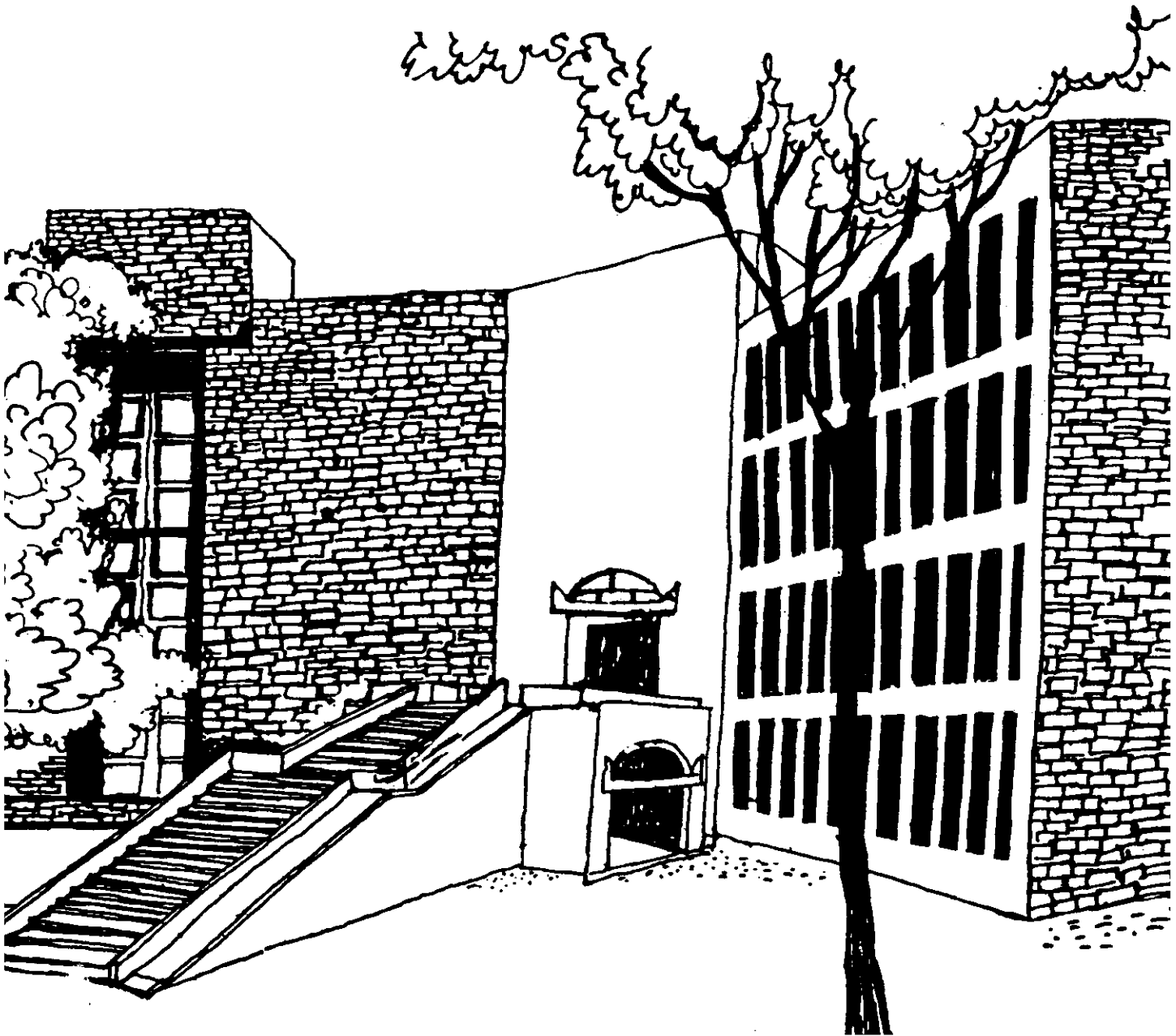




Working Paper



CONCEPTUAL FRAMEWORK FOR MIS FOR NABARD
OPERATIONS IN RELATION TO MONITORING AND
EVALUATION STUDIES

By

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CONCEPTUAL FRAMEWORK FOR MIS FOR NABARD OPERATIONS IN RELATION TO MONITORING AND EVALUATION STUDIES

U.K. SRIVASTAVA¹

The National Bank for Agricultural and Rural Development (NABARD) was established on 12th July 1982 by an Act of Parliament and it has been given the mandate to provide "credit for the promotion of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas²".

This mandate covers a wide spectrum and brings in its fold an integration of credit activities with other economic activities like processing, marketing, and other post harvest technologies and technical services etc.

NABARD is an Apex development bank primarily involved in providing different types of refinance to the eligible institutions and it also performs developmental and regulatory functions. Over the last 10 years of its existence, NABARD has emerged as a crucial source of finance disbursed by the banks for agricultural and rural development. Till the end of March 1992, bank has provided a cumulative refinance of the order of Rs. 16,394 crores covering about 96,219 schemes to support investments to the tune of Rs.25,000³ crores.

This amounts to 45 per cent of the ground level credit disbursed by banks for agricultural and rural development. It operates through State Cooperative Banks, State Land Development Banks, Regional Rural Banks and Commercial Banks and provides refinance for short term, medium term, as well as long term credit.

The above mentioned activities require elaborate planning and control tasks to be performed at various levels in the organization. In order to support the planning and control tasks, dis-

¹ Dr. U.K. Srivastava is Professor, Centre for Management in Agriculture at the Indian Institute of Management, Ahmedabad. The research support from Mr. E.N. Suriya Narayanan, Dr. N.T. Patel and Ms. Madalsa Gandhi is gratefully acknowledged. The comments received from team members (Profs. S.P. Seetharaman, S. Vathsala, and B.H. Jajoo) have improved this presentation.

² NABARD Act 1981.

³ NABARD News Letter Vol. 3, No. 4, 11th July 1992.

strict oriented monitoring studies as well as ex post evaluation studies are undertaken. This note analyses the process of planning and control and existing management information system at NABARD in a conceptual framework and raises a few issues in relation to strengthening and internalizing the findings of monitoring and evaluation studies.

INSTITUTIONAL OBJECTIVES

Given its mandate the NABARD has to see that its activities particularly disbursement of credits (through refinance) are carried out with (a) efficiency, and (b) effectiveness⁴.

Efficiency in the case of NABARD depends on the timely release and utilization of refinance along with lowest weighted cost of funds and planned level of profitability or surplus generation.

The effectiveness depends on the overall objectives of the institution in relation to the desired impact of the financed projects on the target groups, with the specific focus on the weaker sections of the society. The objective of efficiency requires information on operations. The objective of effectiveness requires assessment of incremental incomes to the ultimate borrowers and the validity of the assumptions made in various schemes at the planning stage. The effectiveness of objective is very crucial for apex refinance agency like NABARD.

ORGANIZATIONAL STRUCTURE AND PLANNING AND CONTROL TASKS

NABARD is managed by a Board of Directors, Chairman, Managing Director, Chief General Managers, General Managers and Deputy General Managers at the head office. In addition it has regional offices in all the state capitals and sub offices at Agartala, Gangtok, Imphal, Jammu, Panaji, Simla and Shillong (Annex-1). It also has a large number of district offices as well.

To get an insight into the planning and control tasks, we can classify the organizational structure given in Annex-1 into three levels:

⁴ See Robert N. Anthony, John Deardees and Norton M. Bedford, Management Control Systems Dearden, Fourth Edition, Richard D. Irwin Inc., Homwood Illinois Toppar Company Ltd., Tokyo 1984, pp. 196-197.

- (a) Strategic Planning and Control Level;
- (b) Programme Planning and Control Level and
- (c) Performance Planning and Control Level (Figure-1).

The planning and control tasks go together and are performed at various levels in the organization. For an indepth understanding, we first discuss the planning process at NABARD. The strategic planning levels are largely concerned with organization of funds, identification of priorities, determining broad indicators for allocation to various sub sectors and overall approvals to already appraised projects. The guidelines from strategic planning and control levels provide the framework for project formulation and appraisal at the programme planning and control levels as well as the performance planning and control levels(Figure-2).

Once the planning of activities is done the role of management control begins. The management control tasks can be broadly defined as follows⁵:

1. Measurement of actual results against planned results
2. Evaluation of performance at sub-units/regions as well as the organizational level.
3. Identification of activities which may lead to shortfalls from the desired results.
4. Identification of the appropriate remedial action to eliminate the expected shortfalls.
5. Recycle the information related to actual performance in developing future plans.

In this context of NABARD, the management control tasks, as defined above are performed at all the three levels of the organization as indicated in figure-3. But the nature and complexity of the management control task is different at different levels. The differences in the nature of complexities of management control tasks can be illustrated along with the six dimensions (Figure-4). These dimensions are:

- (a) Primary focus;
- (b) Time horizon for decision making ;
- (c) Number of variables to be considered ;
- (d) Manpower involved,;
- (e) Frequency of decision making and
- (f) Area of operations.

⁵ S. K. Bhattacharya, A Framework of Management Planning and Control for Organiazations, Technical notes, Indian Institute of Management, Ahmedabad, 1972. U.K. Srivastava, Project Planning, Financing, Implementation and Evaluation, Indian Institute of Management, Ahmedabad, 1981.

For example, at the strategic planning and control levels the primary focus is the total refinance disbursed as against the target fund position and the cost of funds. At the performance planning and control levels, the focus is predominantly physical performance in terms of utilization of refinance as per targets of each scheme/project. Similarly the frequency of decision making at the strategic planning and control levels is much less as compared to the other two levels which are concerned with the release of refinance for each scheme/project and the remedial measures for the likely shortfalls.

MANAGEMENT INFORMATION SYSTEM

The above mentioned planning and control tasks require information on both efficiency and effectiveness variables. This requires a creation of appropriate data base and processing and dissemination to the various levels of the organization as per their decision making needs. Managerial Information System has to serve the repeated needs of identified information of the client. In this context, the following basic principals have to be kept in mind in designing the management information systems for an organization⁶:

1. **Information is expensive :** There is a cost of collection, processing and dissemination. Therefore, only key variables are identified for developing the formats and contents.
2. **Information needs are different at different levels :** As indicated in figures 2 and 3, the decision making and corresponding information needs of various levels in the organization are different. Therefore, the formats, frequency and the contents of information disseminated has to vary for various levels.
3. **Information not tailor made to decision making levels is wasteful.**

MANAGEMENT INFORMATION SYSTEM AT NABARD

Broadly three types of information are collected and disseminated to various levels in the organization.

⁶ J. C. Camillus, Practical Considerations in Designing Managerial Information Systems (memographed), Indian Institute of Management, Ahmedabad.

A. Operational Information :

The organization generates data on operations with respect to fund positions, cost of funds, targets and achievements for release of refinance, information on unit cost of various types of schemes. It also gets the information on personnel deployment, training and development. The information is also generated on operating expenditures. All these information are aggregated and made available to the strategic planning levels for decision making (figure-5).

B. District Oriented Monitoring Studies :

From 1980, a system of district oriented monitoring studies (DOM) has been introduced with an objective of covering cross section of important investments, financing banks and obtaining feedbacks on different schemes. The DOM studies try to identify (i) the potential for new schemes in the district, (ii) review the generation of project information in banks, (iii) bring out the factors responsible for good and bad performance and (iv) to establish a data bank district wise is another significant difference between the old scheme-based monitoring system (SOM) and the present (DOM).

The DOM studies are conducted by the regional office staff and these studies are used to resolve the operating problems in the joint review meeting (JRM) at the district level. The regional manager then forwards all the DOM studies in his region to the Dy. General Manager in Investment Credit Department (ICD) who reviews these studies and prepare the quarterly summary of the findings. This quarterly summary of 18 to 20 pages covering all the DOM studies in the quarter is then circulated to the strategic planning levels. The report usually contains operating constraints and it is largely repetitive (figure-6).

Recently a working group has been constituted under the chairmanship of Mr. M.V.S. Chalapathi Rao, General Manager, ICD, to have fresh look at the methodology, drafting quality and the finding which can be internalized.

C. Evaluation Studies :

In recent years 6 to 7 evaluation studies are conducted by the bank for the selected schemes. These evaluation studies are conducted at the performance planning and control levels. It is then reviewed at the programme planning and control levels where the reports are finalized and published. Along with the published report, a note is prepared giving major points relating to policy areas for improvement of project performance. This note and copy of the report is circulated to all the departments and strategic planning and control levels. This task is done in the department of economic analysis and research and the note is discussed at the management committee meeting attended by Chairman, Managing Director, Chief General Managers and General managers of all the concerned departments (Figure-7).

PROBLEM AREAS

In case of DOM studies the following problems has been observed :

- 1) As the focus is on all the schemes, it leads to only general operational problems;
- 2) It does not lead to the required indepth inputs for assessing the effectiveness of the specific schemes ;
- 3) There is long delay in initiating any remedial action based on the findings because some of the remedial actions cannot be taken by regional offices, particularly those are relating to underfinancing due to low unit costs ;
- 4) The findings do not yield much inputs for policy variables.

In case of evaluation studies the following observations may be made :

- 1) There is long time lag in the completion of evaluation studies ;
- 2) Summary and reporting is circulated to all departments without any relation to their decision making needs ;
- 3) The circulation of summary and reporting does not differentiate in the content and format between strategic planning and control levels, programme planning and control levels and performance planning and control levels.

Given the above mentioned problems, that the feedback from the monitoring and evaluation studies is a missing link in the project cycle at NABARD (Figure-8).

ISSUES FOR DISCUSSION

In the background of above mentioned presentation, the following issues be taken up for discussion in relation to DOM studies and also the evaluation studies.

DOM Studies

- 1) What should be the focus of these studies ? Should they be district oriented as at present or should they be scheme oriented cutting across the districts in a region ?
- 2) Dissemination of the findings of these studies in relation to decision making tasks at various levels in the organization.

Evaluation Studies

- 1) What should be the policy with respect to the identification of sub sectors for conducting the evaluation studies ?
- 2) What should be the process of dissemination of findings to various planning and control levels in the organization ?
- 3) What kind of changes in the organizational culture can be initiated for promoting the appropriate use of these studies for planning and control functions at various levels in the organization ?

A common issue is the extent of computerization of MIS in relation to processing and disseminations of findings of the DOMs as well as evaluation studies.

NABARD'S ORGANIZATION

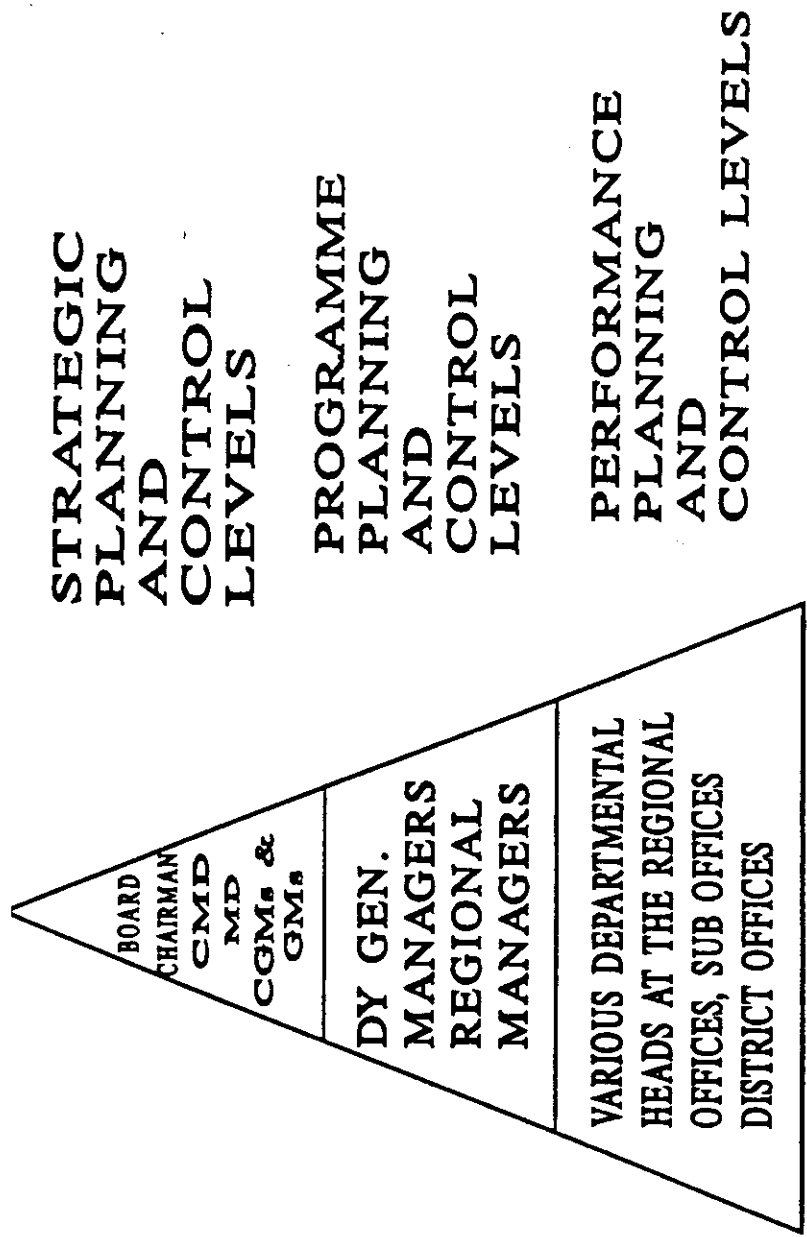


Figure 1: NABARD'S ORGANIZATION

Planning Process at NABARD

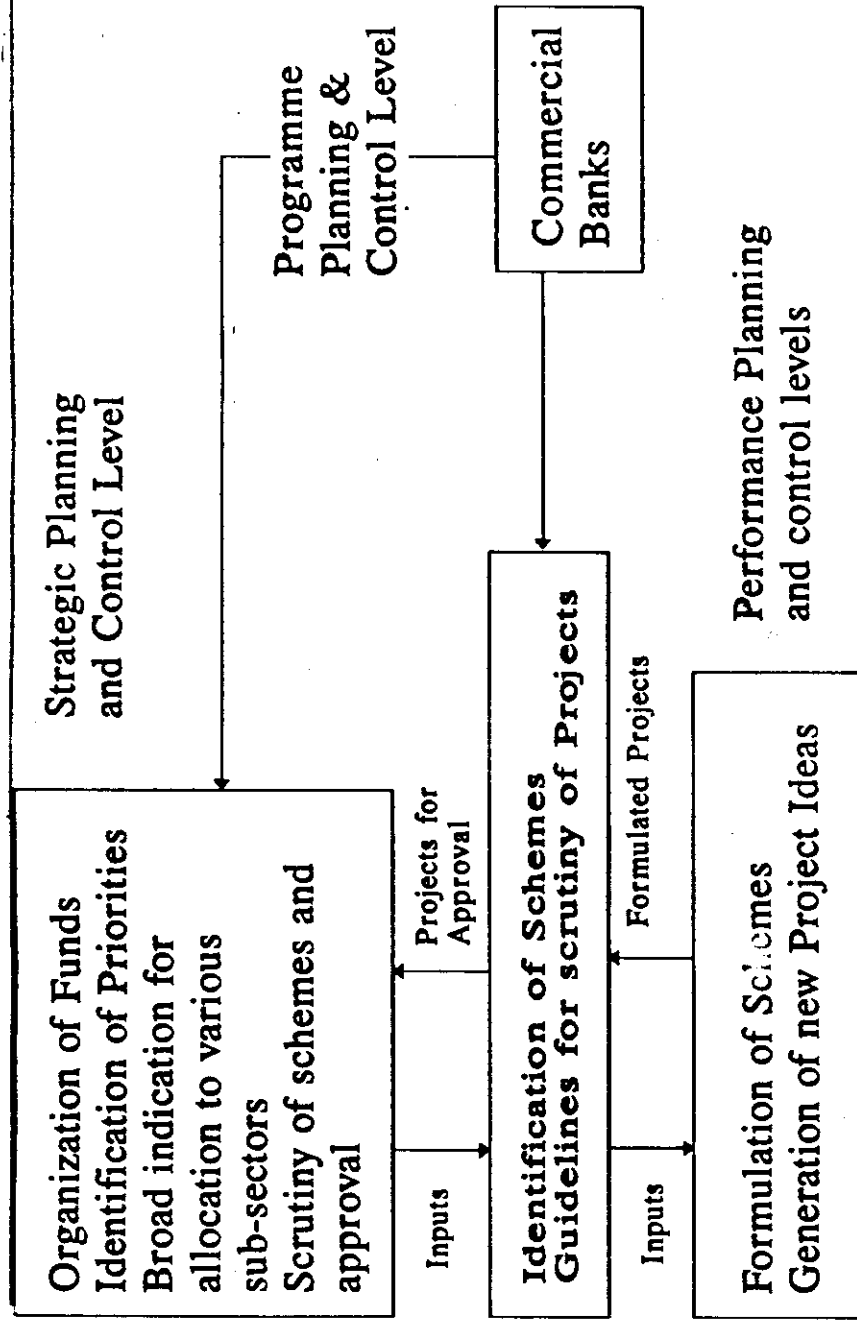


Figure 2: PLANNING PROCESS AT NABARD

Management Control Tasks at Various Levels of the Organization

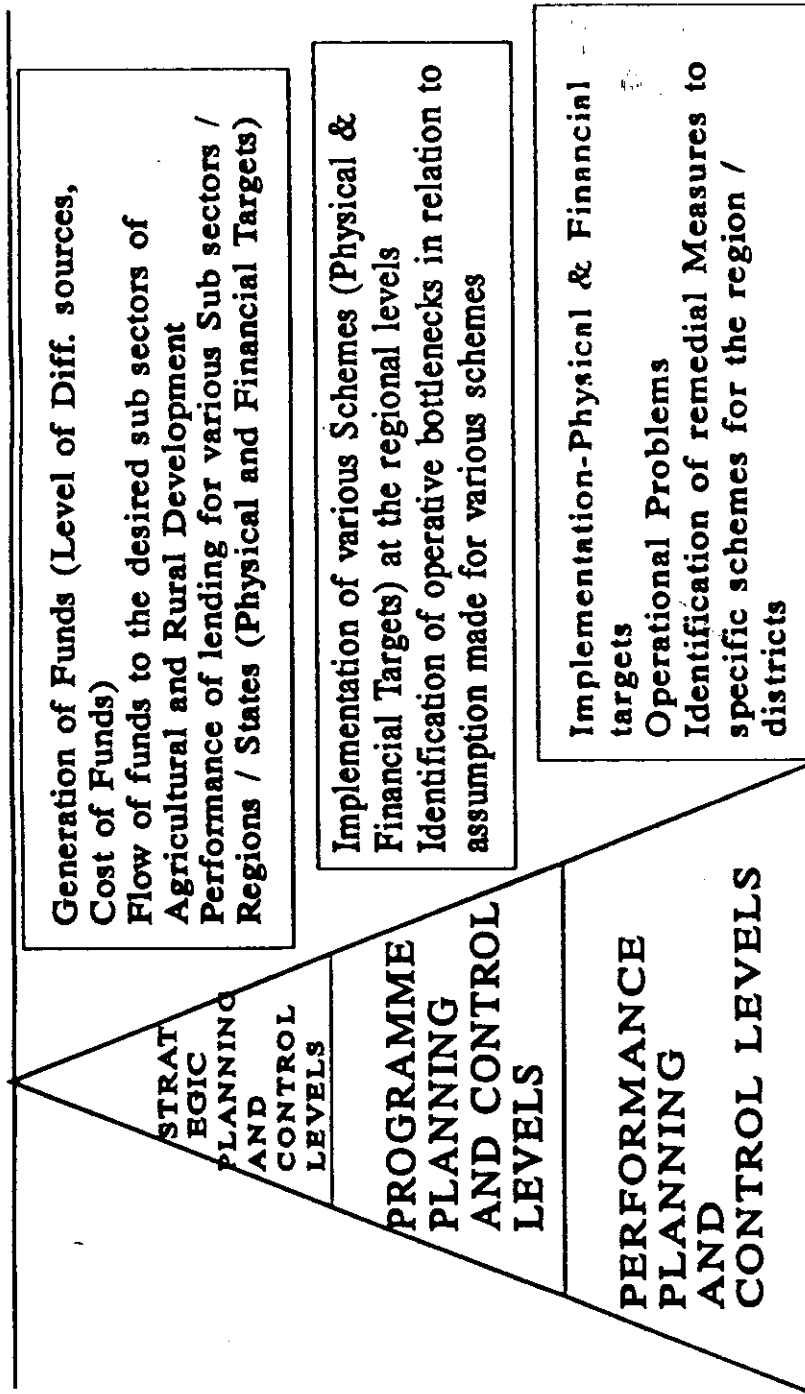


Figure 3: MANAGEMENT CONTROL TASKS AT VARIOUS LEVELS OF THE ORGANIZATION

Nature of Planning and Managerial Control Tasks and Complexities at Various Levels

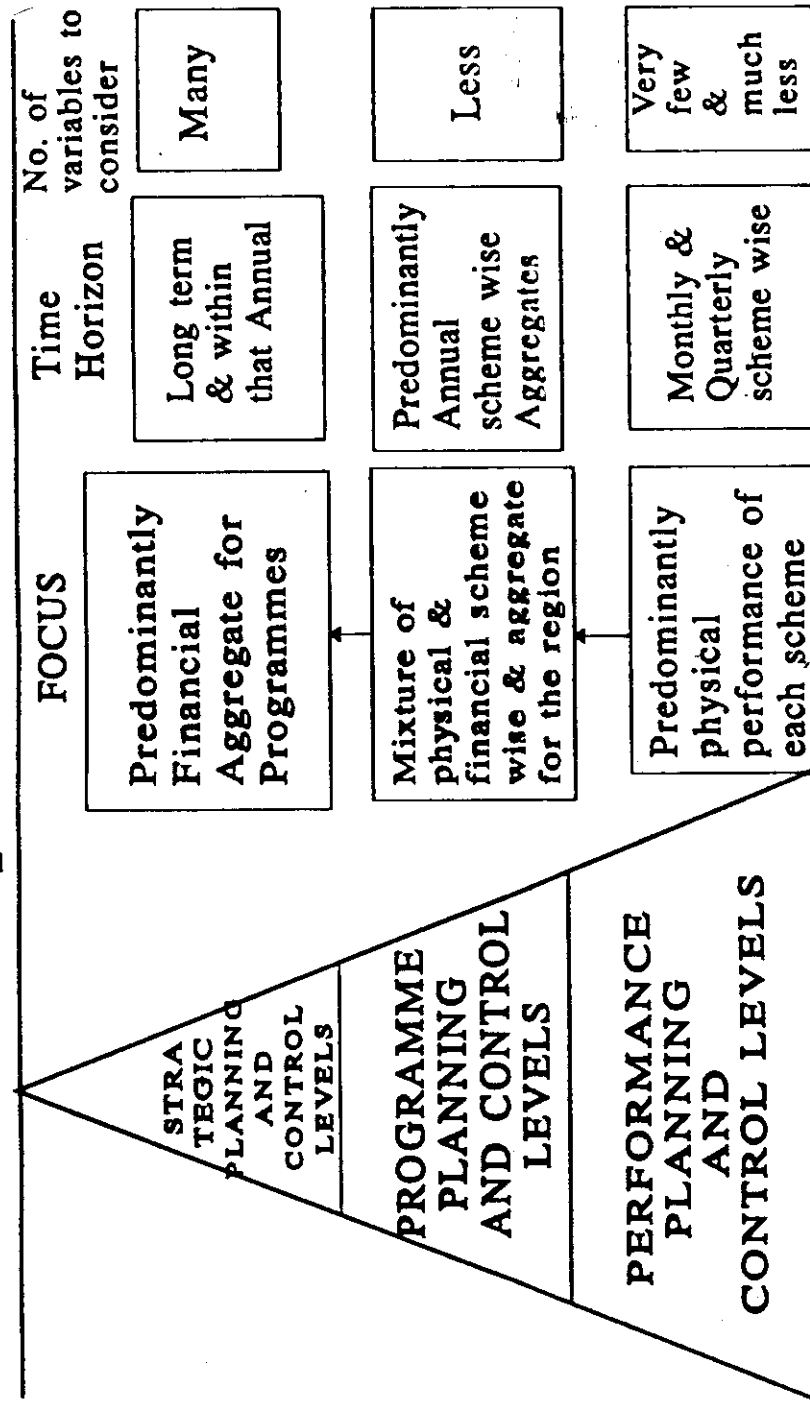


Figure 4: NATURE OF PLANNING & MANAGERIAL CONTROL TASKS & COMPLEXITIES AT VARIOUS LEVELS

Area of Operation	Frequency of Decision Making	Manpower
Entire Organization	Much Less	Large
Regions / Sub Regions	More	Less
A Particular District / Scheme	Very Frequent	Much Less

Figure 4: CONTINUED

Operational Information

Flow of operational information on routine basis

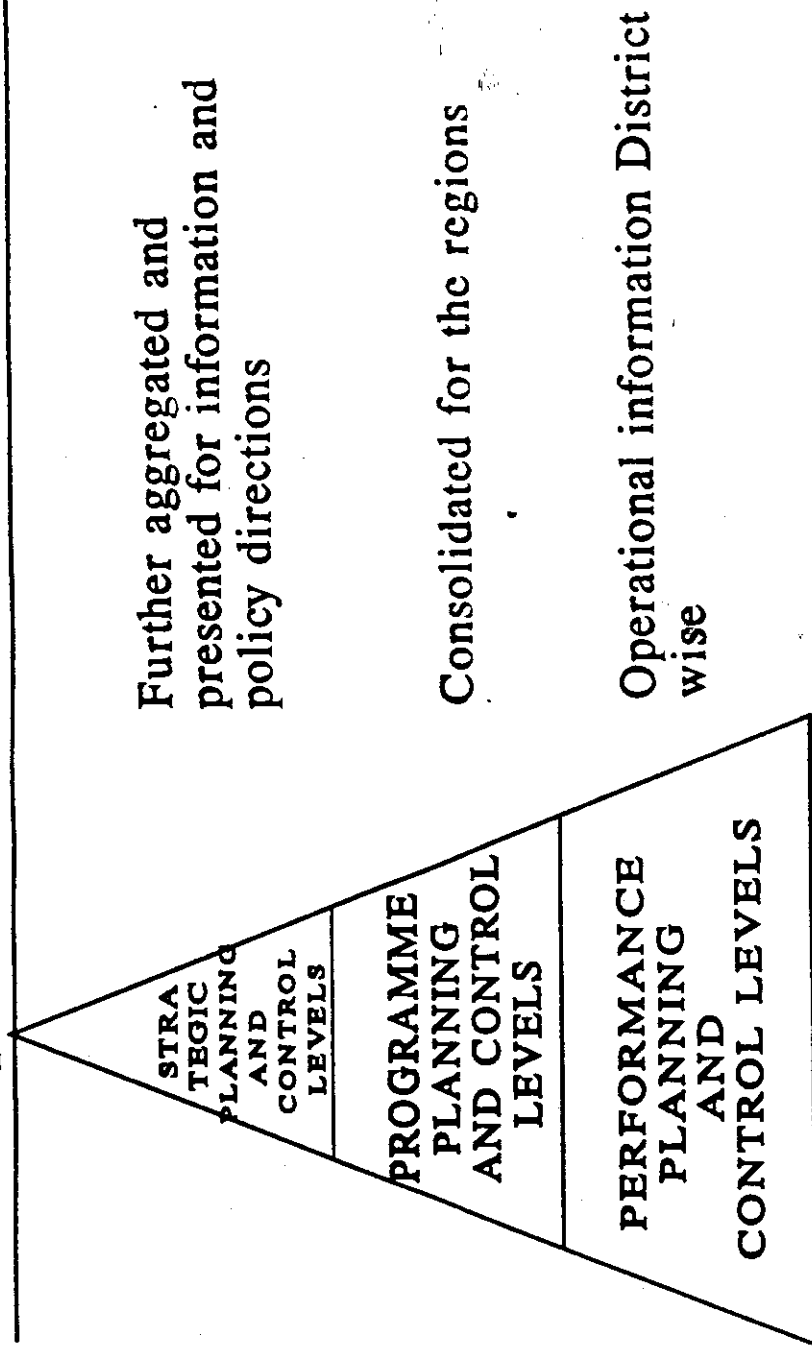


Figure 5: OPERATIONAL INFORMATION -- FLOW OF OPERATIONAL INFORMATION ON ROUTINE BASIS

DOM studies

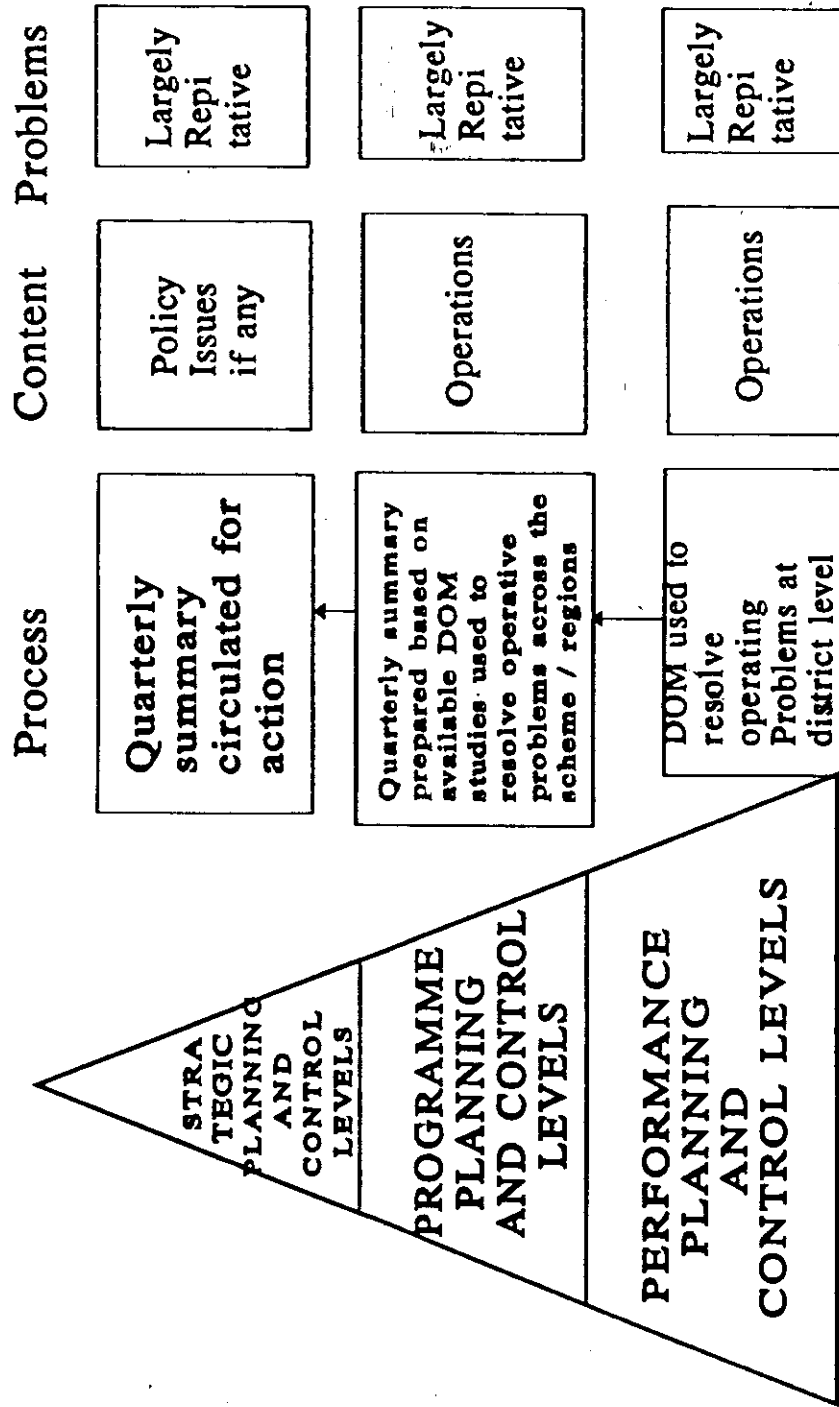
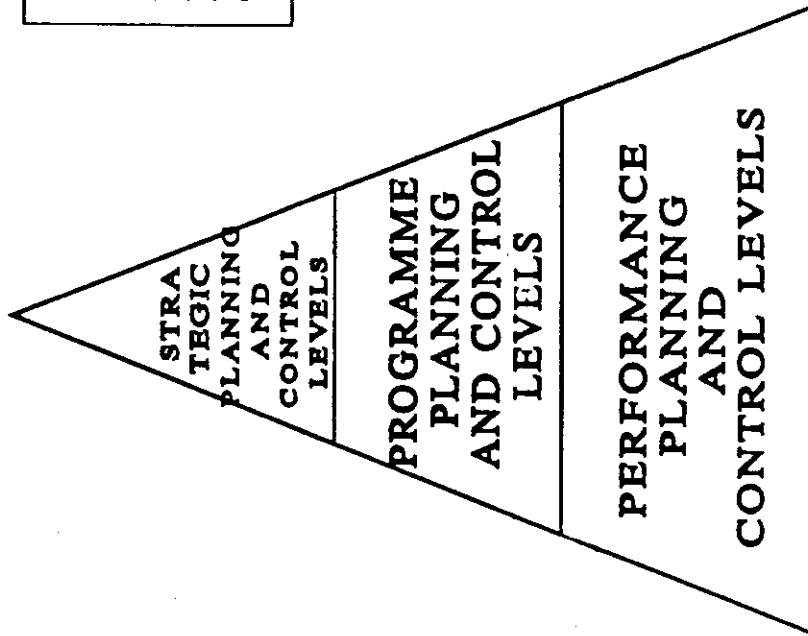


Figure 6: DOM STUDIES

Evaluation Studies



Summary circulated to top Management /
Programme Planning along with copy of
the reports
Findings are discussed at Management
Committee

Evaluation Studies Reviewed

Evaluation Studies Conducted

Figure 7: EVALUATION STUDIES

Project Cycle at NABARD

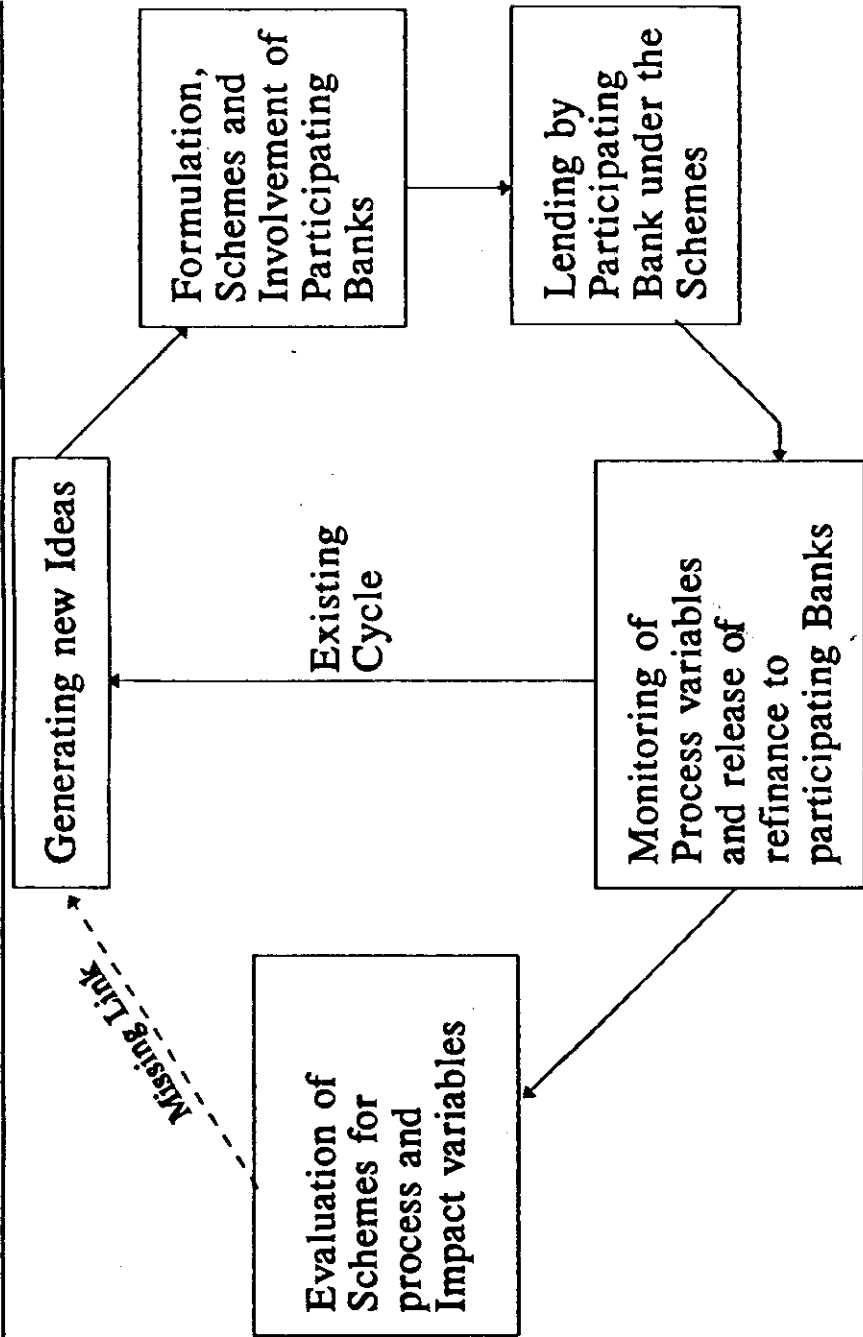
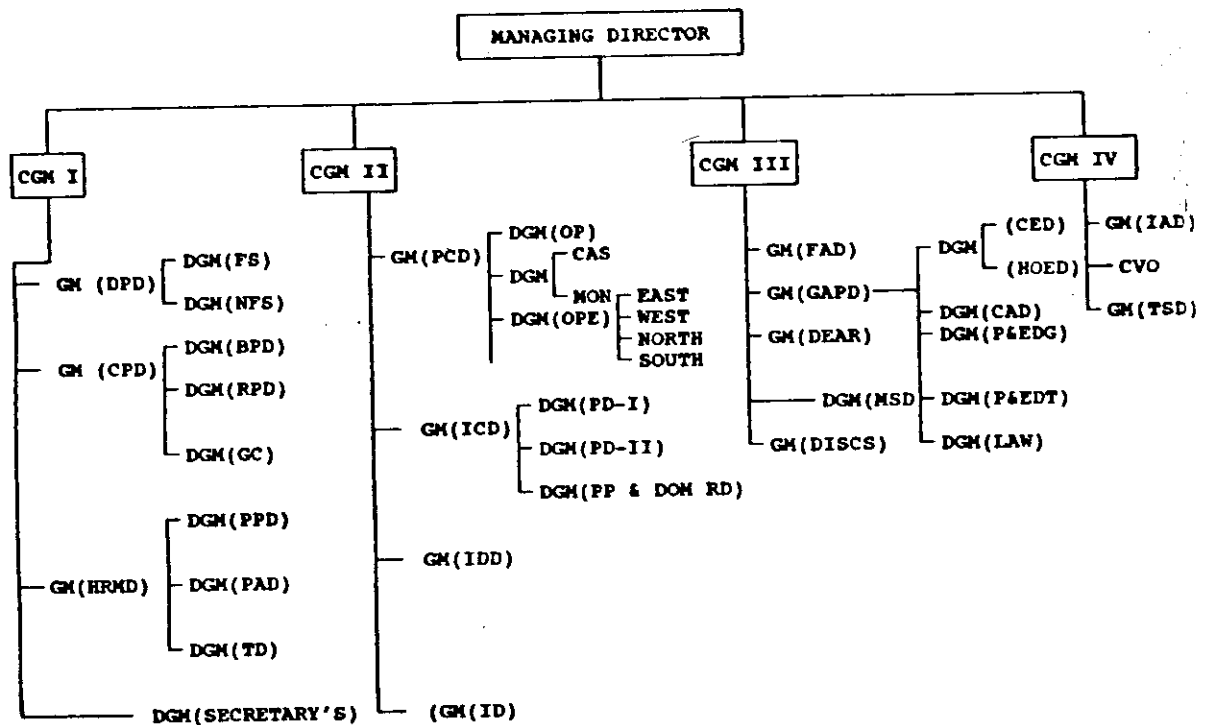


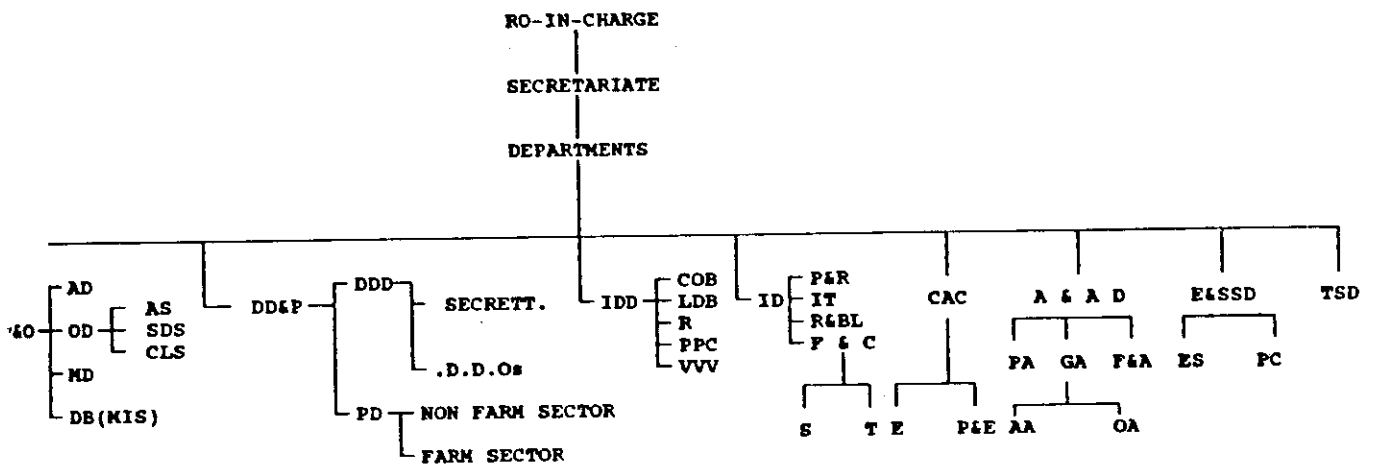
Figure 8: PROJECT CYCLE AT NABARD

Annex : 1 ORGANIZATION STRUCTURE OF HO DEPARTMENTS



- DPD - Development Policy Department
- CPD - Corporate Planning Department
- HRMD - Human Resources Management Department
- PCD - Production Credit Department
- ICD - Investment Credit Department
- IDD - Institutional Development Department
- ID - Inspection Department
- PAD - Finance and Accounts Department
- GADD - General Administration & Premises Department
- DEAR - Department of Economic Analysis & Research
- MSD - Management Services Department
- DISCS - Department of Information Systems & Computer Services
- IAD - Internal Audit Department
- CVC - Central Vigilance Cell
- TSD - Technical Services Department
- FM - Farm Sector
- NFM - Non-Farm Sector
- BPD - Business Planning Division
- RPD - Resources Planning Division
- GC - General Co-ordination
- PPD - Personnel Policy Division
- PAD - Personnel Administration Division
- TD - Training Division
- OP - Operation Policy
- CAS - Credit Authorisation Section
- MON - Monitoring
- OPER - Operation
- PD-I - Project Division - I
- PD-II - Project Division - II
- PP&DOM RD- - Project Policy & DOM Review Division
- CED - Central Establishment Division
- H.O. ED - H.O. Establishment Section
- GAD - General Administration Division
- P&EDG - (Premises & Estates Division-General)
- P&EDT - (Premises & Estates Division-Technical)

Annex 2 : ORGANIZATION STRUCTURE - REGIONAL OFFICE



P&O - Project and Operations Department
 DD&P - District Development & Planning Department
 ID - Institutional Development Department
 CAC - Concurrent Audit Cell
 A&A D - Administration & Accounts Department
 E&SSD - Evaluation and Special Studies Department
 TSD - Technical Services Department
 AD - Appraisal Division
 OD - Operations Division
 MD - Monitoring Division
 DB(MIS) - Data Bank (MIS)
 DDD - District Development Division
 PD - Planning Division
 P&R - Programme & Review
 IT - Inspection Terms
 R&BL - Returns & Branch Licencing
 F&C - Frauds & Complaints
 PA - Personnel Administration
 GA - General Administration
 ES&PC - Evaluation Studies Project Completion

AS - ARF Section
 SOS - Schematic Operations Section
 CLS - Credit Limits Section
 SEC - Secretariate
 DDDs - D.D.Os
 COP - Cooperative Banks
 LDB - Land Development Banks
 RRB - Rural Development Banks
 R - Rehabilitation
 PPC - Pilot Project Cell
 VVV - Vikas Volunteer Vahini
 S - Staff
 T - Training
 E - Establishment
 P&E - Premises and Estates
 OL - Official Language
 AA - Administrative Accounts
 OA - Operational Accounts
 F&A - Funds and Accounts