Chapter - IV

Organisational Structure & Management of Uttar Pradesh State Co-operative Village Development Bank Ltd.
CHAPTER – IV

ORGANISATIONAL STRUCTURE AND MANAGEMENT OF
UTTAR PRADESH STATE CO-OPERATIVE VILLAGE
DEVELOPMENT BANK LTD.

In the previous chapter, an attempt was made to present comprehensive explanatory notes as regard the Land Development Banking in U.P. This chapter highlighted some of the significant aspects regarding U.P. Land Development Banks such as credit finance to rural sector, types of agricultural credit, need for long-term credit, credit structure, land bank capital structure and trends in loans recoveries. In the present chapter, a detailed discussion have been presented with regard to organisational structure and management of U.P. State Cooperative Village Development Bank Ltd.

Uttar Pradesh State Cooperative Village Development Bank Ltd.

Flow of credit essentially hinges upon the sound banking structure. In other words, the provision of credit for agriculture, and later the recovery of it needs the establishment of suitable banking structure with sound credit policy. An efficient management is therefore, the prime need for credit management. The present Chapter is devoted to the discussion of the
organisation and management of the State Cooperative Village Development Bank and critical analysis whether the prevalent organisation and management is conducive to efficiently meet the credit requirement of the rural sector and to effectively secure the repayment of loans.

The co-operative credit structure for the short-term and medium-term credit has a three-tier system with a federal character all over the country. At the base, there are primary co-operative societies which directly deal with the members, in the middle, there are central banks at the district level to which primaries are affiliated and at the top are the State Co-operative Banks which look after the affairs of the central co-operative banking institutions and function not only as the lender of the last resort but as the guardian of these institutions as well. Unlike the short-term credit structure, long-term credit structure is both of federal type and or unitary type. Federal type is one which operates through primary land development banks. The primary land development banks operates at district, tehsil, taluka or block levels where they directly deal with farmers. These primaries have federated into the State Land Development Banks at the State level. The State Land development Banks take care of them both in terms of finance and organisation.

Unitary type structure is one wherein the State Land Development Bank deals with the farmers directly through its branches at district, taluka, tehsil or block level. The main difference between a primary land development bank and a central land development bank is that the former is an independent corporate body while the latter is only an administrative unit
operating under the control of the head office of a State level institution. This means that the primary bank is the institution which directly collects the mortgages, lends and recover loans in its limited area, while in the unitary system it is the State Land Development Bank which has to deal with a large number of ultimate borrowers. Both are ultimately governed by an apex organisation.

Germany, which is considered as the birth place of land mortgage banking, has adopted the federal structure. The same structure has been followed by Denmark, Sweden, Norway and Switzerland. The unitary type has been adopted by France and Japan where the banks operate through their branches and agencies.

In India, the structure of Land Development Bank is one of the following four categories:

1. The usual type with the central land development bank at the top and the primary land development bank at the base.
2. The central land development bank advancing loans directly to the farmers operating through branches.
3. The central land development bank operating through branches as well as primary land development banks.
4. The central land development bank operating through separate departments of central co-operative bank of the state.

There is, thus, no uniformity in India about the structure of land development bank.

When the country became independent in 1947, there were five central land development banks with 284
primaries/branches. On the recommendation of the All India Rural Credit Survey Committee, by 1960, almost all the States had a State Land Development Bank. At present there are 19 State Land Development Banks which operate through 2930 primaries/branches mostly located at the taluka/tehsil level. The federal system prevails in 10 states viz., Andhra Pradesh, Orissa, Punjab, Rajasthan, Tamil Nadu, Assam, Haryana, Karnataka, Kerala and Madhya Pradesh. In five states viz., Bihar, Gujart, Jammu & Kashmir, Maharashtra, and Uttar Pradesh and two union territories of Pondicheri and Tripura, the structure is of the unitary type. In two states, viz., Himachal Pradesh and West Bengal, there is mixed structure having both primary land development banks as branches of State Land Development Bank. In Pondicheri and Tripura the Bank has no branches and provides loans directly to the farmers. In the State of Nagaland and the Union Territories of Goa and Delhi, there is no separate land development bank. The State Co-operative Bank also functions as long-term credit agency through a separate land development banking section/department. The present set up of land development banking in various state of the Union of India is shown in Table 4.1
Table 4.1

STRUCTURAL SET-UP OF THE LAND DEVELOPMENT BANKS AS ON 31 MARCH 2002

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the State/Union Territories</th>
<th>Year of Estab.</th>
<th>Structure</th>
<th>Head Office</th>
<th>CLDB Branch</th>
<th>Primary Banks</th>
<th>PLDB Branches/CLDB Sub-Branches</th>
<th>Total</th>
<th>Regional Offices</th>
<th>District Offices</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Andhra Pradesh</td>
<td>1962</td>
<td>F</td>
<td>-</td>
<td>22</td>
<td>512</td>
<td>534</td>
<td>22</td>
<td>3</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Assam</td>
<td>1955</td>
<td>F</td>
<td>-</td>
<td>12</td>
<td>21</td>
<td>33</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Bihar</td>
<td>1957</td>
<td>U</td>
<td>-</td>
<td>187</td>
<td>-</td>
<td>187</td>
<td>10</td>
<td>42</td>
<td>-</td>
<td>52</td>
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<td>4</td>
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<td>181</td>
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<td>-</td>
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<td>-</td>
<td>78</td>
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<td>-</td>
<td>20</td>
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<td>Himachal Pradesh</td>
<td>1961</td>
<td>M</td>
<td>-</td>
<td>17</td>
<td>5</td>
<td>23</td>
<td>-</td>
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<tr>
<td>7</td>
<td>Jammu &amp; Kashmir</td>
<td>1962</td>
<td>U</td>
<td>-</td>
<td>35</td>
<td>-</td>
<td>35</td>
<td>2</td>
<td>7</td>
<td>9</td>
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<tr>
<td>8</td>
<td>Karnataka</td>
<td>1929</td>
<td>F</td>
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<td>-</td>
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<td>13</td>
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<td>1961</td>
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<td>-</td>
<td>45</td>
<td>150</td>
<td>195</td>
<td>-</td>
<td>9</td>
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<td>U</td>
<td>-</td>
<td>-</td>
<td>303</td>
<td>303</td>
<td>-</td>
<td>6</td>
<td>29</td>
<td>35</td>
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<td>13</td>
<td>Orissa</td>
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<td>F</td>
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<td>57</td>
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<td>6</td>
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<td>14</td>
<td>Pondicherry</td>
<td>1960</td>
<td>U</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
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<td>15</td>
<td>Punjab</td>
<td>1958</td>
<td>F</td>
<td>-</td>
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<td>68</td>
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<td>17</td>
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<td>16</td>
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<td>1957</td>
<td>F</td>
<td>-</td>
<td>33</td>
<td>110</td>
<td>143</td>
<td>7</td>
<td>-</td>
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<td>7</td>
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<tr>
<td>17</td>
<td>Tamil Nadu</td>
<td>1929</td>
<td>F</td>
<td>-</td>
<td>181</td>
<td>-</td>
<td>181</td>
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<tr>
<td>18</td>
<td>Tripura</td>
<td>1960</td>
<td>U</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>19</td>
<td>Uttar Pradesh</td>
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<td>U</td>
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<td>335</td>
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<td>72</td>
<td>-</td>
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<td>20</td>
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<td>M</td>
<td>-</td>
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<td>24</td>
<td>24</td>
<td>50</td>
<td>-</td>
<td>2</td>
<td>90</td>
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<tr>
<td></td>
<td><strong>SCBs</strong></td>
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<tr>
<td>21</td>
<td>Delhi</td>
<td>1953</td>
<td>CB</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
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<td>22</td>
<td>Goa</td>
<td>1963</td>
<td>CB</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
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<td>-</td>
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<td>23</td>
<td>Nagaland</td>
<td>1971</td>
<td>CB</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total: 6 773 751 1448 2930 85 18 226 344

Note: F = Federal, U = Unitary, M = Mix, CB = Cooperative Bank, NA = Not Available
Structure Suitable for India

There had been significant changes in the working of LDBS after All\(^1\) India Rural Credit Committee (1954), i.e., shifting the objective from the lending for redemption of old debts to the agricultural development. The banks are now required to provide loans for promotional role in the formation of suitable schemes of the agricultural development. The methods of working specially with regard to appraisal of loans proposals, have become more systematic than ever before. Further, the considerable increase in the financial assistance provided by these banks in the recent years, calls for greater vigilance and more effective supervision over the use of credit by the ultimate beneficiaries. Obviously, all these factors emphasise the need for availing a suitable structure in order to enable land development banks to mobilise resources to meet the growing demand for investment credit, conduct proper appraisal of loans proposals and effective supervision for the proper utilisation of loans.

This matter has been considered by various committees\(^\star\) and the federal structure of land development banking was favoured for good reasons of ideology, i.e., the primary land development bank at the base is an institution organised and controlled by the borrowers themselves who have, thus, an opportunity and freedom to manage their own affairs. Their local knowledge and stake in the institution can ensure that they make a useful contribution in

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1. In Maharashtra, SLDB has switched over from the federal to the Unitary structure with effect from May, 1973.

\(*\) All India Rural Credit Survey Committee, 1954; The Committee on Takavi Loans and Co-operative Credit, 1962; and The All India Rural Credit Review Committee, 1969.
examining loan applications and supervising their utilisation and also be more effective in the matter of recovery.

However, these advantages are more academic than practical. Even in a federal structure, the SLDBs have always remained the central authority. It is they who raise funds by issue of debentures (the primaries are not authorised to issue debentures). It is they who sanction the loaning programme of the primaries and most of the procedure regarding the grant of loans as well as the recovery of loans, is laid down at the central level. Thus, the primary land development banks act merely as conduit pipes to pass applications up to central institution and pass loans down to the individual members. The hope that the primaries would develop local leadership has also remained a pious hope. In practice the primary land development banks management is subject to the local influence. If they refuse accommodation to influential persons because of their not being enough credit worthy, such persons may become annoyed and harm the bank. Further, the adoption of humanitarian approach in granting co-operative credit has always given a wrong impression that it is facile and easy. There is, thus every possibility of long-term co-operative finance being misused. The situation become worse, if the fellow members belonging to the same society do not report mis-utilisation of fund, because of fear of becoming unpopular in the village or locality.

In the unitary structure, the central organisation comes into being first and it then opens branches in a systematic and planned way in different areas of the state. Thus, in unitary system, there is a centralised control over branches which ensures discipline and
uniformity of policies. Experience has shown that this system is more conducive to management. The unitary structure, to begin with was recommended for the smaller States. In such States, the area being small, a federal structure was considered to be necessary. For instance, Maharashtra, Jammu & Kashmir, Pondicherry and Tripura initially started with a unitary structure. Some big states like Punjab, U.P, and Bihar unitary structure was favoured to begin with when the RBI advised these states to convert themselves into federal structure, none was willing to do so. The change in Punjab is still on paper as the Bye-Laws of the Bank retain all provisions which are essential element of unitary structure. In Gujrat, a committee set up under the chairmanship of Shri Udhayban Singh in June, 1962 by the Central Land Development Bank went into the question whether there was any need of converting its unitary structure into federal one. The committee came to the conclusion that in order to enlist among the members a large measure of effective responsibility, the structure be converted into a federal one. The Gujrat Government, however, did not agree with the view of this committee. Rather, the Maharashtra Government changed the unitary structure with effect from May 1, 1973. It made a rapid progress in the loan operation and occupied the second position in respect of the loans disbursement in 1982-83 against fifth position occupied prior of this change, i.e. in the year of 1971-72.

The committee on Co-operative Land Development Bank (1975) has examined the relative advantage and disadvantage of the unitary and the federal structure of co-operative land development bank and observed that "the main advantages of the
federal structure as pointed out by the various committees are responsiveness to local needs, capacity for gathering resources and facility of recovery of loans due to intimate contracts with the local non-official”. The main advantages claimed for the unitary structure are facility of operation and unified control. We feel that the both the system have their own advantages and disadvantages as has been revealed by the studies in Andhra Pradesh and Gujrat which are having federal and unitary structure respectively from the very beginning. In both these states, the long term co-operative credit structure has made commendable progress by providing financial assistance to cultivators for investment in agriculture. At the same time, certain deficiencies have come to the surface in the structure in both the states such as inadequate control over the staff of primary banks and lack of initiative taken by the branch staff. The study in Gujrat has revealed that the advantages which have been pointed out by the earlier committee as inherent in the federal structure, such as local knowledge can be secured in the unitary structure as well by suitable organisational arrangements. For instance one of the major reason for the progress made by the Gujrat state Co-operative Land Development Bank is the constitution of branch committee for exercising control and also for dealing with aspects such as recovery of loans and implementation of special schemes at the field level. Similarly the problem of control over the field staff which arise in the federal structure can be solved by introducing suitable cadres under the control of the central land development bank resulting in unified control which is one of the major advantages claimed for unitary structure. After taking into account all these aspects we are of the
view that no change in the existing structure for land development banking is called for.¹

The committee to review the arrangements for Institutional Credit for Agriculture and Rural Development (1980) also reviewed the structure of Land Development Banks and endorsed the view that the existing structure of Land Development Banks need not to be disturbed merely for bringing about uniformity.

From the foregoing discussions, we consider that on balance an unitary structure of land development banks having branch management committee as recommended by the committee on cooperative land development banks offers a better alternative than a federal structure. This preference particularly strengthened by the consideration that the lending operations of these banks in future will not be quantitatively of larger dimension but also will be as we shall show, qualitatively more complex, if the technical and feasibility and economic viability of the project financed and the proper use of loans to be ensured. It is imperative that the cooperative units should manage by qualified trained and efficient staff. Moreover, the primaries under federal structure are unable to equip with such staff as their resources are limited and would not sustained the losses for a long-period as an independent unit. Mr. Ram Krishnayya, Former Deputy Governor of Reserve Bank of India was of the opinion that the bank should resort to a scheme of corporate planning to support adequately to PLDBs and make them viable in a period of next three years. If viability of PLDBs could not be ensured, he suggested that ultimately the bank should think

¹ Reserve Bank of India – A Report of the Committee on Cooperative Land Development Bank, Bombay, 1975, p. 43.
of opening their branches or make alternative arrangement to meet credit need of farmers in the area.²

Thus, the unitary structure should be a suitable agency to the Government for transformation of the benefits of the welfare schemes to the actual beneficiaries, i.e., people of weaker section of the society who are mostly illiterate and unorganised.

Organisational Structure in Uttar Pradesh

In Uttar Pradesh, the U.P. State Co-operative Village Development Bank Ltd. (known as Uttar Pradesh Sahkari Gramin Vikas Bank Ltd. since June 9, 1994), like many other states has unitary structure since its inception and also has branch management committee for each branch to enlist the support of local non-official members. The bank is at apex level in the state and it has eighteen (18) Regional Offices which are as follows —

1. **AGRA** - Covering the whole area of Agra, Firozabad, Etah and Mainpuri districts.
2. **ALIGARH** - Covering the whole area of Aligarh, Hathras, and Mathura districts.
3. **ALLAHABAD** - Covering the whole area of Jasra, Fatehpur, Allahabad, and Pratapgarh districts.
4. **BAREILLY** - Covering the whole area of Bareilly, Badaun and Shajahanpur districts.

² Inaugural speech on the occasion of XXVI Board Meeting and Annual General Meeting of National Co-operative Land Development Bank Federation on April 22, 1982.
5. MORADABAD- Covering the whole area of Mordabad, Amroha, Rampur & Bijnor districts. It has 24 branches.

6. KANPUR- Covering the whole area of Kanpur city, Bhognipur, Etawah, Farukhabad, Auraiya and Kannauj districts. It has 20 branches.

7. FAIZABAD- Covering the area of Faizabad, Barabanki and Sultanpur districts. It has 16 branches.

8. DEVIPATAN- It covers the whole area of Balrampur, Gonda and Bahraich districts. It has 13 branches.

9. GORAKHPUR- It covers the whole area of Gorakhpur, Maharajganj, Deoria, Pandrauna, and Basti, Naugarh and Khalilabad districts. It has 19 branches.

10. AZAMGARH- It covers the whole area of Azamgarh, Mau and Ballia districts. It has 14 branches.

11. MEERUT- It covers the whole area of Meerut, Bagpat, Ghaziabad and Bulandshahar districts. It has 20 branches.

12. SAHARANPUR- It covers the whole area of Saharanpur & Muzaffar Nagar districts. It has 13 branches.

13. LUCKNOW- It covers the whole area of Lucknow, Raibareily, Hardoi and Unnao districts. It has total 22 branches.

14. JHANSI- Covering the whole area of Jhansi, Lalitpur, Jalon, Bandal and Hamirpur districts of the region. It has 20 branches.
15. LAKHIMPUR - This regional office is having 23 branches in 3 districts namely Lakhimpur, Sitapur and Pilibhit covering the whole area of the districts.

16. VARANASI - Varanasi regional office is having 19 branches in 7 districts of the region namely Varanasi, Chakia, Ghazipur, Jaunpur, Lalganj, Sonebhadhra and Gyanpur. It covers the whole area of the region.

17. KUMAON - This regional office is having 8 branches covering the whole area of (1) Haldwani (2) Kashipur (3) Rudrapur (4) Bazpur (5) Khatima (6) Almora (7) Ranikhet and (8) Pithoragarh of the Kumaon region.

18. GARHWAJ - Garhwal regional office is having 9 branches covering the whole area of (1) Pauri (2) Kotdwar (3) Sai Nagar (4) Tehri (5) Dehradun (6) Chakrata (7) Doiwala (8) Chamoli and (9) Uttai Kashi.

DISTT. HARIDWAR - After the division of Uttar Pradesh in the state of Uttranchal a district office at Haridwar was open having 3 branches. It covers the whole area of Haridwar, Laksar, and Roorkee.

Management of the Bank

The Uttar Pradesh State Cooperative Village Development Bank Ltd functions on the basis of the policies and procedures.
adopted in consultation and with mutual consent of the Uttar Pradesh Government, Uttar Pradesh Cooperative Department and the Board of Directors of the Bank. The ultimate power to administer and manage the business affairs of the Bank vest in the following:

1. General Body
2. Board of Directors
3. Executive Committee
4. Chairman / Vice Chairman
5. Secretary / Managing Directors and
6. Branch Management Committee

The chart ... shows the respective position of the above organisational bodies of the Bank

A. General Body

The ultimate authority, in all matters relating to the functioning and administration of the Bank, is vested with the General Body. The General Body of the Bank consists of the following:

(i) Nominees of the State Government.
(ii) Registrar or his Nominee.
(iii) Representative from Various concerned departments.

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Source - By the courtesy of publicity Officer Uttar Pradesh Sahkar Gram Bank Ltd., Lucknow
Duties and Responsibilities of the General Body

The General Body has the following duties and responsibilities:

(i) Election of the members of the Board in accordance with the rules of election to be framed by the Registrar.

(ii) Consideration of the Annual Report, the audited statement of receipts and disbursement, balance sheet and profit and loss accounts.

(iii) Disposal of profit.

(iv) Fixation of the maximum borrowing limit of the State Bank constituent with these bye-laws subject to the approval of the Registrar.

(v) Amendment of Bye-laws.

(vi) Removal of the elected members of the board.

(vii) Transaction of any business with the permission of the Chairman of the general meeting.

The General Body of the bank is required to meet from time to time but at least once a year to transact its business. A meeting of the General Body is convened by the Board of Directors. A general meeting can also be convened if requisition for such a meeting signed by not less than $\frac{1}{4}^{th}$ of the total members is received by the Board. If on receipt of the requisition, the board fails to convene the general meeting within 3 months, the signatories to the requisition may refer the matter to the Registrar.

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who shall have the powers to summon the general meeting of the bank.

During discussion with the officials of the bank as well as members of the General Body, it has been revealed that the functioning of the General Body is almost a ritual rather than being an effective check over the functioning of either the Board of Directors or the Managing Director. The meeting of the General Body were regularly held every year.

Notwithstanding any thing contained in section 31, it shall be the duty of Secretary/Managing Director, and in the absence of Secretary the Chairman of the committee of the management to call the Annual General Meeting in accordance with the above provisions, failing which the Registrar, or any person duly authorised by him in this behalf, may convene the Annual General Meeting.

Form above, it is clear that the involvement of the members in the above activities, can ensure the effective function of co-operative democracy. In fact, intensive participation of members can mobilise popular opinions which can be accepted as a policy of the bank for the welfare of the members. This can take the Bank in right direction and policies with vested interest can be busted. In other words, through effective participation of members in management, members can express needs and strategy can be formed to achieve the goal.

The Uttar Pradesh Co-operative Societies Act and Bye-Laws of the Bank have given a chance to the members who are ultimate owner of the Bank, to meet yearly in Annual General Meeting. The Annual General Meeting is the high watermark of the co-operative
year. This meeting provides a forum for a free discussion and criticism. Its purpose is to review the programme and business of the co-operatives for the year, and the plan for future activities. It gives members a chance to ask questions and offer suggestions. It is the time, when the committee gives an account of its stewardship to the members, and when the members gain information about the working of the bank and express their views thereon. The members of a co-operative are not only its joint owners but are also users of its services. Hence, they come to the general meeting with a complex and varied purpose. The annual general meeting is, thus a source of guidance and information for the committee to know the member’s wishes.

It is, therefore, suggested that the Managing Director/Administrator of the Bank should hold the Annual General Meeting as per provisions laid down in the Act and Bye-Laws of the Bank and also receive the referendum from the members of the Bank for the activities to be undertaken in the ensuing year.

B. Board of Directors

The management of the Bank is vested in the Board of Directors, which shall exercise such powers and perform such duties as conferred or imposed by the Co-operative Societies Act, the Rules and Bye-Laws of the Bank. The Board of Directors is constituted in the following manner.

(i) A nominee of the State Co-operative Bank.

(ii) Some officials nominated by the State Govt.
(iii) Registrar or his nominee.
(iv) Directors of Agriculture, Horticulture and Sericulture departments.

The tenure of the elected directors shall be three years and that of a nominated at the pleasure of the State Government.

**Powers and Duties of Board of Directors**

The main duty of the Board of Directors is to manage the business of the Bank in accordance with the provisions of Co-operative Societies Act, its rules and bye-laws. The Board of Directors performs the following powers and duties:

(a) To elect the President and Vice-President of the Board

(b) To appoint the Executive Committee.

(c) To give directions to the Secretary for convening a meeting of the General Body and submit to the General Meeting, the annual report and the balance sheet.

(d) To open branches at suitable places, and to fix up its jurisdiction and to appoint committees, if necessary from amongst the shareholders for supervising business and working of such branches.

(e) To frame and subsequently amend rules, regulating the business and working of the bank consistent with the provision of these bye-laws and with the prior approval of the Registrar.

(f) To delegate any of its powers and duties to the executive committee.
(g) To purchase shares of co-operative financial institution or such other institution as are related to Agriculture Finance.

(h) To take steps for the recovery of loans.

(i) To fix the rates of travelling and daily allowances payable to various officials.

Convening Meeting and Quorum of the Board of Directors

The Managing Director of the Bank convenes the meetings of the Board of Directors on the advice of chairman. A prior notice of at least seven days is essential for holding the meeting. However, in case of urgency such meeting can be convened even on a short notice.

The quorum of meeting of the Board of Directors is formed with the presence of at least five members of the Board. All matters before a meeting are decided in the form of resolution passed by a majority of votes of the members present.

If any member of the Board is not satisfied with the decision by the majority of votes, he has the right to record his note of dissent in the proceeding of the meeting and the person in the chair is bound to include the same in the proceedings book.

C. Executive Committee

The Executive Committee*** of the bank is of five members comprising the following:-

*** The Sub-Committee should also be referred as Executive Committee which is constituted by the Board of Directors and is also delegated all or some rights and duties to it.
(i) Chairman;
(ii) Vice-chairman
(iii) Two elected Directors; and
(iv) One Director among the Directors nominated by the State Government.

The term of executive committee shall be co-terminus with the term of Board of Directors.

The Executive Committee deals apart from the admission of ordinary member with the matter which are within the competence of the Board of Directors, subject to such general or special direction as the Board may from time to time, give. Thus, the role of Executive Committee in management of the Bank quite important as in fact, the various policy decisions are taken on the recommendation of this Body.

Chairman and Vice-Chairman

As early as possible but within fifteen days after the declaration of the results of election of the members of the Board of Directors, the Secretary/Managing Director, in consultation with the Election Office, convenes the first meeting of the new Board of Directors for the election of the Chairman, vice-Chairman and such other office-bearers of the bank as may be provided in its bye-laws. Such a meeting is presided over by the Election Officer. The Chairman and the Vice-Chairman are elected from amongst the members of the Board of Directors.
Powers And Duties Of The Chairman And The Vice-Chairman

The Chairman and the Vice-Chairman possess the following powers and duties in accordance with the provisions of the bye-laws of the Bank.

1. The Chairman supervises and controls and guides the affairs of the Bank and is responsible to the Board of Directors. In performing these responsibilities and duties, he exercises the powers delegated to him by the Board of Directors and vested in him according to the Act and bye-laws of the Bank.

2. The Chairman presides over the meeting of General Body, Board of Directors, Executive Committee and the sub-Committee.

3. In times of emergency, the Chairman exercises full powers of the Board of Directors and he himself decides about the state of emergency and keeps a watch over the affairs of the Bank, in accordance with the provisions of its bye-laws.

4. In the absence of the Chairman, the Vice-Chairman presides over the meetings of General Body, the Board of Directors, the Executive Committee and the Sub-Committees and exercises such powers and performs such duties as are delegated and assigned to him in writing by the Chairman in accordance with the provisions of the bye-laws of the Bank.

The tenure of the Chairman and the Vice-Chairman is coextensive with that of Board of Directors, provided that the Chairman shall continue to hold office till his successor is elected.

The Chairman and Vice-Chairman can be removed by the Board of Directors from his post by passing a no confidence
motion against him, in accordance with the provisions of the bye-laws of the Bank.

Managing Directors / Secretary

The Managing Directors deals with and supervises the day to day affairs of the Bank. He is its Chief Executive Officer.

Earlier, this post was designated as “Chief Manager”, and after the new bye-laws of the Bank came into force on 28.10.1969, this post was re-designated as “Secretary”; but once again the designation of this post was changed from “Secretary” to “Managing Directors” on 19.4.1976 by the State Government of Uttar Pradesh, in accordance with its general policy for all the apex cooperative institutions in the State.¹

Power And Duties Of Managing Directors

1. To exercise general control over the administration of the Bank.

2. To convene the meeting of the General Body and the Executive Committee.

3. To accept the funds and to guarantee on behalf of the Bank, and to make arrangements for the safe custody and protection of the cash balance, and other assets of the Bank.

4. To supervise and control the day to day affairs of the branches of the Bank.

¹. As a general policy the State Govt. of Uttar Pradesh replaced the post of “Secretary” by the post of “Managing Directors” in all the Apex Cooperative Institutions in the State.
5. To sign all the deposit receipts and to supervise the maintenance of the accounts of the branches of Bank.

6. To sign all the registered and mortgage deeds.

7. To notify the floatation of saving certificate and Government and other guarantees and to sign and verify the cheques and other documents on behalf of the branches of the Bank.

8. To appoint the staff on an adhoc basis for a period of three months, in accordance with the provisions of the budget of the branches of the Bank.

9. To assign responsibilities and duties to the staff of the Bank’s branches.

10. To take action on behalf of a branch or against a branch while dealing with the legal or disputed matters claims of any nature.

11. To give sanctions for financial project the schemes submitted by Bank’s branches upto a certain limit.

12. To delegate in full or in part his powers and authorities to any employee or employees of the Bank’s branches

**Branch Managing Committee**

The Bank operates through its branches which are mainly situated at Tehsil Head Quarters. The main functions of the branches are collection of loan applications, making scrutiny thereof and sanction, disbursement and recovery of loans. For this purpose, a branch managing committee is constituted for each branch by the Board of Directors. The Board frames rules for the election of members of the Branch Committee.
The Committee on Co-operative Land Development Banks, 1975 has specifically recommended to the LDBs whose structure is based on unitary pattern that the constitution of branch committee should have representative from various tehsil/block and of different categories of cultivators, especially small and marginal farmers, including those belonging to scheduled castes and tribes, in order to enlist the support of local non-officials in scheme formulation and implementation, mobilizing resources and recovery of loans.  

The members of Branch Managing Committee are nominated from among the present members of the Branch concerned by the Board of Directors or Executive Committee if authorised by the Board of Directors.

The term of Branch Managing Committee is for 3 year or till the next nomination are made. The Board of Directors of the Bank delegated the following of its powers to the Branch Managing Committee:--

(i) To accord the membership to the ordinary members.
(ii) To accord the membership to the nominal members.
(iii) To sanction loan under the normal lending programme as well as under the special lending programme,
(iv) To change the purpose of sanctioned loan, in case the member has requested for the change,
(v) To consider and take decisions on those loan applications pending removal of objections or where

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the objections have not been removed even after the sanction of loan, and

(vi) To make suggestions for making the loan procedure attractive and simple.

It is also mentioned here that the powers of formulation and implementation of the scheme, mobilisation of resources and recovery of the loan have not been delegated to the Branch Management Committee as emphasised by the Committee of Land development banks. At present, it will not be hyperbole, if one says that the Branch Managing Committees are virtually defunct bodies. The Branch Managing Committee is to put its formal seal on the loan already sanctioned by the Branch Manager.

Thus, in order to make Branch Managing Committee effective and enlist the support of the local non-official, it is suggested that the powers regarding formulation and implementation of schemes mobilisation of resources and recovery of loans should be entrusted to the Branch Managing Committee.

Organisational and Administrative Set Up of the Bank.

Uttar Pradesh State Cooperative Village Development Bank Ltd. has unitary pattern and is an apex organisation working under the “Uttar Pradesh Cooperative Village Development Act 1964”. It was established on 12th March 1959. Although the bank became operational with 30 branches in early sixties, at present, the bank is operating through 335 branches out of which 262 are at Tehsil/Taluka level and the rest are working at the level of development blocks/Nayaya Panchayat. The bank has 18 Regional offices headed by a Regional Manager to supervise and monitor the work
of its branches. The organisational setup of the bank is presented in the chart... The location of the Regional offices and District offices in each Regional Offices has also been shown in Chart.

(A) **Head Office Of The Bank:-**

The Head office of the Uttar Pradesh State Cooperative Village Development Bank Ltd. is situated in its own building at 10 Male Avenue, Lucknow. The Chief functions of the Head office are the appointment of the staff for its different offices, the approval of projects and schemes of the branches, the management of funds for loaning through the branches, guidance to the bank's branches and regional and district offices of the Bank, and control and supervision over all the activities of the Bank its branches and offices.

All the above functions are under the control and administration of the Managing Director at the Head office. To assist and share the duties and responsibilities of the Managing Director and to deal with matters of decision making and consultation with top management there are there chief General Managers at the Head office.

1. **Chief General Manager (General)**

He looks after the general functioning of the bank. For the assistance of the C.G.M., there are three Deputy General Manager (DGM) and two Assistant General Managers (AGM) for different departments.
### Chart - 4.2

#### Chart Showing Location of Various Regional and District Offices of the U.P. State Cooperative Village Development Bank Ltd.

#### Apex Level

<table>
<thead>
<tr>
<th>Regional Offices</th>
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<tbody>
<tr>
<td>(1) Agra</td>
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<tr>
<td>i. Agra</td>
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<tr>
<td>ii. Firozabad</td>
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<td>iii. Etah</td>
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<td>iv. Mainpuri</td>
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<td>(2) Aligarh</td>
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<td>i. Aligarh</td>
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<td>ii. Hathras</td>
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<td>iii. Mathura</td>
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<td>iv. Pratapgarh</td>
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<tr>
<td>(3) Allahabad</td>
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<td>i. Jassri</td>
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<td>ii. Fatehpur</td>
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<td>iii. Allahabad</td>
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<td>iv. Pratapgarh</td>
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<td>(4) Bareilly</td>
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<td>i. Bareilly</td>
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<td>ii. Budaun</td>
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<td>iii. Shahjanpur</td>
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<td>iv. Bijnaur</td>
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<td>(5) Moradabad</td>
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<td>i. Moradabad</td>
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<td>ii. Amroha</td>
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<td>iii. Rampur</td>
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<td>iv. Bijnaur</td>
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<td>(6) Kanpur</td>
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<td>i. Kanpur City</td>
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<td>ii. Bhognipur</td>
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<td>iii. Etawah</td>
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<td>iv. Farukhabad</td>
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<th>FAIZABAD</th>
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<td>i. FAIZABAD</td>
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<td>ii. BARABANKI</td>
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<td>iii. SULTANPUR</td>
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<td>(8) Devipatan</td>
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<tr>
<td>i. BALRAMPUR</td>
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<td>ii. GONDA</td>
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<td>iii. BHINGA (SRW)</td>
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<td>iv. BAHRAICH</td>
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<td>(9) Gorakhpur</td>
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<tr>
<td>i. Gorakhpur</td>
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<td>ii. MAHARAJGANJ</td>
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<td>iii. DEORIA</td>
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<td>iv. PAPRAUNA</td>
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<td>V. BASTI</td>
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<td>VI. NAUGARH</td>
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<td>VII. KHALILABAD</td>
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<td>(10) Azabgarg</td>
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<td>i. Azamgarh</td>
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<td>ii. MAU</td>
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<td>iii. BALLIA</td>
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<td>(11) Meerut</td>
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<td>i. Meerut</td>
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<td>ii. BAGPAT</td>
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<td>iii. Dadri</td>
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<td>iv. GHAZIABAD</td>
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<tr>
<td>v. BULANDSHAHAR</td>
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<td>(12) Saharanpur</td>
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<tr>
<td>i. SAHARANPUR</td>
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<td>ii. MUZAFFAR MARG</td>
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<tr>
<th>Lucknow</th>
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<td>i. Lucknow</td>
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<td>ii. RAIBAREILLY</td>
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<td>iii. Hardoi</td>
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<td>(14) Jhansi</td>
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<tr>
<td>i. Jhansi</td>
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<td>ii. Lalitpur</td>
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<td>iii. Jaloon</td>
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<td>(15) Lakhimpur</td>
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<tr>
<td>i. Lakhimpur</td>
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<td>ii. SITAPUR</td>
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<td>iii. Pilibhit</td>
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<td>(16) Varansi</td>
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<tr>
<td>i. Varansi</td>
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<td>ii. Chakia</td>
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<td>iii. Gazipur</td>
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<td>iv. Jaunpur</td>
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<td>v. Lalganj</td>
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<td>VI. Sonbhadra</td>
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<td>VII. Gyanpur</td>
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<tr>
<td>(17) Kumaon</td>
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<tr>
<td>(18) Garhwal</td>
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#### Distt. Haridwar
(1) **Chief General Manager (General)**

(i) **Deputy General Manager (Law):**
DGM (Law) deputed to look after the legal problems of the bank and is giving his legal opinion on disputed matters.

(ii) **Assitant Manager (Complaint)**
Who looks after the complaints against the bank and tries to redress them and take action if needed.

(iii) **Deputy General Manager (Computer):**
Who looks after the computerisation of work in the bank and presiding his view for efficient work though the computers.

(iv) **Deputy General Manager (Public Relation)**
DGM Public relation looks after the relation between bank and outsiders.

(v) **Assistant General Manager (Recovery)**
He looks after the recovery of the loans by different Regional Offices and distant branch offices of the bank and give them instructions for quick recovery of loans.

To assist and share the responsibilities and duties of the DGM and AGM of the bank there are Account officers and Accountant and peons who are working under them.
[2] **Chief General Manager (Finance)**: He looks after the financial matters of the Bank and holds the responsibility and authority to arrange funds for loaning.

For the assistance of CGM (Finance) there is one deputy general Manager (Accounts) and one Assistant General Manager (Account)

[3] **Chief General Manager (Horticulture)**:

The CGM (Horticulture) looks after all the activities related to Horticulture. For his assistance there is one General Manager (Horticulture) and one Assistant General Manager (Horticulture).

Below the rank of the CGM there are four General Manager and one officer (subject matter specialist) of the same rank. Their respective duties and responsibilities are as follows:-

1. **General Manager (Administration)**

He looks after the administration of the Bank and holds the responsibilities and authority for recruitment of staff, its training, promotion, transfer and punishment etc.

For the assistance of GM administration there are one Deputy General Manager assigned with the responsibility for training the recruited staff and one Assistant General Manager for establishment purposes.

2. **General Manager (Diversified)**:

There is one General Manager to look after the diversified purpose of the Bank.
3. **General Manager (Debenture):** is responsible for all activities related to the debentures of the bank, such as floatation of the debentures its approval from the concerned authority, creation of fund for repayment and payment of interests etc.

   For the assistance of the G.M there is one Deputy General Manager (Debenture) who assists in the work of G.M.

4. **General Manager (Planning):** He is the most important functionary of the organisation for planning the activities of the Bank success in future. He is assisted by a Deputy General Manager and one Assistant General Manager who assist the G.M. in matters related to planning.

5. **Senior Accounts and Audit Officer:** He looks after the accounting and auditing works of the Bank.

B. **Supervisory Units**

   There has been a significant change in the working of the Land Development Bank and the scope of its activities since in its methods of production oriented lending there has been a radical change in its methods of working specially in regard to scrutiny and appraisal of loan applications. Considerable increase in the lendings for non-land based activities which are allied to agriculture under various development programmes such as IRDP etc., call for greater vigilance and more effective supervision over the end use of credit by the beneficiaries. It is required to prepare
suitable schemes for agricultural development and also provide supporting services for its implementation. Besides, it has to enlist co-operation from local leadership for recovery of loans and successful implementation of the scheme. Further, the Bank has to secure co-ordination from various agencies, institutions department of State Government at various levels.

The Committee on Land Development Bank, set up by RBI under the Chairmanship of Sri K. Madhadevan (1975) has suggested for strengthening the existing structures which are applicable to both the federal and unitary structure. They are: (a) setting up of Regional / Divisional Offices of the Central Land Development Bank with technical and other staff to provide the necessary support to its branches / primary banks in the matter of scheme formulation and implementation, and effective control on the staff at the field level; (b) introduction of suitable raining programmes for the staff in primary banks/branches; and (c) satisfactory arrangements for securing co-ordination between primary banks/branches on the one hand and different institutions and departments of the State Government on the other.8

(c) Regional Offices

With the objective of efficient and effective management and coordinate between the Head Office and Branch offices eighteen (18) regional offices of the bank have been established at the head quarters of every region (Commissionary):- 1. Agra, 2. Aligarh, 3. Allahabad, 4. Bareilly, 5. Maradabad, 6. Rampur, 7. Faizabad, 8.

Regional offices are totally administrative and supervisory points. The chief functions are control and supervision of the working of the Bank's branches and district offices in addition to the inspection auditing and guidance of scheme for financing. Every Regional offices consists of the following staff.

1. Regional Manager One
2. Senior Manager (Law) One
3. Internal auditor /Manager One
4. Accountant One
5. Assistant Accountant /Typist One
6. Peon One
7. Watchman / Sweeper One

Duties of the Regional Manager

(i) To inspect the branches;
(ii) To ensure recovery of the Bank dues;
(iii) To comply the inspection report of the NABARD;
(iv) To ensure the removal of lapses/short comings pointed out in the inspection reports by the District Offices/Branches and to inform Head Office about the progress of the work in this respect;

*** Information provided by the Officers of U.P. Sahkari Gram Vikas Bank Ltd., Lucknow
(v) To call for meeting of District Managers/Branch Managers and explain them about the new programmes to be undertaken by the Bank and to ensure their follow up;

(vi) To enquire against the complaints and submit the reports to the Head Office;

(vii) To represent the Bank at Regional Divisional level meetings.

(viii) To control the expenditure of the branches;

(ix) To try to disburse loans up to the target fixed every year; and

(x) To publish necessary notices and proforma, etc. for branches, on the advice of the Head office.

**Power of the Regional Manager**

Some powers have been delegated to the Regional Manager which are summarised below:

(i) To sanction the casual leave of the District Managers and other staff of the Regional Office;

(ii) To sanction the earned leave and sick leave of the class IV employees of the Region;

(iii) To accord approval to recurring and non-recurring expenditure of Regional Offices and Branch Offices; and

(iv) In addition to the above he also exercises the powers and performs the duties which are assigned to him from time to time.

**D. District Offices**

Before the establishment of district offices, all type of supervision and control of the branch were carried out by the Head Office and the Regional Office of the Bank. The need for an
organisation at the district level was felt because of the increasing trends of disbursement of loans and its recovery. Moreover, the Reserve Bank of India laid more stress on the loan disbursement under schematic projects prepared on the basis of local needs.

The District Offices were established with a view to be nearer to the operational units for immediate guidance and supervision of their activities. They are entrusted with the formulation of bankable schemes, their implementation and monitoring, etc., as they are familiar with the local conditions. They also establish liaison with the district authorities for effective implementation of the lending programme and recovery of the LDB. Every district office consists of the following staff:

1. One – District Manager
2. One – Accountant
3. One Junior Assistant/Typist
4. One – Peon/Watchman

**Function of the District Office**

The functions to be performed by the District offices are summarised as under:

(i) To sanction the casual leave of the District Managers and other staff of the Regional Office;

(ii) To analyse the monthly progress report of the branches under its jurisdiction; and submit it to the Head Office;

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(iii) To investigate into the complaints of the branches and submit the reports to the District Authorities and to Head Office;

(iv) To fix the target of recovery of branches and review the performance of the staff concerned;

(v) To formulate, implement and monitor the bankable schemes; and

(vi) To make arrangement for providing funds to each branch for the purpose of loan disbursement.

Power of the District Manager

To implement and execute the various programmes of the bank, U.P. State Land Development Bank has delegated certain powers to the district manager. Some of the important administrative and financial powers of the district manager are as under.

(a) Administrative Powers:

(i) To sanction T.A. bills, casual leave of branch manager and other staff of the district office;

(ii) To issue warnings to the office staff as well as staff of the branches in case of irregularities.

(b) Financial Powers:

(i) To verify all purchases of tractors, financed in the district;

(ii) To change the purpose of loans and/or increase or decrease the amount of loans;
To take decision on disputed loan applications;
To terminate the membership of any of its members;
To avail of the overdraft facilities from the District Central Co-operative Bank or any other authorised Commercial Bank.

Branches Of The Bank

Because of the “Unitary pattern” of land development banking in the State, the Uttar Pradesh State Cooperative Village Development Bank Ltd. has established 335 branches, almost at the head-quarters of the every Tehsil of the States.

The basic functions of these branches in their respective areas are to receive loan applications, scrutinise and then approve them and make the payment of loans and carry out recovery of these loans with interest in due time.

To perform all these functions, a Branch Management Committee has been organised at each and every branch of the Bank in the State.

Organisation of the Branch Management Committee

A Branch Management Committee consists of the following:

1. One member who has been elected as delegate of the branch to the General Body of the Bank.
2. Four nominated member, including at least one from the scheduled castes or scheduled tribes and one from weaker section and two general members.
3. Official members including the District Planning Officer (Now called District Development Office); Assistant
Registrar, Cooperative Societies; Assistant Engineer, Minor Irrigation; and District Agriculture office.

4. Official members nominated from Assistant Development officer cooperative.

5. The Branch Manager, who is an ex-officio member of the committee.

The elected delegate of the branch is the Chairman of Branch Management committee and he presides over its meetings.

For the nomination of four members of the Management Committee its Chairman recommends their names to Head Office after ascertaining from the Branch Manager that they are not defaulters of the Bank. Either the Board of Directors of the Bank or its Executive Committee or Managing Director or Administrator; whoever is authorised by the Board, confirms the nominations of the members of the Branch Management Committee. The nomination of at least one scheduled caste or scheduled tribe member in every branch management committee is necessary.

The official members of the Branch Management Committee are generally represented by their nominees such as Block Development Officer (Cooperatives), Assistant Development Officer (Minor Irrigation), and Assistant Development Officer (Agriculture).

The Branch Manager acts as the Secretary of the Branch Management Committee and records all the proceedings of the meetings. Earlier, the Manager had no voting rights, but recently branch managers have got the right to cast their votes in the meetings of their respective Management Committee as an ex-
officio member. But in an election of the office bearers and the delegates, the Branch Manager cannot participate.

The tenure of a Branch Manager Committee is three years or till a new Committee is set up.

The quorum for the meeting of the Branch Management Committee is formed with the presence of at least two members and out of the two, one must be a non-official member.

The Branch Manager convenes the meetings of Management Committee twice a month. All matters placed before the meeting are decided in the form of resolutions passed by the majority of votes. In case of equally divided voting into two, the Chairman has a second or casting vote.

When a matter placed before the committee is related to any of the Committee, the member concerned cannot participate in the voting at the time of passing resolution.

Membership of the Management Committee can be terminated by the Board of directors of the Bank without assigning any reason and if any casual vacancy occurs the same is filled through nomination by the Board of Directors or the authority empowered by the Board to do so.

No person can be a member of Management Committee if he is disqualified under rule 453 of the Act.

**Power and Duties of Branch Management Committee**

The Branch Management Committee performs the following function:

1. Accepts the membership of ordinary and nominal members.
2. Approves loan applications upto a limit.
3. Can change the purpose of loans and can also increase or decrease the amount of loans.

4. Takes decision on approved by disputed loan applications.

5. Can terminate the membership of any of its members.

6. Approves an expenditure incurs for refreshment in meeting etc.

Staff at the Branch Office

A branch of the Bank has following staff:

1. Senior Branch Manager/Branch manager One
2. Manager (Law) (at district branch) One
3. Filed Officer One
4. Assistant Field Officer One
5. Accountant One
6. Asst. Accountant One
7. Peon/watchman One

Power and Duties of the Branch Manager

1. Proper verification of loan applications and ensuring the fulfillment of conditions laid down for sanctioning loans.

2. Disbursement of loan upto the target fixed and control over the proper utilization of disbursed loans.

3. Transmission of demand letters, pro-notes and mortgage papers to the Head Office in time.

4. Maximum recovery of loans and overdues.

* By the courtesy of AGM (Public Relation) U.P. Sahkari Gram Vikas Bank Ltd., Lucknow.

*** Siddique, M. Imran, Land Development Banking, Khanna Publishers, New Delhi, pp. 78-80
5. Taking timely action under rules 24, 25, 26, 27, 28, 39 and 42 for the recovery of loans.
6. Preparation of monthly trial balance and final annual accounts in time
7. Despatch of monthly progress reports and statements to the Head Office, regional and district offices in time.
8. Daily verification of cash book and signing it along with the Branch Accountant and the Assistant Accountant (Cashier).
9. Convening the meetings of the Branch Management Committee and recording the proceedings of these meetings.
10. Making arrangements for safe custody and protection of all record and dead stock of the branch.
11. Daily verification of Bank’s balance and deposit of excess balance in bank, where its accounts are maintained.
12. Supervision and control over the branch staff and their working.
13. To keep the cash receipt books, cheque books, loan registers and important account records in joint safe custody with the Branch Accountant.
14. Proper and timely compliance of audit reports and verification of account books with the help of the Branch Accountant in accordance with the rules.
15. Issue of share certificates and release of mortgage lands in cases where full amount of loans have been repaid to the Bank.
16. Making payments of interests (dividends) on debentures and proper distribution of profit (surplus) in accordance with the rules.
17 Monthly verification of accounts with the banks, where the accounts of the Branch are maintained and despatch of the verification certificates to the Head Office
18 Sanction of recurring expenditure of the Branch, within the limits of the budget fixed by the Head Office
19 Proper issue of cash receipt on the repayment of loan amounts and regular remittance of the amount to the Head Office
20 Submission of the attested copies of mortgage deeds in the office of the sub-Registrar (Revenue) within the time limit and safe custody of the mortgage deeds register
21 Participation in the meetings convened by the District planning Officer (Now called District Development Officer) and Assistant Registrar Cooperative Societies
22 Performance of any other function assigned by the Head Office

On the basis of above discussion, a strong organisation with efficient and effective management is of crucial importance. As opposed to the commercial banks, the financial operations of the Land Development Bank in the field of agriculture development involve much greater risks. Earlier Uttar Pradesh Co-operative Village Development Bank utilised a major portion of its funds in providing loans for redemption of old debts, but due to the shift in the emphasis from redemption of old debts to productive and development loaning, the activities and financial operations of the Bank has shown a tremendous increase, besides expansion in its operational area. To control and supervise its activities, efforts should be made to engage well-trained staff at different levels and
adopt modern management techniques for analysing the relevance of policies and procedures and observe an increasing degree of cost consciousness.