

Management Information System in Agriculture Finance

KNOWLEDGE NOTES

MAY 2015

Overview

Banking is an information-intensive industry. Ability of banks to collect, analyze and use information, particularly credit information is one of the sources of competitive strength of a bank. Agriculture finance is no exception and sound MIS is sine qua non for agriculture performance management. Complexity in information requirements, inadequacies in information management skills and IT system support and cost implications operate as major constraints. Systemic thinking is required by banks to determine information needs necessary to measure performance and create the data base and IT system support. This knowledge note provides practical insights into measures to be used for establishing an effective MIS for agriculture finance performance management. The note provides minimum set of information that need to be constructed in order to measure of performance in agriculture finance. Tools to collect client information and measure portfolio level performance are discussed. The note discusses key MIS issues and constraints to creating and managing an MIS for agriculture finance. It provides guidance to financial institutions on simple steps to enhance their MIS capacity for improved portfolio management.

Role and Importance of Management Information Systems in Agriculture Finance

A management information system (MIS) is one of the most important tools in any organization for effective performance management and decision-making. An MIS aims to provide reliable, complete, accessible, and understandable information in a timely manner to the system's users. It is an organized means of collecting, processing, storing, and communicating information relating to a bank's critical activities for strategic planning, performance management, organization oversight, and decision-making. Relevant data sourced both from inside and outside an organization form the basis of a sound MIS for generation of output in a form suitable for decision-making. The data is processed, integrated, and stored in a centralized database, where it is constantly updated and made available to all those who have the authority to access it, in a form that suits their purpose. Accordingly, MIS can be defined as the process of collecting, processing, storing, and transmitting relevant information to support the operations in any organization through meaningful management reports.

MIS in Agriculture Finance: Firstly, for effective management of agriculture credit portfolios, it is critical to track portfolio growth, portfolio quality,

and loan delinquencies in different "buckets" and evaluate financial efficiency and profitability, as well as operating efficiency and productivity. Sound MIS is sine qua non for all these tasks. Risks and uncertainties in agriculture are more pronounced than in most non-agricultural economic activities. At the macro level, covariant or inter-dependent risks that might affect many or all farmers in the same location, and at the same time, are important challenges to agricultural lending. They arise from both production and market risks. Production or physical yield risks are due to natural hazards such as unfavorable weather conditions (weather risk) and pests and diseases (infestation risk), and they have a negative and unpredictable impact on physical farm production. On the other hand, market risks of agricultural commodities are due to product-specific market fluctuations, and changes in domestic and international agricultural and trading policies have a direct impact on product prices (price risk). For instance, the current global agriculture market scenario presents an unprecedented volatility in agriculture commodity prices in the last decade; commodities like wheat, corn, soybean, sugar, rice, etc., have registered sharp price declines. Financial institutions therefore ought to monitor their commodity-related exposures to

assess the market risk on their agriculture portfolio at frequent intervals; in this regard, a well-designed agriculture MIS will be a handy tool. With a view to ensuring food security and self-sufficiency, policymakers in some countries might decide to provide price support to encourage farmers to grow specific commodities. MIS has to capture such risk mitigation possibilities.

Secondly, and especially in agriculture financing, it is often difficult to obtain good information on potential farmer and small and medium enterprise (SME) clients. Collection of data is easier when lending to corporate entities and the financial reports are audited as per generally accepted accounting principles. Farmers generally do not maintain records of their income or expenditure. The lack of farm records and farmer credit history, the limitations of agriculture land as collateral for lenders, and the often small size of farm clients all present unique challenges in agriculture lending. To overcome this constraint at the time of sourcing agriculture credit, financial institutions capture applicants' information including: the farm size; farm and non-farm activities; the number of household members dependent on farm income; farm household income and expenditure; and the quality of a farmer's management skills, etc. If an agriculture MIS were to capture such critical information of the client, it would be able to effectively segment the agriculture client base around parameters such as farm size, farm income, or farm surplus and also help in risk management.

Thirdly, high transaction costs on lending in rural areas demand work simplification and enhancement of productivity of agriculture field staff. A good MIS can be an effective tool to reduce transaction cost related to dealing with clients. For instance if the MIS was able to provide information on repeat borrowers with prompt repayment records, a bank could streamline its loan process considerably. Banks could establish revolving lines of credit for working capital to such repeat borrowers through simple loan processing. They could provide top-up credit over the existing line of credit and provide incentives in interest rates for customer retention, thereby cutting the cost of loan sourcing. An MIS can help in effectively monitoring the productivity

of relationship managers with reference to the number of borrowers handled by each officer, the average volume of business per client, new clients sourced, field visits undertaken, etc. Improvement in staff productivity could in turn help reduce operational costs.

Constraints in Developing a Sound MIS

Though many financial institutions recognize and value the advantages of a sound MIS, many encounter difficulties and constraints in designing an appropriate system suited to their specific needs. The major constraints relate to (i) data collection, (ii) complexity in information requirements, (iii) information technology (IT) system capability, and (iv) information management skills.

Data collection constraints: In the case of small farm financing, clients are normally widely dispersed and relationship officers/loan officers have to travel long distances to visit the farms and interact with clients and obtain client information. Unlike corporate clients, it is often difficult to obtain information on farmer-borrowers. Farmers provide information based on their memory rather than formal records. Relationship officers have to use their judgment to evaluate the quality and accuracy of the information provided and seek to validate it through independent checks and field visits. Data quality is impacted if relationship officers are lax in obtaining complete information or fail to validate or wrongly record key information. Again, when data is transferred from the loan application to the computer system of the branch, data entry errors may occur. If there are multiple instances of such errors across the branches, this compromises the reliability on the bank's database. This is a common constraint faced by many banks, however since agriculture is not often a significant part of the lending portfolio, banks do not emphasize on these basic tasks. This constraint has to be addressed through enforcing data discipline and educating staff at all level about the relevance of data and the need to ensure accuracy.

Complexity in information requirements:

MIS requirements differ across various levels of organizational hierarchy. Senior management may need high-level data on the agriculture portfolio performance in terms of growth, asset quality and returns to aid strategic and tactical decision-making, while supervisory staff may need data by geographies or other categories. Operational staff at branches may need more granular data down to the level of an individual client's portfolio. The MIS must also cater to the varying needs of other functional departments like finance, risk management, human resource management, business planning, among others. Regulatory authorities' information requirements might also differ from the information sought by bank management. Indeed, in some developing countries, agriculture MIS is compliance-driven to satisfy regulatory reporting.

IT system capability constraints: The growth of a bank may result in additional information needs, but the existing MIS can often fall short of the requirement. For instance, while designing the MIS, a bank may not have thought of the necessity to capture details like "agriculture activity/commodity financed"; they may need this information for monitoring concentration risk or developing new products. Many banks have installed a core banking system (CBS), yet, it might not be able to generate the various agriculture MIS reports required. The constraints could be many, such as incomplete database or may be due to problems with storage infrastructure (e.g. all data, including the core banking applications, were stored in one storage system). With the change in IT environment and development of new IT delivery channels, the core systems installed in 1970s and 1980s are ill-equipped to support the range of functions, modularity and scalability that today's financial institutions demand.

Challenges also arise in the realm of technical expertise for data storage/warehousing and retrieval for use in an MIS. System design and integration for generating proper MIS outputs are highly technical in nature and hence this adds to the indirect costs of agricultural finance quite apart from loan administration expenditure. The

costs incurred in loan appraisal, follow-up and monitoring do not vary with the size of a loan, and this makes it relatively more costly to administer small loans.

For banks that have not invested in loan origination, data warehousing, client relationship management (CRM) modules etc., generation of MIS statements could be a challenge. The compilation of data and sorting that is the crux of MIS become tedious chores. For banks not using core banking solution¹ and depending only on standalone branch computerization, the challenge is manifold. They have to obtain transaction data from branches at periodical intervals on external drivers, upload the same on a separate computer system, and periodically update the database with help of an appropriate software application. This leads to delay in generation of the MIS reports.

When a financial institution migrates from manual/standalone systems to CBS and associated programs, the database has to be built from scratch. It is not easy to source ready-made MIS system software off-the-shelf because there are varying institutional models like commercial banks, cooperative banks, non-banking financial companies, and microfinance institutions. The lending methodologies at these institutions differ, as does the frequency of interest payment. There are also variations in products and services offered as well as in the requirements for management and regulatory reports, and internal accounting procedures also differ. An MIS package, therefore, quite often needs substantial customization and this has obvious cost implications.

Cost constraints: While it would be ideal to have all the relevant information on agriculture businesses to cater to the diverse needs of the users, designing the appropriate application software and/or making changes to existing applications will cost money and time; hence it becomes necessary to undertake a cost-benefit analysis. Unless the additional information is driven by regulatory demands, the primary questions will be, "how will

¹ Core banking solution and core banking system are used interchangeably in the document.

the information help in revenue generation and is it worth spending that sum? How significant the information is it for the financial institution's loan portfolio monitoring?"

Information management skills constraints:

Last but not least, inadequacies in information management skills not only determine the information needs but also the ability to design a well-structured MIS. Considering major constraints that many institutions face in designing a robust MIS, the following section discusses practical approaches and steps to designing an MIS that is capable of measuring performance in agriculture finance.

Designing a Robust MIS

Management information systems range from very simple systems to complex ones, that are often modular, designed based on the size and complexity of the financial institution. This section provides the basic guiding principles that should be covered as financial institutions build their own MIS systems. The designing of a robust MIS has to address three critical issues: (i) determination of the right information needed to monitor and manage the agriculture finance portfolio; (ii) creation of a database; and (iii) IT system support.

Determination of information needs: The department or division in a bank that is responsible for the agriculture finance portfolio has the greatest knowledge of the sector and is the predominant user of any agriculture finance MIS. Therefore, this department or unit in the bank has to determine what information has to be captured and the frequency. Field level inputs will be valuable. It should specify the informational needs on agriculture businesses at various hierarchies of the management. The agriculture finance database has to serve the needs of other functional units too. Hence active coordination and inputs from other departments are critical to ensuring the comprehensiveness of the database. In some organizations, the finance department may oversee the institution's MIS function. Irrespective of the department that oversees MIS functions, it is necessary to hold cross-functional meetings to

determine the current and future information requirements. This involves working with the IT department to examine the feasibility of obtaining additional information, identify any constraints, and calculate the time and cost to develop the system to capture new data requirements.

To assist with the determination of critical information needs, the set of indicators outlined in Table 1 can serve financial institutions in identifying areas of performance indicators. Performance indicators are classified into two broad categories: "critical" and "desirable". Critical indicators are essential for effective agriculture performance management and portfolio oversight.

Creating the database: A bank's transactional data processing system is its base information system. Data is usually generated at the field level through transaction processing systems, but once it is captured in the centralized database, it is accessible to managers at various levels provided the information requirements are well defined and appropriate programs have been designed and implemented. Quite often, some of the critical data needed for agriculture portfolio monitoring is not captured in the database, with the result that financial institutions find it difficult to generate the information, even though it may be very useful and relevant.

Database design has to meet three critical criteria: (i) comprehensiveness (capture all data needed on agriculture finance); (ii) non-redundancy (data exists only once in the database); and (iii) appropriate structure (data are stored in such a way as to minimize the cost of expected processing and storage). The system should be capable of accepting multiple data entries to effectively integrate borrower financial and credit information with the loan accounting system. Further, the effectiveness of a sound MIS depends on the relevance of information, its timelines, its source, accuracy, and reliability

The first step for a bank beginning to establish an MIS is to create a database. If at frequent intervals additional informational needs arise and the current MIS is not designed to extract the information,

TABLE 1: Information requirement for MIS design and criticality¹

Information Requirement for Portfolio Management	Indicator	Priority	Significance
(i) Portfolio Size and Growth			
a. Categorization of agriculture finance portfolio as Corporate, SME & Farmers		Critical	Segment analysis
b. Portfolio size and growth over previous year	Annual % growth in average agriculture-loan portfolio outstanding	Critical	Overall growth of agriculture finance portfolio
c. Number of borrowers (total and as per category)	Annual % growth in average number of agriculture-borrowers outstanding	Critical	Growth in outreach
d. Number of repeat borrowers under each category	Percentage of agriculture-loan portfolio outstanding to repeat clients	Critical	Asset quality and franchise
e. Number of new customers during the year and amount disbursed		Desirable	Growth in franchise
f. Farm size of each borrower		Desirable	Viability study and financial inclusion
g. Categorization of borrowers based on activity such as agriculture production, processing, marketing		Desirable	Value chain finance
h. Type of facility and duration of advance (production credit/investment credit/trade finance)		Critical	Asset loan management (ALM) and production capacity
i. Crop financed		Critical	Credit concentration and risk management
(ii) Asset Quality			
a. Non-performing loans	Average non-performing agriculture-loans/ Average agriculture-loan portfolio outstanding	Critical	Non-performing loan management
b. Stressed assets (PAR>30, PAR>60 and PAR>90)		Critical	Credit management
c. Loss given default	Loss given default/ Average agriculture-loan portfolio outstanding	Desirable	Extent of possible losses
d. Write-off during Year	Amount written off/ Average agriculture loan portfolio outstanding	Desirable	Loss booked

¹ The list of information indicated in the table is based on AgriFin's experience of working with banks in agriculture finance. However, it should be noted that there might be additional information that can be considered to expand the key information requirements for building an MIS for effective portfolio management.

Information Requirement for Portfolio Management	Indicator	Priority	Significance
(iii) Operational Efficiency			
a. Direct operating costs	Total operating expenses for agriculture-finance/ Average agriculture-loan portfolio outstanding	Critical	Effectiveness of loan delivery
b. Indirect operating costs ^a		Critical	Costs associated with loan delivery
c. Finance cost (as per transfer pricing policy)		Critical	Cost of funds
d. Provision for non-performing loans		Critical	Net return from agriculture finance
e. Interest earnings		Critical	Direct returns form lending
f. Non-interest earnings ^b		Desirable	Other earnings
g. Number of relationship managers (RM)	Average number of agriculture borrowers /Relationship managers	Critical	Relationship manager productivity
h. Turn around time ^c		Desirable	Efficiency and customer service
(iv) Financial Efficiency & Profitability			
Total Income (interest + non-interest earnings)	Total operating expenses/Revenue from agriculture finance	Critical	
Return = Total income—(total operating cost + financial cost + non-performing loan provision)	Operating income from agriculture finance/Average agriculture loan portfolio outstanding. (Operating income is revenue less all costs (financial and operating costs)	Critical	
(v) Client Data			
Increase in farmer's income level		Desirable	Economic improvement
Number of women borrowers		Desirable	Gender equality and asset quality

a Indirect operating costs are more difficult to apportion based on financial accounting data, therefore, generally banks tend to allocate such costs based on proportion of the portfolio to total loan portfolio of the Bank

b Non-interest earnings are easily obtained for banks having computer systems that record all earnings based on accounts. Most mid-sized and smaller banks may not invest in collecting information on non-interest earnings by account or by segment. Since corporates generally demand competitive pricing, it becomes necessary to evaluate the client's overall profitability. Hence most banks collect the fee-based income earned from corporates.

c Turnaround time can be obtained if the date of receipt of application and date of first loan disbursement under the sanctioned credit line are captured. Tracking turnaround time helps in ensuring quicker disposal of credit requests and where necessary simplify the work procedures

it becomes necessary to develop a new package. If informational needs are minimal, this can be managed through stand-alone programs providing for additional fields for sourcing data. Data may have to be sourced from branch credit files and imported to a stand-alone program. Human errors may creep into data entry and hence validation becomes critical. Data cleaning before migration to any new package is similarly crucial.

Database creation requires proper thought on the coding of various attribute fields for accounts; if it is not possible to accommodate all fields in the core banking system, these can be incorporated through an add-on package, while the customer information and transaction details (e.g. loan outstanding, earnings, etc.) can be extracted from the core banking system. A strong overall MIS needs the following IT support:

- **A solid core banking system**, with business, customer, and product coding that enables breakdown of lending, portfolio quality, efficiency, and profitability by major business, customer, and product groups.
- **Data warehouse system**, which enables the downloading and manipulation of data by IT and business departments.
- **Loan origination system**, which enables tracking of loans and the collection of key data on customers and loans beyond what is normally collected in the core banking system.
- **Customer relationship management system**, which enables tracking of customer interactions and services, targeting of clients for cross-selling, and recording of customer satisfaction. A solid IT and MIS department, which provides timely, tailored data and reports to management, is also essential.

Mid-size and smaller banks, in the absence of advanced technology tools like data warehouse or CRM packages, can source data from the core banking solution and analyze them on spread sheets. Through the use of attribute fields for each

customer account, data can be segregated/sorted according to requirement on standalone packages such as Microsoft's Excel. The balances and other details can be updated periodically using Excel or any other relational database management system; segmentation of the borrowers can be achieved according to bank requirement like loan size/exposure, product, crop, geographies, agricultural production, processing or marketing etc.

Simplified Agriculture Performance Measurement Tool

While it would be desirable for financial institutions to obtain relevant data needed to evaluate various performance areas, given the constraints discussed previously it is essential to focus on areas and data that are directly relevant to the sustainability of the agriculture portfolio and where banks have accessible information. Banks will have accessible data on: (i) loans outstanding; (ii) the number of accounts; (iii) the number of borrowers; (iv) portfolio quality through PAR (portfolio at risk); (v) non-performing assets; and (vi) the quantum of loans written off. A simplified template is provided in Table 2, which illustrates collection of minimum data for the purpose of agriculture portfolio monitoring. Data requirements will vary between large, mid-sized and microfinance institutions and hence the template captures the varying needs of these categories of institutions. This is only illustrative and each financial institution should adapt the information template to suit their needs, reckoning on the current data availability.

The information needs and the indicators have been prioritized on the basis of what is most essential for agriculture portfolio management of a given institution. For a financial institution, which is primarily a commercial organization, the information requirements and the MIS as stated earlier should primarily focus on (i) Agriculture portfolio growth trends; (ii) Asset quality; (iii) Operational efficiency; and (iv) Profitability.

TABLE 2: Simplified Agriculture Finance Performance Measurement Tool

Performance Measure & Data Requirement	Type of Financial Institution		
	Large Commercial Bank	Mid-size Commercial bank	Rural & Micro finance Lending
Extent of agriculture Finance as % of Total portfolio	Less than 10%	> 15% and less than 40%	>40%
Predominant Segment (O/s)	Agriculture corporates	Agriculture corporates and farmers	Farmers
Agriculture O/S per borrower	Large (>US\$250,000)	Mid-size (>US\$100,000, <US\$250,000)	Small (<US\$100,000)
Data requirement			
Agriculture finance composition and growth			
Agriculture finance O/S	Yes	Yes	Yes
No of Borrowers	Yes	Yes	Yes
No of repeat borrowers	Yes	Yes	Yes
Portfolio quality			
PAR >30, >60 and >90	Yes	Yes	Yes
Non-performing loans	Yes	Yes	Yes
Write Off	Yes	Yes	Yes
Loss Given Default	Recommended	Recommended	Recommended
Operating efficiency and productivity			
Efficiency Ratio	Yes	Yes	Yes
No of Borrowers/RM	Yes	Yes	Yes
Volume of agri Loan/RM			Yes
Turn Around Time	yes	Yes for farmer segment	Yes
Financial efficiency and profitability			
Cost Income Ratio	Yes	Yes	Yes
Yield on Earning Agriculture Finance Assets	Yes	Yes	Yes
Return on Assets	Yes	Yes	Optional

Agriculture loan master data card: Some of the smaller or medium-sized banks might find that their database is woefully inadequate and may need a thorough revamp. For such institutions, it may be useful to create an agriculture loan master card² (Table 3) for an individual borrower to help it evaluate the current data availability and gaps and its future needs.

After filling the master data card with all the relevant information, coding will have to be undertaken for borrower type, guarantee, activity, loan purpose, crop, and loan duration. Data obtained from branches will be entered into a master data file of agricultural advances for the entire bank. Based on this, necessary software can be developed and, in conjunction with the institution's core banking solution, the master data card would be able to generate various MIS reports. The data card would need to be updated whenever there is any major change such as credit facilities sanctioned, new crops grown, and area cultivated.

² The data for the loan master card can also be obtained from a product program if it is properly coded.

TABLE 3: Sample Loan Master Card

AGRICULTURE LOAN MASTER CARD	
BRANCH NAME/CODE	LOAN AMOUNT SANCTIONED
CUSTOMER UNIQUE ID	LOAN AMOUNT DISBURSED
LOAN ACCOUNT NO.	DATE OF DISBURSEMENT
NAME OF BORROWER	LOAN DURATION
CONSTITUTION OF BORROWER (Individual/ Partnership/Cooperative/ Company)	LOAN MATURITY DATE
NEW BORROWER/REPEAT CUSTOMER	FIXED /FLOATING INTEREST
IF REPEAT CUSTOMER, NO. OF LOANS REPAID	REPAYMENT FREQUENCY (Monthly/quarterly/half-yearly/annual/at maturity)
AGRICULTURAL LAND UNDER CULTIVATION	AGRICULTURAL ACTIVITY FINANCED Production/processing/ marketing (Use activity code)
GUARANTEE (PLS SPECIFY)	LOAN PURPOSE (Use purpose code)
COLLATERAL	MAJOR CROP FINANCED (Use code)
CURRENCY OF LOAN	

MIS Reports

The availability of data or information on the database per se would be of no real value unless the data is presented in structured, user-friendly reports that can inform decision-making by management. This is the essence of an MIS. MIS reports can be broadly classified under four categories:

- **Performance Reports:** Agriculture finance performance reports based upon growth-versus-budget, performance reports segmented geographically (zones/regions, potential zones), growth performance of branches by portfolio size (e.g. the top 10 branches or bottom 10 branches), loan delinquency reports (broken into >30 days, >60 days >90 days), non-performing loans and financial performance of branches.

The consumers of performance reports will be senior management, middle management at the supervisory level, and field-level operational staff. While high-level data may be needed for top management, middle management might find it more useful to have branch data segregated by regions, zones, and top branches. Field-level personnel at branches may need individual-specific loan reports.

- **Management Reports:** Top and senior management may need MIS reports for decision-making, strategy formulation, and mid-term corrective actions. They may for instance need an overview of portfolio growth, industry trends, peer performances, asset quality and delinquencies, portfolio earnings, product profitability, portfolio concentration, and underlying risk profile of the portfolio, etc.
- **Financial Reports:** The finance department, apart from the standard reports of financial transactions for generating trial balances and computing income and expenditure statements, would need detailed earnings and expense data; i.e. interest earnings, non-interest earnings, operating expenditure, etc.
- **Customer Reports:** Branches would need customers' account statements, outstanding balances, loan defaults by overdue durations, earnings, etc.

Structuring the MIS reports requires considerable forethought, as otherwise there may arise frequent requests from users for additional data requirements, entailing additional cost. The best practice would be to vest authority in a senior manager to route all changes that may be needed in the existing MIS or new reports. Further, in addition to generating various MIS reports, it is also necessary to evaluate their effective use by various functionaries. An illustrative list of agriculture MIS reports, indicating the coverage of the reports, their relevance to target users, and their frequency are available Annex 1.

Conclusion

An adequate management information system is a key element to effective loan portfolio management. Banks need to establish a management information system that is capable of providing sufficient, accurate, and timely information on the performance of the agriculture portfolio. Identification of information needs is one of the critical steps to creating adequate MIS. Banks must define what they seek to measure and the type of data they need to undertake effective performance management. Obviously, information needs vary by type of institution and the nature

of their lending business. However, some of the minimum performance areas described in this note can serve as a starting point for banks that are designing agriculture specific management information systems. While it would be desirable to cover as many performance areas as possible given the range of constraints many banks face in creating an MIS, it is essential to keep the information needs to only a few critical areas. It is also important to note that information obtained through an MIS is not relevant if not used for informed decision-making. Accordingly, banks need to identify reports required by different decision-making levels to aid in informed and prudent credit management decisions.

ANNEX 1: List of Agriculture MIS Reports

Doc. Ref MIS	MANAGEMENT INFORMATION REPORTS				
	DESCRIPTION OF DOCUMENTS				
PORTFOLIO REVIEW					
MIS-001	Portfolio Growth & Composition—Performance—Overview			X	
	Coverage: Compare portfolio growth (average) with targeted growth—Present data according to segmentation e.g., zone/regions, Corporate, SME and Farmers and Activity wise viz., Production, Processing and Marketing—include data on outreach viz., no of clients—Repeat borrowers				
	Target User: Top/Senior Management and functional head of agriculture finance department				
	Relevance: To evaluate portfolio growth trend vis a vis budget and trigger corrective action				
MIS-002	Portfolio Quality Review & Rating Migration			X	
	Coverage: PAR >30/60/90 days—Compare delinquency trend under different buckets—current status—vis-a-vis previous reporting date—data to be presented as per segmentation in MIS—001				
	Target user: Top/Senior Management and functional head of Agriculture finance Department				
	Relevant: To track the delinquency trend, evaluate reasons—internal / external—and initiate prompt corrective action				
MIS-003	Portfolio Concentration—Activity/Commodity Exposures				X
	Coverage: Present agriculture portfolio status segmented under (a) Production—Processing and Marketing and also (b) major commodities financed (say 5% above of the total agriculture portfolio outstanding)				
	Target user: Top/Senior Management and functional head of agriculture finance Department and Risk Department				
	Relevance: To diversify risk and make portfolio corrections, reckoning the macro production and pricing trends				
MIS-004	Significant Exposures				
	Coverage: Present top say 20 or 50 individual credit exposures—segment wise Corporate-SME-Farmers and activity financed—Production-Processing-Marketing—compare exposure to total agriculture portfolio				
	Target user: Top/Senior Management and functional head of agriculture finance Department and Risk Department				
	Relevance: To diversify credit risk and avoid undue concentration in any individual borrower.				
MIS-005	Loan Book Maturity Analysis				X
	Coverage: Present agriculture portfolio segmented under residual loan maturities				
	Relevance: If a FI has a significant exposure in Investment Credit > 2 years, desirable to monitor overall exposure from Asset Liability mismatches				
	Target user Top/Senior Management and functional head of agriculture finance Department and Risk Department				
MIS-005	Portfolio Earning Analysis				X
	Coverage: Present Earning analysis—net interest income on agriculture portfolio—fee based income—operating expenditure (direct and indirect (if available) and Net earnings—budget versus actuals –				
	Relevance: To evaluate agriculture portfolio earnings and take corrective action where needed				
	Target User: Top/Senior Management and functional head of agriculture finance Department and Risk Department				

Doc. Ref MIS	MANAGEMENT INFORMATION REPORTS				
	DESCRIPTION OF DOCUMENTS	D	M	Q	H
MIS-006	Non-Performing Loans & Recovery Performance				X
	Coverage: Present non-performing loans movement between previous reporting period and present—activity/commodity wise—segment wise—and recovery status—highlight recovery during the current period				
	Relevance: To evaluate recovery efficiency				
	User: Top /Senior management and functional heads of agriculture finance Department				
INTERNAL CONTROL					
MIS-007	New Credit Acquisitions—Top 20 Exposures			X	
MIS-008	Individual Credits—Non-Performing Loans				
MIS-009	Credit Sanctions by Delegated functionaries				X
MIS-010	Related party transactions				
MIS-011	Credit Policy Deviations				X
MIS-012	Credit Proposals Declined				X
MIS-013	Delinquency Report (New Additions)		X		
MIS-014	Loan Documentation—Pending Compliance		X		
MIS-015	Loan Covenants—Pending Compliance		X		
PRODUCTIVITY & OPERATIONAL EFFICIENCY					
MIS—016	Average time taken between loan application and disbursement				X
MIS-017	Average number of borrowers handled, loan volume and average loan size per Relationship Manager				X

Join AgriFin
<https://www.agrifinfacility.org>

