CHAPTER - 3

Organisational Structure and Management of J&K Co-operative Land Development Bank
CHAPTER - 3

ORGANISATIONAL STRUCTURE AND MANAGEMENT OF JAMMU AND KASHMIR CO-OPERATIVE LAND DEVELOPMENT BANK

Flow of credit essentially hinges upon the sound banking structure. In other words, the provision of credit for agriculture, and recovery of it needs the establishment of suitable banking structure with sound credit policy. An efficient management is more so needed for credit management. The present Chapter is devoted to analysing the organisation and management of the said Bank.

The co-operative credit structure for the short-term and medium-term credit has a three-tier system with a federal character of over the country, i.e., 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 with which primaries are affiliated and the top are the State Co-operative Banks who 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 for 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 developments banks operates at district, tehsil, taluka or block levels. Where they directly deal with the 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 where in 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 wide institution. This means that the primary bank is the institution which directly collects the mortgages, lends and recovers 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, Gujrat, 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 well as branches of State Land Development Bank. In Pondicheri and Tripura the Bank has no branches and provide 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 is shown in Table 3.1.

**STRUCTURE SUITABLE FOR INDIA**

There had been significant changes in the working of LDBS after All

* In Maharashtra, SLDB has switched over from the federal to the Unitary structure with effect from May, 1973.
### TABLE 3.1

**STRUCTURAL SET-UP OF THE LAND DEVELOPMENT BANKS IN INDIA AS ON 31-03-1996**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of the State/Union Territories</th>
<th>Year of Estab.</th>
<th>Operational Units</th>
<th>Supervisory Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Structure</td>
<td>Head Office</td>
</tr>
<tr>
<td>1</td>
<td>Andhra Pradesh</td>
<td>1962</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Assam</td>
<td>1955</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Bihar</td>
<td>1957</td>
<td>U</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Gujrat</td>
<td>1961</td>
<td>U</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Haryana</td>
<td>1966</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Himachal Pradesh</td>
<td>1961</td>
<td>M</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Jammu &amp; Kashmir</td>
<td>1962</td>
<td>U</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>Karnataka</td>
<td>1929</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>Kerela</td>
<td>1956</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>Madhya Pradesh</td>
<td>1961</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>11</td>
<td>Maharashtra</td>
<td>1935</td>
<td>U</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>Manipur</td>
<td>NA</td>
<td>U</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>Orissa</td>
<td>1938</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>14</td>
<td>Pondicherry</td>
<td>1960</td>
<td>U</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>Punjab</td>
<td>1958</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>16</td>
<td>Rajasthan</td>
<td>1957</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>17</td>
<td>Tamil Nadu</td>
<td>1929</td>
<td>F</td>
<td>-</td>
</tr>
<tr>
<td>18</td>
<td>Tripura</td>
<td>1960</td>
<td>U</td>
<td>3</td>
</tr>
<tr>
<td>19</td>
<td>Uttar Pradesh</td>
<td>1960</td>
<td>U</td>
<td>287</td>
</tr>
<tr>
<td>20</td>
<td>West Bengal</td>
<td>1958</td>
<td>M</td>
<td>2</td>
</tr>
</tbody>
</table>

**Note:** F= Federal, U= Unitary, M= Mixed, CB= Co-operative Bank, NA= Not Available

**Source:**
India Rural Credit Survey Committee (1954), i.e. shifting the objective from the lending for redemption of old debts to the agricultural development. The banks are now required not only 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 loan 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 loan proposals and effective supervision for the proper utilisation of loans.

This matter has been considered by various committees** 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 an useful contribution in 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

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** 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.
authorised to issue debentures). It is they who sanction the loaning programmes 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 acts more conduct pipes to pass applications 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 becomes 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 unnecessary. 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 over in Punjab in 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 Udayban 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 advantages and disadvantages 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 systems 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 reasons 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 off 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 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 co-operative 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 are to be ensured. It is imperative that the co-operative 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 sustain the losses for a long-period as an independent unit. Mr. Ram Krishnayya, Former Deputy Governor of the 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 of opening their branches or make alternative arrangement to meet credit needs 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 sections of the society who are mostly illiterate and unorganized.

ORGANISATIONAL STRUCTURE IN JAMMU AND KASHMIR

In Jammu & Kashmir, the J&K Co-operative Central Land Development Bank like many other States has a unitary structure since its

². Inaugural speech on the occasion of XXVI Board Meeting and Annul General Meeting of National Co-operative Land Development Banks Federation, on April 22, 1982.
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 two Regional Offices, one in Jammu and another in Kashmir valley which is shown in chart 3.2. The Kashmir Regional Office is having four District Offices as:

(i) **DISTRICT OFFICE SRINAGAR** - Covering the whole area of Srinagar, Leh and Kargil.

(ii) **DISTRICT OFFICE BARAMULLA** - Covering the area of District Baramulla and Kupwara.

(iii) **DISTRICT OFFICE ANANTNAG** - Covering the area of District Anantnag only.

(iv) **DISTRICT OFFICE PULWAMA** - Covering the area of District Pulwama only.

The Jammu Regional Office provides services in the form of long-term credit requirements of its agriculturists, by having three district office as:

(i) **DISTRICT OFFICE JAMMU** - Covering the area of District Jammu, Poonch & Rajouri area.

(ii) **DISTRICT OFFICE UDHAMPUR** - Covering the area of District Udhampur; and Dooda.

(iii) **DISTRICT OFFICE KATHUA** - Covering the area of District Kathua.

Besides District Offices are having branch offices which are located at Tehsil/Block-levels.

**MANAGEMENT OF THE BANK**

The Jammu and Kashmir Central Co-operative Land Development
CHART 3.2

CHART SHOWING LOCATION OF VARIOUS BRANCHES OF STATE LDB

THE J&K CO-OPERATIVE LAND DEVELOPMENT BANK LTD.
(APEX LEVEL)

<table>
<thead>
<tr>
<th>Regional Office (Kashmir)</th>
<th>Regional Office (Jammu)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distt Office Srinagar</td>
<td>Distt Office Baramullah</td>
</tr>
<tr>
<td>Distt Office Baramullah</td>
<td>Distt Office Anantnag</td>
</tr>
<tr>
<td>Distt Office Anantnag</td>
<td>Distt Office Pulwama</td>
</tr>
<tr>
<td>Distt Office Pulwama</td>
<td>Distt Office Jammu</td>
</tr>
<tr>
<td>Distt Office Jammu</td>
<td>Distt Office Udhampur</td>
</tr>
<tr>
<td>Distt Office Udhampur</td>
<td>Distt Office Kathua</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Branch Office</th>
<th>Branch Office</th>
<th>Branch Office</th>
<th>Branch Office</th>
<th>Branch Office</th>
<th>Branch Office</th>
<th>Branch Office</th>
<th>Branch Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgam</td>
<td>Sopore</td>
<td>Anantnag</td>
<td>Shopian</td>
<td>Rajouri</td>
<td>Udhampur</td>
<td>Kathua</td>
<td></td>
</tr>
<tr>
<td>Charisharief</td>
<td>Magam</td>
<td>Bijbehara</td>
<td>Chadura</td>
<td>Sunderbani</td>
<td>Reasi</td>
<td>Hiranagar</td>
<td></td>
</tr>
<tr>
<td>Kangan</td>
<td>Sonawari</td>
<td>Achabal</td>
<td>Pulwama</td>
<td>Poonch</td>
<td>Kishtwar</td>
<td>Billawar</td>
<td></td>
</tr>
<tr>
<td>Ganderbal</td>
<td>Bandipura</td>
<td>Kulgam</td>
<td></td>
<td>Jammu</td>
<td>Doda</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leh</td>
<td>Landwara</td>
<td>Dooru</td>
<td></td>
<td>Akhnoor</td>
<td>Banihal</td>
<td></td>
<td></td>
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<tr>
<td>Kargil</td>
<td>Baramullah</td>
<td></td>
<td></td>
<td>Vijaypora</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Srinagar</td>
<td></td>
<td></td>
<td></td>
<td>Bishnah</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R S Pora</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: By the Courtesy of the General Manager, J&K Co-operative Land Development Bank Ltd., Srinagar
Bank functions on the basis of the policies and procedures in consultation and with the mutual consent of the Jammu & Kashmir Government, the Jammu & Kashmir Co-operative Department and the Board of Directors of the Bank. Powers to administer and manage the business affairs of the Bank vest in the following:

A. General Body;
B. Board of Directors;
C. Executive Committee;
D. Chairman/Vice Chairman;
E. Secretary/Managing Director; and
F. Branch Managing Committee.

The chart 3.3 depict the respective positions of the aforesaid 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) Representatives from various concerned departments.

**Duties and Responsibilities of the General Body**

The General Body has the following duties and responsibility:

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

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**CHART 3.3**

**ORGANIZATIONAL CHART OF J&K Ă¢-OPÉRATIVE LAND DEVELOPMENT BANK LTD.**

**GENERAL BODY**

- BOARD OF DIRECTORS
- EXECUTIVE COMMITTEE
- CHAIRMAN/VICE-CHAIRMAN
- SECRETARY/MANAGING DIRECTOR
- GENERAL MANAGER

<table>
<thead>
<tr>
<th>PLANNING &amp; DEVELOPMENT</th>
<th>FINANCE &amp; ACCOUNTS</th>
<th>ADMINISTRATION</th>
<th>LEGAL</th>
<th>TRAINING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculturist</td>
<td>Chief Accounts Officer</td>
<td>Regional Manager</td>
<td>Law Officer</td>
<td>Principal</td>
</tr>
<tr>
<td>Economist</td>
<td>Loans Manager</td>
<td>Superintendents</td>
<td>Legal Assistant</td>
<td>Faculty Members</td>
</tr>
<tr>
<td>Planning Officer</td>
<td>Manager Statistics</td>
<td>District Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Senior Accountant</td>
<td>Branch Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head Clerk</td>
<td>Recovery Officer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Typist</td>
<td>Junior Asstt. - I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Junior Asstt. - II</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** By the Courtesy of the Managing Director, J&K Co-operative Land Development Bank, Srinagar
(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.

A 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 a requisition for such a meeting signed by not less than 1/4th 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, 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 but because of
the disturbing situation for the last few years, no such meeting were
convened after 1990. The officials of the bank do not have any plan also to do this in the future.

Notwithstanding anything contained in section 31, it shall be the duty of Secretary/Managing Director, and in the absence of Secretary, of 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 their needs and strategy can be formed to achieve the goal.

The J&K Co-operative Societies Act and Bye-Laws of the Bank have given a chance to the members who are the ultimate owner of the Bank, to meet yearly in Annual General Meeting. The Annual General Meeting is the high-water mark 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-operative for the past year, and to 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 receives the referendum from the members of the Bank for the activities to be undertaken in the ensuring 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 a 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.

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5. Bye Law's No. 18 of the J&K Central Co-operative Land Development Bank
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 local 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 provisions 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 institutions 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 meetings can be convened even on a shorter 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:-

(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-terminous 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, given. Thus, the role of Executive Committee in management of the Bank is quite important as in fact, the various policy decisions are taken on the recommendation of this Body.

*** 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.
D. CHAIRMAN/VICE-CHAIRMAN

Every co-operative society shall have a Chairman and Vice-Chairman elected, nominated or appointed in accordance with the provisions of the Act, the Rules and Bye-Laws. The Chairman shall be responsible for the control, supervision and guidance of the affairs and business of the society and shall exercise such powers and perform such duties as may be conferred or imposed on him by Act, the Rules, the Bye-Laws and the resolution of the committee of the management. When present, he shall except as otherwise provided in the rules, preside at the meeting of the General Body and the Committee of the Management.

The Vice-Chairman shall, except otherwise provided in the rules, preside, in the absence of the Chairman, at the meetings of the General Body or the Committee of the Management, and shall exercise such powers and perform such duties as may be delegated to him in writing by the Chairman subject to the Bye-Laws. In the event of the occurrence of any vacancy in the office of the Chairman by reason of his death, resignation or removal or otherwise the Vice-Chairman shall perform the duties of the Chairman until the date on which a new Chairman is duly elected, nominated or appointed.

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.

E. MANAGING DIRECTOR

According to Jammu & Kashmir Co-operative Societies Act No. XXVIII of 1960, the State Government can appoint Managing Director in all co-operative institution where it has subscribed to the share capital to the extent of Rs. 10 lakh or more. The Government, usually, appoint a senior
officer to the co-operative department as Managing Director of State Co-operative L.D.B, prior to Managing Director there used to be a Secretary in this bank who used to be Chief Executive of this bank. Now, Managing Director, exercises all powers and discharges all duties of the secretary. The Managing Director, as per the bye-laws\(^6\) has the following powers and duties:-

(i) To generally administer the affairs of the bank subject to the directions of the board and Executive Committee.

(ii) To supervise and control the work of the employees of the bank.

(iii) To maintain proper accounts.

(iv) To receive deposits and other money, issue receipts and also to pay amounts due from the bank.

(v) To sign on behalf of the bank and conduct its correspondence.

(vi) To certify copies of entries in the books of the bank.

(vii) To sue and be sued in the name of and on behalf of the bank when authorised to do so by the Executive Committee.

(viii) To arrange for the inspection of the mortgage property.

(ix) To have custody of the properties of the bank.

(x) To perform all other duties and exercise all such powers as are assigned to him, by the board of Executive Committee.

(xi) To sign, endorse and negotiate cheques and other negotiable instruments.

(xii) To pay money due from the bank.

\(^6\) Bye Law's No. 21 of the J&K Central Co-operative Land Development Bank.
(xiii) To delegate any of its powers and duties to any other member of the staff.

The Managing Director besides above also discharges all such functions and exercises all such powers as are assigned to his by the State Government or by the Registrar of Co-operative Societies. In the performance of his duties, the Managing Director is assisted by several functionaries in the Head office as well as in the field which has shown in Chart 3.3.

F. 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 representatives 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.⁷

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.

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The term of Branch Managing Committee is for 3 years 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 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-officials, 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

Jammu and Kashmir Central Co-operative Land Development Bank has unitary pattern and started functioning from 1962. At present, the Bank is operating through 35 branches at tehsil/block levels. In order to have the effective supervision and formulation of projects, the Bank has opened 7 District Offices and 2 Regional Offices. The organisational set up of the bank is presented in the Chart 3.3 while location of the District Offices, Regional Offices and number of branches in the district has shown in Chart 3.2.

(a) HEAD OFFICE

The Head Office of the J&K SLDB is located at Srinagar. There is a Managing Director (M.D.) assisted by one Assistant Director (A.D.), one General Manager (G.M.), one Executive Officer (E.O.), and one Law Officer to control and supervise the administration, financial and legal transactions of the Bank. Besides, there are three Officers - one each in the area of Horticulture, Agriculture and Sericulture, in the technical cell to formulate, monitor and evaluate the schemes financed under the normal and special schemes.

To implement the Bank’s programmes, the Managing Director has delegated certain powers to various heads of the department at Head Office. To assist the above to control and supervise the operation of the Bank, there are various sections at the Head Office comprising Accountants, Assistants/Junior clerk and Typists which are under the charge of Section Officers/Incharge.
(b) SUPERVISORY UNITS

There has been a significant change in the working of the Land Development Bank and the scope of its activities since sixties. A shift to production oriented lending has brought 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 developmental 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 and departments of State Government at various levels.

The Committee on Land Development Bank, set-up by RBI under the Chairmanship of Sri K. Madhavdaee (1975) has suggested for strengthening the existing structures which are applicable to both the federal and unitary structures 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 ensuring effective control on the staff at the field level; (b) introduction of suitable training 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 other institutions and departments of the State Government on the other.  

(C) REGIONAL OFFICES

Regional Offices were established for effective control and supervision of the functions of the Districts/Branch Offices of the Bank. At present there are 2 Regional Offices one in Srinagar and other in Jammu. Every Regional office consists of the following staff:

1. One - Regional Manager.
2. One - Accountant.
3. One - Assistant Accountant.
4. One - Peon.
5. One - Watchman/Sweeper.

Functions of the Regional Office

The functions of the Regional Office are to control/supervise the District Offices/Branches of the Bank and provide guidelines for preparation of schemes by the District Offices. The important duties entrusted to the Regional office are as under:

(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;

(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 upto the target fixed every year; and

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

Powers 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 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 types of supervision and controls of the branches were carried out by the Head Office and the Regional Offices 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 disbursements under schematic projects prepared on the basis of local needs. At present, there are 7 district offices of the J & K Central Cooperative Land Development Bank all over the state located at the district Head Quarters.

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 keep 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:\(^{10}\)

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

**Functions of the District Office**

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

1. To sanction the casual leave of the District Managers and other staff of the Regional Office,
2. To analyse the monthly progress report of the branches under its jurisdiction, and submit it to the Head Office.

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\(^{10}\) By the courtesy of the officials of the J&K Central Co-operative Land Development Bank Ltd, Srinagar
(ii) To investigate into the complaints of the branches and submit the reports to the District Authorities and to Head Office;

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

(iv) To formulate, implement and monitor the bankable schemes:

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

**Powers of the District Manager**

To implement and execute the various programmes of the bank, J&K 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 can also increase or decrease the amount of loans;

(iii) To take decision on approved by disputed loan applications;

(iv) To terminate the membership of any of its members;

(v) To avail of the overdraft facilities from the District Central Cooperative Bank or any other authorised Commercial Bank.
Keeping in view the above, we are of the opinion that the Regional Offices are ‘superfluous’. Thus, one supervisory unit i.e. District Office is advisable to the J&K Central Co-operative Land Development Bank which also make the long-term credit structure analogous of the short and medium-term credit structure in the country. Since it is co-terminus with the administrative set-up of state Government, the District Offices could secure co-ordination with various government department at district level easily. All these factors made the J&K LDB to strengthen the District Offices and to delegate more authorities to them so that it can control and supervise the branches effectively and the development of district could be achieved as per district plan.

(e) BRANCH OFFICE

Unitary type structure is one where in the state Land Development Bank deals with the farmers directly through its branches. These branches are the administrative units at the base level. The J&K LDB started its operation by providing long-term credit to the farmers. At present, there are 35 branches of the Bank spread all over the State. They are mostly located on Tehsil Headquarters while some at Block Level. The main function of the branches are the disbursement of the loans and its recovery. The branch of the Bank has the following staff:

1. One - Branch Manager
2. One - Junior Assistant/Typist
3. One - Peon/Watchman

Rights and Duties of the Branch Manager

The rights and duties of the Branch Manager are summarised as:

11. By the courtesy of the officials of the J&K Central Co-operative Land Development Bank Ltd., Srinagar.
(i) To make proper scrutiny of loan applications;
(ii) To distribute the loans as per target fixed of the year;
(iii) To supervise the proper utilisation of loan;
(iv) To collect cent percent all overdues and demand of loans;
(v) To operate the bank account jointly;
(vi) To control and supervise the employees of the branch;
(vii) To transmit the amount of the current account exceeding the prescribed limit;
(viii) To get released the mortgages of land in case the loan has been fully recovered;
(ix) Any other function which are entrusted by the bank.

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, the Jammu and Kashmir Central Co-operative Land 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 developmental 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.