREA OF OPERATION OF MRB**

<table>
<thead>
<tr>
<th>Name of the District</th>
<th>Branches of MRB</th>
</tr>
</thead>
<tbody>
<tr>
<td>I Imphal East</td>
<td>1. Pangei</td>
</tr>
<tr>
<td></td>
<td>2. Lamlong</td>
</tr>
<tr>
<td></td>
<td>3. Porompat</td>
</tr>
<tr>
<td></td>
<td>4. Kongba</td>
</tr>
<tr>
<td>II Imphal West</td>
<td>1. Imphal</td>
</tr>
<tr>
<td></td>
<td>2. Kwakeithel</td>
</tr>
<tr>
<td></td>
<td>3. Hiyangthang</td>
</tr>
<tr>
<td></td>
<td>4. Lamphelpat</td>
</tr>
<tr>
<td></td>
<td>5. Singjamei</td>
</tr>
</tbody>
</table>
III Thoubal
1. Lilong
2. Wangjing
3. Kakching
4. Sugnu
5. Yairipok
6. Pallel

IV Bishnupur
1. Nambol
2. Kumbi
3. Kwakta

V Chandel
1. Tengnoupal

VI Senapati
1. Tadubi
2. Sapermeina
3. Tuichung – Waichong
4. Paomata

VII Ukhrul
1. Litan
2. Phungyar

VIII Tamenglong
1. Nungba
2. Noney
3. Khoupum
Considering the low volume of business and shortage of manpower the following 5 branches have been functioning at the nearby branches/Head Office as noted against each of them for the time being as under.

**TABLE – IV**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Branches</th>
<th>Functioning at</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Tuichung-Waichung Branch</td>
<td>Imphal Head Office</td>
</tr>
<tr>
<td>2.</td>
<td>Tengnoupal Branch</td>
<td>Parallel Branch</td>
</tr>
<tr>
<td>3.</td>
<td>Sapermeina Branch</td>
<td>Imphal Bench</td>
</tr>
<tr>
<td>4.</td>
<td>Litan Branch</td>
<td>Lamlong Branch</td>
</tr>
<tr>
<td>5.</td>
<td>Khoupum Branch</td>
<td>Imphal Head Office</td>
</tr>
</tbody>
</table>
Man Power Position

The bank has been facing acute shortage of men-power. However, due to ban on recruitment of staff the bank could not absorb fresh staff, even though the bank has received the list of selected candidates from BSRB, Guwahati as sanctioned and approved by Sponsor Bank. The staff position as on 31\textsuperscript{st} March, 1999 is as under:

<table>
<thead>
<tr>
<th>Category of Staff</th>
<th>Sanctioned staff strength</th>
<th>No.of staff posted</th>
<th>Of which</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>SC</td>
</tr>
<tr>
<td>Officer</td>
<td>52</td>
<td>43</td>
<td>1</td>
</tr>
<tr>
<td>Clerk</td>
<td>52</td>
<td>32</td>
<td>-</td>
</tr>
<tr>
<td>Driver</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Sub-staff</td>
<td>31</td>
<td>29</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>137</td>
<td>105</td>
<td>1</td>
</tr>
</tbody>
</table>

As on March, 1999 out of 105 staffs, 9 staffs comprising 4 officers, 4 clerks and 1 sub-staff are under suspension for committing gross misconducts.
Training

The employees are trained at (i) CAB, Pune; (ii) RTC, Bolpur; (iii) NEIBM, Guwahati; (iv) STC, UBI, Guwahati and (v) BIRD, Luchnow. During the year 1997-98 6(six) officers were imparted training on Non-Target Group Financing conducted at RTC, Bolpur.

1.5 MANIPUR STATE CO-OPERATIVE BANK LTD.(MSCB LTD.)

Banks Profile

The MSCB Ltd. was established in the year 1956 under Assam State Co-operative Act. It is a Co-operative credit institution having a complete State as its area of operation. It is the apex of co-operative agricultural credit structure comprising the Primary Agricultural Credit Societies (PACS) at the village level. The main objective of the MSCB Ltd. is to mobilise financial resources and make it available for provision of short and medium term loans to agriculturist through the mechanism of PACS, and also spearhead the extension of banking facilities in rural areas. As not in most of the other states in the country, the state has only two-tier co-operative credit structures. These are 1) PACS at the Village (Base) level and ii) MSCB Ltd. itself at the Apex level.
The Role of MSCB Ltd. in Agriculture:

Like MRB, the MSCB Ltd. also takes a great role to deliver credit to farmers through Central Co-operative Banks in each district and Primary Agricultural Credit Societies in villages for the development of Agriculture in Manipur. The bank has various schemes for equipments and implements and scheme for rearing milch animals, poultry birds, pigs, goats and fish farming etc. Unfortunately, the institutional share of MSCB Ltd. in the total agricultural credit in Manipur is not sufficient. There is institutional credit gap during the period of study (1989-90 to 1998-99). The following table shows the credit disbursement of MSCB Ltd. in agriculture and allied activities in the State of Manipur.

**TABLE – VI**

<table>
<thead>
<tr>
<th>Year</th>
<th>89-90</th>
<th>90-91</th>
<th>91-92</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
<th>95-96</th>
<th>96-97</th>
<th>97-98</th>
<th>98-99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amt.</td>
<td>583.13</td>
<td>473.69</td>
<td>226.81</td>
<td>356.99</td>
<td>3.20</td>
<td>1.62</td>
<td>0.35</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

* There is no credit disbursement of MSCB Ltd. during these years.

Table -VI reveals that flow of agricultural credit by MSCB Ltd. was very high in the first four years of study but has decreased from Rs.583.13 lacs in 1989-90 to Rs.0.35 lacs in 1995-96. It is becoming very small in 1995-96. Since, NABARD did not refinance the bank, it could not disburse credit in the last three consecutive years of the study period. Apart from taking a key role by MSCB Ltd. in advancing loans to the rural farmers, the bank is lack to deliver credit in agriculture and allied activities.

**Share Capital:**

The share capital position as on 31.3.1999 is as under:

- State Government – Rs.1,24,50,000/-
- Co-operative Institutions – Rs.88,10,770/-
- Individuals – Rs.33,91,740/-

There were no share capital contribution from the State Government and the Co-operative Institutions as per the position as on 31.3.98. But, the individuals had contribute only Rs.13,94,165/- as per the position of the same date.
Branch Expansion:

The bank is operating at present with a network of only eight (8) branches spread over in six (6) districts out of Nine (9) districts of the State. The following Table shows the location of the branches of the bank.

**TABLE – VII**

**AREA OF OPERATION OF MSCB Ltd.**

<table>
<thead>
<tr>
<th>Name of the District</th>
<th>Branches of MSCB Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imphal West</td>
<td>Imphal (2 Nos.)</td>
</tr>
<tr>
<td>Bishnupur</td>
<td>Bishnupur (2 Nos.)</td>
</tr>
<tr>
<td>Thoubal</td>
<td>Thoubal</td>
</tr>
<tr>
<td>Churachandpur</td>
<td>Churachandpur</td>
</tr>
<tr>
<td>Ukhrul</td>
<td>Ukhrul</td>
</tr>
<tr>
<td>Senapati</td>
<td>Kangpokpi</td>
</tr>
</tbody>
</table>

Men-Power Position

The bank has been facing the lack of men-power. The bank could not recruit new staff due to the unhealthy financial conditions. The staff position as on 31st March, 1999 is as under:
### TABLE – VIII

**MAN POWER POSITION AS ON 31ST MARCH, 1999**

<table>
<thead>
<tr>
<th>Category of Staff</th>
<th>No. of staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers</td>
<td>35</td>
</tr>
<tr>
<td>Clerks/Cashier</td>
<td>91</td>
</tr>
<tr>
<td>Grade – IV</td>
<td>24</td>
</tr>
<tr>
<td>Driver</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>156</strong></td>
</tr>
</tbody>
</table>

**Training**

The employees of the bank are trained at (I) ICM, Lamphelpat, Imphal (ii) RTC, Bolpur and (iii) NEIBM, Guwahati.