

Chapter-I

INTRODUCTION

1.1- Introduction of Management information System.

The word "Information" is used commonly in our day to day working. In every field, the information is needed for decision making. Information being vital corporate resources, it needed to be managed just as any other organization resources like money, man, materials or markets. Accurate, relevantly and timely information is needed for the organization al decision making as planning organazating, leading and controlling for the each level of management. Management decision are making under certainty, risk and uncertainty. This is possible when perfect information is available. Therefore, the information has a perceived value in terms of decision making.

Information is data that has been processed in to a from that is meaning full to the recipient and is of real perceives value in current or prospective decision. Information highlighting on processed data and in the context in which is used by managers and other end users.

The initial concept of MIS was to process the data from the organization and present it in the form of report at regular intervals. The system was large capable of handling the data from collection to processing. It was more impersonal, requiring each individual to pick and choose the processed data and use it for his requirements.

Management Information System (MIS) in today's world can be understood as "a system which handles the data – base, provides computing facilities to the end-user and gives a Varity of decision-making tools to the user of the system." The foundations of MIS are the principles of management and its practice. MIS gives information through data analysis. While analyzing the data, it takes help of various academic disciplines such as Management Science, Management Accounting, Operations Research, Organizational

Behavior, Engineering, Computer Science, Psychology and Human Behavior. These academic disciplines are used in designing MIS, involving the decision support tools and decision-making process.

The concept of MIS gives high regard to the individual and his ability to use the information. The strength of MIS lies in its ability to give information through data analysis. MIS use the concept of management control in its design and relies heavily on the fact that the decision maker or the manager is a human being and is a human processor of information, MIS therefore relies heavily on the system theory. The system theory offers solution to handle the complex situation of the input and outputs flows. It uses theory of communication which helps in designing and creating a system capable of handling data inputs, processing them and giving outputs. There could be possible noises or distortions involved in transmitting the information from a source to a destination. It uses the principle of system design viz. an open system and closed system.

An MIS is not a new; only its computerization is new, before computer, MIS concept existed to supply manager with the information that would permit them to make decision. The computer has added one or more dimensions, such as speed accuracy and increased volume of data that permit the consideration of more alternative in a decision.

“ Management information system define as a integrated system of the man and machine for providing the information to support the operation, the management and the decision making function in the organization.” (Jawadekar 2002: 6)

“ Management information system is a system to support the decision making function in the organization, it is computerized business processing system generating information for the people in the organization to meet the information needs for decision making to achieve the corporate objective of the organization. (Jawadekar 2002: 6)

1.2- Background of Banking Industry:-

The bank is an institution, which deals in money, receiving it on deposit from customers honoring customer's drawing against deposits on demand, collecting cheques for customers and lending or investing surplus deposits until they are required for repayment. The origin of commercial bank can be traceable in the early times of human history. As early as 2000 B.C., certain people have developed a system of bank in babylonia. In ancient Greece and Rome, the practice of granting credit was widely prevalent. At the same time, some rich people used to practice sorting of precious metal and coins at safe place and loaning out money for public and private purpose on interest.

In fact, present of banking system is the result of the development of many centuries. When we talk of the wonderful scientific inventions, banking also comes to be as a wonder of the modern world. It would also be necessary to see as to how the banking has come to its present stage and what were the period of hope and despair through which the bank system had to pass to come its present stage.

The word 'Bank' is used in the sense of a commercial bank. The word 'Bank' is itself derived from the french word "Banque" and "Italian" word 'Banca'. It referred to a bench. At that time, there were some moneylenders sitting in the bench for keeping, lending and exchanging of money in the market place.(Hriday Bir Singh ,2062: 8) .

As early as 1349, the banking business was carried on by the shopkeepers of Barcelona. Meanwhile, the local government restricted shopkeepers to operate this business until they had given sufficient security. During 1401, a public bank was established in Barcelona. It used to exchange the money, receive deposits and discount bill of exchange.

The bank of Amsterdam was established in 1609 to meet the needs of the merchants of the city. It accepted all kind of precious metal, coin and currencies on deposits .These deposit could be withdrawn on demand.

The beginning of English banking may correctly be attributed to the London Goldsmiths. They marked a turning point in the history of English banking. This led to the growth of private banking and establishment of 'bank of England' in 1694. Many of today's banking services were first practiced in ancient Lydia, Phoenicia, China, and Greece, where trade and commerce flourished. The temples in Babylonia made loans from their treasuries as early as 2000 B.C. The temples of ancient Greece served as self-deposit vaults for the valuables of worshippers.

The increase of trade in 13th century Italy prompted the revival of banking. The moneychanger of the Italian states developed facilities for exchanging local foreign currency. Soon merchants demanded other services, such as lending money, and gradually bank services were expanded.

The first bank to offer most of the basic banking functions known today was the bank of Barcelona in Spain. Founded by merchants in 1401, this bank held deposits, exchanged currency, and carried out lending operations. It is also believed to have introduced the bank check. There other early banks, each managed by a committee of city officials, were the bank of Amsterdam (1609). These institutions laid the foundation for modern banks of deposit and transaction.

For more than 300 years, banking on the European continent was in the hands of powerful statesmen and wealthy private bankers, such as the Medici family in Florence and the Fuggers in Germany. During the 19th century, members of the Rothschild family became the most influential bankers in all Europe and probably in the world. This international banking family was founded by German financier Mayer Amschel Rothschild (1743-1812), but it soon spread to all the major European financial capitals.

The Bank of France was organized in 1800 by Napoleon. The bank had become the dominant financial institution in France by the mid 1800s. In Germany, banking experienced a rapid development about the middle of the 19th century with the establishment of several stocks-issuing, or publicly owned, banks.

Banking in British Isles organized with the London goldsmith of the 16th century. These men made loans and held valuables for safekeeping. By the 17th century English goldsmiths created the model for today's modern fractional reserve banking that is, the practice of keeping a fraction of depositors, money in reserve while extending the remainder to borrowers in the form of loans. Customers gold and silver with the goldsmiths for safekeeping and were given deposit receipts verifying their ownership of gold deposited with the goldsmith. These receipts could be used as money because they were backed by gold .But the goldsmiths soon discovered that they could take a chance and issue additional receipts against the gold to other people who needed to borrow money. This worked as long as the original depositors did not withdraw all their gold at one time. Hence, the amount of receipts or claims on the gold frequently exceeded the actual of the gold, and the idea that bankers could create money. (Hriday Bir Singh, 2062: 11) .

1.3- Origin of Bank in Nepal:

In context of Nepal, Our history of banking sector is rather more slow evolution. Even now, the banking system is still in the evolutionary phase. So far as banking is concerned with debt, we may go back in Nepalese history , where a merchant namely “**Sankhdhar**” is recorded . He was the person who alone paid all debts of the people existing in the country at a time. Since then he introduced a new era called “**Nepal Sambat**”. This record proves the existence of money lending function at that time.

In 1977 A.D., “**Tajarath Adda**” was established by then government. The main purpose of this institution was to provide credit facilities to the general public at minimum interest rate 5 percent. The establishment of this institution marked the beginning of organized financial institution in Nepal.

1.4- Modern Banking in Nepal:

Nepal Bank Ltd is the first modern bank of Nepal. It is taken as the milestone of modern banking of the country. This was established in 1937 A.D. from the beginning, it has rendered the following services to the customers:

- [a] Accept deposit,
- [b] Extend loan,
- [c] Render customer – related service i.e. issue of bill of exchange, hundis,
- [d] Invest in government bonds and securities.
- [e] Perform agency function.
- [f] Act as banker to the government.

Until mid 1940s, only metallic coins were used as medium of exchange. So the HMG left the need of separate institution or body to issue national currencies and promote financial organization in the country. Hence, the *Nepal Rastrya Bank* Act 1955 was formulated, which was approved by H.M.G. Accordingly, the *Nepal Rastra Bank* was established in 1956 A.D. as the central bank of Nepal.

A sound banking system is important for smooth development of banking system. It can play a key role in the country and provide liquidity for industry and trade. In 1957 A.D. *Industrial Development Bank* was established to promote the industrialization in Nepal, which was later converted into *Nepal Industrial Development Corporation* (NIDC) in 1959 A.D.

Rastrya Banijya Bank was established in 1865 A.D. as the second commercial bank of Nepal. The financial shape of these two commercial banks has a tremendous impact on the economy. That is the reason why these banks still exist in spite of their bad position. As agriculture is the basic occupation of major Nepalese, the development of this sector plays the prime role in the economy. So separate Agriculture Development Bank was established in 1968 A.D. This is the first institution in agricultural financing.

For more than two decades no more banks have been established in the country. After declaring free economy and privatization policy, HMG encourage the foreign banks for joint venture in Nepal. As a result Nepal Arab Bank Ltd (Nepal) was established in 2041 B.S. This is the first modern bank with latest banking technology. Then a lot of commercial banks have been opened in the country. Nepal Indosuez bank was established in 1985 A.D. as a private joint venture bank. Nepal Grind lays bank was established as a joint venture between ANZ Grind lays and Nepal Bank Ltd. This bank is now known as Standard Chartered Bank since July 2001. After the opening of Nepal Indosuez Bank and Nepal Grind lays Bank, Nepalese really saw modern banking. Now there are 15 commercial banks in Nepal. Among them 13 banks have been opened by private sector in joint venture with foreign banks. Other commercial banks later established in the country are:

Himalayan Bank Ltd is a joint venture with **Habib bank of Pakistan**. It started its operation in 2049 with paid up capital of Rs.60 millions.

Nepal SBI Bank Ltd is a joint venture between Employee Provident Fund and State Bank of India, where Indian bank hold 50% of the equity. The initial paid up capital was Rs.119.95 million in 2050.

Nepal Bangladesh Bank was established in 2050 B.S. in technical collaboration with IFIC Bank Ltd of Bangladesh.

Everest Bank Ltd started its operations in 2050 B.S. It entered into joint venture with **Punjab National Bank (PNB)**. PNB hold 20% equity stake in the bank.

Bank of Kathmandu was established in joint venture with **Syan Bank** of Thailand. **Nepal Bank of Ceylon** is a joint venture with a leading bank of Sri Lanka. **Lumbini Bank** was established in the year 2055 B.S. in Naraayangadh. This is the first regional bank in Nepal. Nepal industrial and Commercial Bank was established in 205454 B.S. It does not have any joint venture yet. But it has employed senior manager from India to handle its operation. **Machhapuchare Bank** started its operation from 2056 B.S. Its head office is established in Pokhara. **Kumari Bank** was established in 2056 B.S. its head office is established in Kathmandu. This bank has introduced internet banking which is a Hi- Tech

banking system of the world. Lately *Laxmi Bank* was established in 2058 B.S.. Its head office is situated in Kathmandu.

These commercial banks have played a very significant role in creating banking habit among the people, widening area and business communities and the government in various ways.

1.5- Development Bank in Nepal:

Development bank is the bank established to promote the development of a particular sector of economy. Profit earning is not the aim of such bank. Generally, it is established by the governmental sector. It is the government, which has the responsibility to enhance the development of economic sector such as agricultural, industry etc. To fulfill this responsibility, government establishes different types of development bank.

Development banks are established for the development of certain sector. They collect fund from share capital, debenture, long-term deposit and re-finance from central Bank. They normally give long-term loan and provide technical and other advice as well. The origin of development bank dates back to the agricultural and industrial revolution in England.

In Context of Nepal, Nepal Industrial Development Corporation is the first development Bank, which was established in 2018. In 2024 B.S. , Agriculture Development Bank was established as second Development Bank of the country . The development Bank Act 2052 is now in force. Nepal Development Bank was established under this Act. Now there are all together 17-development banks operating in different sector of the economy.

1.6- Introduction of ADBL:

Agriculture Development Bank of Nepal (ADBN) was established in 1967 with the objective of improving the socio economic condition of the rural populace by providing agricultural credit. Subsequent amendments of the Agricultural Development Bank Act, 1968 provided the bank, the banking and micro financing activities. From 1968 to 1986 the bank largely adopted “Supply Driven policy” and development oriented approach in its operations but, thereafter the bank gradually adopted a number of financial indicators relating to its viability and sustainability as tools for performance management in line with the fifth and sixth Agricultural Credit Project financed by Asian Development Bank (ADB).

In view of below per financial performance and other issues related to the bank, the Government of Nepal accepted Technical Assistance from ADB for the Financial and operational Review of ADBN in 2002. The review was jointly undertaken by pricewaterhousecoopers, Enter plan and CSC& co. The TA team prepared 10 working papers on various technical areas including loan portfolio, financial performance and human resources management .On the basis these working papers, the review team recommended the Government to undertaken reform and restructuring of the bank in 2003 .Subsequently, the government approved the “Restructuring Plan for the Commercialization of ADBN” in 2004.

After the enactment of Bank and Financial Institution Act (BAFIA), ADBN was reincorporated as Agriculture Bank Limited (ADNL) in July 2005 and the bank obtained ‘A’ category operating license from the central Bank in March 2006. Currently ADBL is the foremost rural finance institution and supplies more then 67% of institution rural credit in the country. With the specialization in rural finance, ADBL is one of the largest ‘A’ category banks in terms of loan portfolio, branch network and paid-up capital. As the

principal rural finance provider with extensive network through out the country, the bank has the potential to contribute on a major scale to rural development by mobilizing resources more efficiently and creating income generation activities.

With the main objective of providing institutional credit for enhancing the production and productivity of the agricultural sector in the country, the Agricultural Development Bank, Nepal was established in 1968 under the ADBN Act 1967, as successor to the cooperative Bank. The Land Reform Savings Corporation was merged with ADBN in 1973. Subsequent amendments to the Act empowered the bank to extend credit to small farmers under group liability and expand the scope of financing to promote cottage industries. The amendments also permitted the bank to engage in commercial banking activities for the mobilization of domestic resources.

Agricultural Development Bank Limited (ADBL) is an autonomous organization largely owned by Government of Nepal. The bank has been working as a premier rural credit institution since the last three decades, contributing a more than 67 percent of institutional credit supply in the country. Hence, rural finance is the principal operational area of ADBL. Besides, it has also been executing Small Farmer Development Program (SFDP), the major poverty alleviation program launched in the country. Furthermore, the bank has also been involved in commercial banking operations since 1984.

The enactment of Bank and Financial Institution Ordinance (BAFIO) in February 2004 abolished all Acts related to financial institutions including the ADBN Act, 1967. In line with the BAFIO, ADBL has been incorporated as a public limited company on July 14, 2005. Thus, ADBL operates as a "A" category financial Institution under the legal framework of BAFIO and the Company Act, 2053.

1.61- Corporate Vision, Mission and Objective:

Vision

To be the pre-eminent bank, providing services throughout Nepal.

Mission:

To deliver comprehensive banking and financial services, capitalizing its extensive network in rural areas.

Objective:

To provide quality banking and financial services to clients adopting market driven strategy delivering sustained and competitive return on investment.

Corporate Conduct:

In achieving its corporate objective in pursuit of its corporate mission and vision, ADBL will:

Comply with all relevant legislation, codes of conduct and standards of good corporate citizenship in Nepal while maintaining full autonomy in the management of its operations;

Conduct its operations in an open and transparent manner;

Put local resources to work for local development, serving the rural community and its aspirations; provide a full and balanced range of financial products and services that satisfies the needs of the rural population of Nepal, on a profitable and sustainable basis;

Strive consistently to provide improved products and services to its clients at reasonable cost, using modern banking, information and communication technology in the most appropriate form to its clients needs;

Be vigorous in building reputation for professionalism, competitive pricing, reliability and quality of service and innovation;

Operate in accordance with best banking practice, acting with financial prudence and keeping in mind the need to balance profitability with asset preservation and liquidity and to safeguard depositor's funds;

Work together with its employees to develop their capabilities to contribute to achievement of the bank's objectives, promoting excellence, rewarding achievement and providing them the opportunity to share in the bank's success;

Develop mutually acceptable relationship with government in the pursuit of improvement in living standards in rural areas, while respecting best financial practices;

Ensure that its activities contribute to the environmental stability and overall improvement of living standards in Nepal; and

Judge the bank's success against the measures that include profitability, portfolio quality in terms of minimal arrears and non-performing loans, portfolio worth, total deposits, geographic outreach and public image.

1.62- Basic Operational Areas:

1.621. Agricultural and Rural Finance

The bank provides credit services broadly on short, medium and long term basis to individuals, co-operatives and corporate bodies. Short-term loans are provided for the period of maximum 2 years for the activities such as production, working capital, marketing and non-farm activities. Medium-term loans are extended for the period of 2 to 7 years for irrigation, farm mechanization, agro/cottage industries (fixed investment) and agri-business including livestock. Long-term loans are provided for the period of more than 7 years for the purposes like warehouse, cold storage, tea/coffee and horticultural crops having long gestation period.

In addition to providing rural and agricultural credit, the bank accepts saving from borrowers in the form of Client Security Fund. Moreover, the bank is also involved in technology promotion particularly in the field of surface and ground water irrigation, micro-hydro and alternative energy including biogas as well as solar power.

1.622. Commercial Banking:

With the primary objective of mobilizing urban resources to the rural sector, the bank is undertaking commercial banking operations since 1985. The activities of commercial banking operation broadly include deposit collection and lending operation. Besides, services related to guarantee and fund transfer through draft, fax, inward bill collection, outward bill collection etc. are also provided to clients. Deposit services are made available for demand deposit (current account), saving and term deposits. In lending operation, the bank has concentrated on commerce, industry, overdraft (general and industrial), contract, hire-purchase (construction and transportation), service loan (tourism, health, secretarial services etc), demand loan, educational loan, house loan, project loan and agriculture loan.

1.623- Micro-Finance:

1.6231 Small Farmer Development Program (SFDP): The SFDP was initiated in 1975 with the objective of improving socio-economic conditions of the rural poor including women by bringing them into the mainstream of development process. Group approach is the fundamental basis for program implementation. Households having per capita family income of less than or equal to Rs. 2500 and /or a land holding size up to 0.5 ha. Is categorized as small farm families for providing financial and non-financial services through SFDP.

Credit is provided for different purposes related to production, marketing, and other income/employment generating activities. To develop saving habit among

small farmers, group saving and its mobilization is also being undertaken as an integral component. As complementary input to credit and saving services, the target groups of the program are also trained in different areas such as group management and its functioning, saving mobilization, income generating activities etc. Moreover, social and community development activities are also being undertaken for the welfare of rural people.

1.6232 Institutional development Program and SFCLs: In view of the few shortcomings of SFDP such as high operating cost and slow growth in outreach, an alternative approach of empowering the target groups was initiated within SFDP framework through Institutional Development program (IDP). Under this approach, small farmers are encouraged to build up autonomous and viable institutions owned, managed and controlled by themselves. Such autonomous body is named as Small Farmer Co-operative Limited (SFCL) which is registered under co-operative Act. The beneficiaries of SFCLs are provided intensive training in different areas such as office management, book keeping; group functioning etc for capability development and the SFDP's assets and liabilities are ultimately handed over to the SFCL. After the completion of hand over process, the bank provides wholesale credit to these institutions from which loans are provided to the target groups.

The initial results of SFCLs are noted to be positive particularly in the areas of financial viability, leadership development, participation and internal resource mobilization and expansion as well as diversification of program activities. Some of the SFCLs are emerging with notable outcome and are capable of replicating Institutional Development Process on their own. Moreover, 11 SFCLs are carrying-out limited banking operation under the supervision of the central bank. One of the remarkable features of SFCLs is low level of operating expenses i.e. only 2.3% of loan portfolio. As per the study carried out by GTZ, these grassroots level institutions have maintained high growth rate in saving collection and

continuously increased quality of loan portfolio.

1.62321- Small Farmers Development Bank: To provide qualitative and effective financial and non-financial services exclusively to SFCLs, ADBN established Small Farmers Development Bank Limited (SFDBL) as its subsidiary development bank in 2002. SFDBL is owned by the Government, ADBN, two commercial banks and SFCLs. However, as per the plan, the shares presently owned by ADBN and the Government will be gradually off loaded to SFCLs. ADBN has envisaged that after next five years, SFCLs will own majority of shares of SFDBL. Consequently, these institutions will be in a position to control the management of this apex level bank.

1.7 -Introduction of ADBL Regional office Bhairahawa:

The ADBL has its one head office at Kathmandu, Ramshahaapath and 10 regional office all over in Nepal and one is Bhairahawa. 162 development bank office, 62 Banking office, 5 regional training centres. The company has a total strength 3849 employees (3442 parmanetant and 407 temporary)

Agricultural development bank of Nepal was established in 1967 with objectives of improving the socio economic condition of the rural populate by providing agricultural credits. Subsequent amendments of the agricultural development bank act 1968 providing the bank, the mandate to undertake commercial banking and micro financing activities. From 1968 to 1986 the bank largely adopted “Supply driven policy and development oriented approach in its operations but thereafter the bank gradually adopted a number of financial indicators relating to its viability and sustainability as tools for performance management in line with the fifth and six agricultural credit project financed by Asian development bank.(ADB).

Operational area of Regional Office, Bhairahawa

District	Dev. Bank	Comm. Bank	Unified Bank	RTC	Regional Office	Total
Rupandehi	6	2	1	1	1	11
Nawalparasi	3	1	1	-	-	5
Kapilvastu	3	1	-	-	-	4
Palpa	1	-	1	-	-	2
Gulmi	2	-	-	-	-	2
Argakhachi	2	-	-	-	-	2
Total	17	4	3	1	1	26

Table No 1.01

Operational area of Regional Office, Bhairahawa

In view of below per financial and originating performance and other issues related to the bank, Regional office Bhairahawa controls the 26 branches of Lumbini zone. One of its regional office established in B.S. 53-54 in Bhairahawa. All the 17 branches are being a Developing bank. All the 4 branches are being a commercial bank. The bank collect the various types of deposited and doing its liability as the bank has to pay the deposits itself as well as invest in deposit the bank must earn that much of interest as well as its expenses incurred there are through profitable utilization. To increase its profit management bank can mobilize its resource as much as loan on relevant sectors. These sectors are Agriculture, Industries, Trade and commerce etc. Three unified bank are doing with both characteristics as developing Bank and commercial bank and one of the branch established as training center.

1.71-Organizational structure of Regional office, Bhairahawa

This is an age of organization. Organization is important at every level of human life. They surrounded us. They have become part and parcel of our life. People are born in organization. They are educated by org. most of their life spent working for organization need people. People need organization. Organization is arrangement of people in an institution keeping in view the concept of division of labor, authority, responsibility and decision making so that the institution, as a stable system works currently towards the achievement of goods. Organizations are human association. They are established to achieve goods. They have structure they are complex. They operate in a demonic environment.

The organization structure is built by arrangement of organizational subsystems. Information system exists in the context of on organization they do not operate in isolation. The organization structure shows the different functional areas under different level of management. The strength of people the hierarchy in each of the functional organization would very depending upon the size and the number of activities. Decision making in any organization is at the level of the functional head with accountability of the chief of the organization.

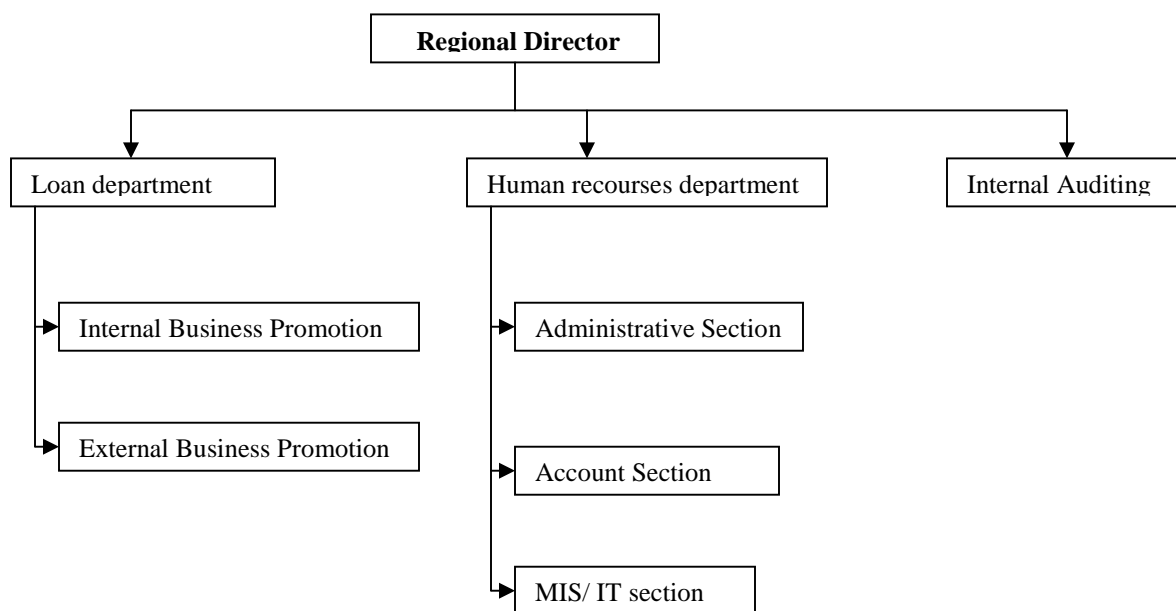


Figure-1.01
Organization Structure of ADBL

1.8 -Statement of the Problems:

MIS in today's world can be define as a system which handles the data base provides computing facilities to the end user and gives verity of decision making tools to the user of the system . In fact "MIS is a computerized business processing system generating information for the people in the organization to meet the information needs for decision making to achieve the corporate objectives of the organization." (Management information system: W.S. JAWADEKAR second edition 2002: 6)

Objectives of the MIS is to provide information for decision making planning initiation , Organizing and controlling the operations of the subsystem of the firm and to provide a synergistic organization in the process.

ADBN is the second development bank of Nepal. It is established under the Agriculture Development Bank Act 2024(1967-68). ADBN was established on 2024 marg 7th. It has its own types of contribution in the economic development of country by providing facilities and financial support to the public by bringing about dynamism in agricultural development of nation and provides the capital and loan to the agricultural field. It also gives advice in farming, livestock, and fishing, the technical advice to use fertilizer, seed and equipment to increase the agricultural productions. It has directly helps the development of agriculture. More then 80% of the economically active pollution is engaged in agriculture which accounts for some 55 % of GDP. Only development in agriculture sector, the economic condition of people will be increased and poverty will be eliminated.

It will be found after the study of the bank is providing only the commercial services .There is tough competition towards this bank, because the large number of commercial banking organization are introducing with more advanced technology and with experienced manpower in the country. They are providing more facilities to the customers in on every and a better way and they are becoming success being quick services .Successes always depends on making right decision on right time. The right decision can be made on with the help of required effective information. Only the new

system i.e. MIS can provide the sufficient information to the decision maker in proper way. The absence of proper strategy for the implementation of MIS in the bank is one major factor that can be attributed for this short fall.

The proposed study is focused on the implementation of MIS in ADBN. This study will be one or more in the series of such studies that attempts to identify the problems and provides proper recommendation. This study will be helpful for Bankers to make the plan for the effectiveness of banking services. They can spread the importance of MIS in banking sector.

In short, this proposed study focused the implementation of management information system in ADBN is fluctuated as well as major problems related with information system in banking process. This study has aimed to find out the answer to the following questions.

- 1- What and how the information system will help to know the situation of the bank and how the information is flowing in different level of management?
- 2- How the relation among different department with the information is point of view, and examine the existing system / situation of IT system and software personnel in the bank.
- 3- How the bank using training requirement of software and hardware personnel in the bank for improvement of MIS.
- 4- Are the management information issued practiced in ADBN, branch office Bhairahawa
- 5- Are the managers/employees fully aware of management information system?

1.9 - Objectives of Study:

The major objectives of study are to examine the implementation of MIS in the Nepalese bank as a effective commutation tool and analyze its productivity in the bank due to the globalization, people and corporate industry ought to adopt the new technology.

The general objectives of this study are to be explore the existing system of bank the bank and to recommend the suitable system of sustainability. The study is going to emphasis in management information system for easy and smooth operation increase the effective performance of bank.

- 1- To study and analysis the existing information system of ADBN.
- 2- To examine the flow of information in different level and evaluate the gap in existing information system.
- 3- To study the requirement of the new system and recommend to the effective system.

1.10 -Need and Significance of Study:-

This study shows the practical implementation of MIS in the ADBN. It shows reflect how MIS can help the organization to obtain its goal and play a role for the betterment of the organization by performing the effective day to day.

ADBN is the second development bank but first agriculture bank of Nepal which invests specially in agriculture sector. Now the time has changed large number of development bank are introducing in the country which are given the different banking facilities to the customer in industry trade and services sector and in agriculture sector also. This is an age of information system and technology. Development of information system and technology made a world “Global village” .So there is though computation towards the ADBN. Being on oldest Bank, it has to face all problems and has to solve very effectively and efficiently as soon as possible for this manager should have the

competencies to make the quick decision at right time. It is possible only when there is adequate accurate and relevant updated information about the situation.

A MIS is a tool that provides the information for decision making. Due to present competitive environment with the other development Bank managerial efficiency, lack of good management, and updated management information system and other many reasons, ADBN has been facing many problems and challenging too so there are big challenge to set up towards improving present position to make strong gain in present competition and challenging of external and internal environment. There is no doubtful that ADBN is doing its job well as then other government bank but bank has to run with other development bank also in the race. So it needs updated effective information. Kipping this view in consideration, I like to study that how is the banking system, examine the deficiencies in existing system and to recommend the suitable system i.e MIS.

The finding and recommendation, if implementation can play a significant role in the enhancement/betterment of Bank. The study deals with the potential, practical and beneficial aspects of MIS use in the big and complex org like ADBN. The study is directly related to the analysis of the needs and implementation aspect of MIS in a big organization for better and effective management. It also deal with benefits of using MIS in an organization and its prospects of effective improving work performance of each level of management in decision making.

1.11-Limitation of study:

Each and every study has some limitation .It is more in the case of research studies, Following limitation were noticed during the research studies.

- ↳ The research study has been limited within the information system it's process, procedure, technology employed in existing information system of ADBL, but does not fully concerned with financial aspect of the bank.
- ↳ The research study generally based on data & information that has been provided by the ADBL regional office.
- ↳ The research study has been based on primary & secondary data & information to present and analyze the existing information system of the ADBL.
- ↳ Data and information has been used in the research study from the fiscal year 2061/62 to 2063/64.
- ↳ The existing information system has been analyzed by using some tools and techniques used in MIS and Major finding has been drawn out in the study.

1.12- Organization of Study:-

Writing a thesis is a long project it will make the job easier of one can conceptualized the whole process before beginning. To computing this thesis, this is organized in to five parts these are:

- Introduction
 - Review of literature
 - Research methodology
 - Data presentation and Analysis and interpretation
 - Summary, conclusion and recommendation.
- Bibliography
- Appendices

Chapter-II

REVIEW OF LITERATURE

2.1- Overview:-

The purpose of review of literature is to find out what research studies has been carried out in one chosen field of study and what has to be carried out. Mainly it provide the researcher with the knowledge of the status of their field or research and foundation for developing a comprehensive theoretical framework which can be developed for testing.

Research must be based on past knowledge. The previous studies can not be ignored because they provide the foundation of present study. According to Wolff and pant. Literature review is basically a “stock taking “ of available literature in one’s field of research (Wolff and pant, Isencomae 1999 PN 30) This chapter mainly concentrates in the extensive review of the available report, brochures books and website various published and unpublished papers relating to the topic of the research. It is get the in-depth knowledge of the information system to familiar with the characteristics of MIS and to find the appropriate way to implement MIS in the day today managerial process in the company. The purpose of reviewing the Literature is to develop some expertise in one’s area, to see what new contribution can be made and to receive some ideas for developing research design.

2.2- Organization and Management:

The Board of Directors is the apex body of the bank. It formulates policies as well as strategies and provides guidance to the management. The Board comprises a total of eight members; three members representing Ministry of Finance, one member each representing the Ministry of Agriculture as well as the Ministry of Land Reform and two members representing individual shareholders. Besides, one member is nominated by the

Board as per the BAFIA. The Board is supported by Audit Committee and Governance Committee in the area of internal control and good governance respectively.

The day to day operation of the bank is executed by the Chief Executive/General Manager. The Chief Executive/General Manager is closely assisted by two Deputy General Managers and 12 Division Chiefs. Moreover, General Manager is supported by Asset and Liability Committee for various activities related to risk management.

The bank has three-tier organization structure consisting of Head office, Regional offices (ROs) and field offices. Field offices are further categorized into four levels; main branch, branch, sub-branch and depot depending particularly upon their volume of business. The head office is the policy making body at the top, field offices are implementing units at the bottom and ROs with monitoring and supervisory role are in between.

ADBL is also operating a Central Training Institute (CTI) at corporate head office and five Regional Training Centers (RTCs) with residential facilities in five development regions. The CTI and RTCs conducts training and seminars particularly for enhancing abilities and skills of organizational members

2.3 -Conceptual view of MIS:

The concept of MIS and even the every term MIS evolved over a period of time comprising many different facts of the irrigational function. During the past few years there have seen many new concepts advanced for improving management e.g. Decision theory, Planning theory, origination theory, behavioral theory of the from each of all these philosophies has helped to sharpen management skills; however them there is still a need for on operative theory of management, a theory which provide a conceptual framework of better division and operation. It is our contention that today's large –scale business enterprise could apply the system concepts to meet the growing complexities

and proliferation of operation for system theory provides a conceptual framework in which the manager can integrate his operations effectively

The concept of MIS given high regard to the individual and his ability to use the information .An MIS gives the information through data analysis. While analysis the data, it relies on many academic disciplines. These include the theories, principles and concept from the management science, management Accounting, operating research, organizational behavior, making the MIS more effective and useful. These academic discipline and used in designed the MIS involving the decision support tools for modeling and decision making.

A MIS can be evolved for a specific objective if it is evolved after systematic planning and design. It can for an analysis of a business, management views and polities, organization culture and management style. The information should be generated in this setting and must be useful in the management the business. This is people only when it is conceptualized as a system with an appropriate design.

Generally, the combination of major three components viz. Management information system is known as MIS. In order to make the concept more clear each part or components is examined separately.

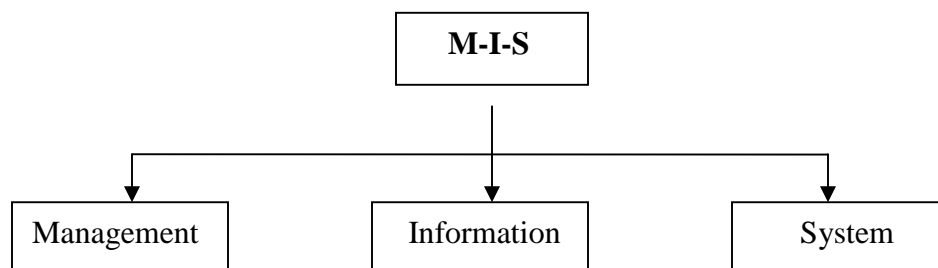


Fig- 2.01 Component of MIS

2.3.1 Management:-

Management as defined by Mary Follett is “the art of getting things done through people.” A manager is defined as a person who achieves the organization’s goals by motivating others to perform not by performing himself. Whether management is an art or a science is a very subjective question. But it can be said without doubt that modern management in the environment of technology is becoming more of a science than an art. We can define management for the purpose of a management information system as the process of planning, organizing, staffing, coordinating and controlling the efforts of the members of the organization to achieve common stated goals of the organization. Management is described as a decision making job. It is, of course, much more, than that. Managers exert influence and use power. They collect and disseminate information. They inspect and evaluate. They represent their groups, departments or organization. Managers thrive on information. Having the right knowledge at the right time makes decision making easier. It is a great source of power, it can give a manager or an organization a competitive edge. In the process of management, a manager uses human skill, material resources and scientific methods to perform all the activities leading to the achievement of goals. The management process involves a continuous resolution of conflicts of one kind or the other which affects the achievement of goals. In the management of any activities, a manager comes across human conflict, conflict of goals, conflict of approach or method and the conflict of choice. The manager uses a variety of tools, techniques and skills while executing the management process of planning, organizing, staffing, coordinating and controlling. An effective way of handling this process is to treat the organization as a system.

Planning:-

It is an approach of forecasting the future in advance. It bridges the gap between where management are and where they want to be. It is the process of deciding in advance the courses of action as strategies to be followed and when and how to undertake these. It is needed for committing and allocating the organization’s limited resources for achieving

its objectives its objectives in the best possible manner and for anticipating future opportunities and problems. Managers plan by setting goals objectives and lay down policies, procedures, rules, programs budget, strategies and schedule to achieve the plan.

Organization:-

It is the process of identifying the entire job, dividing the job in to convenient subject/ task allocating sub-jobs to person /group of persons and delegating authority to each do that the job is carried out as planned. It also refers to the formal grouping of people and activities to facilitate achievement of organization's objectives. It is needed for assigning on objectives, jobs and hierarchy among personnel for effectives operations and achievements of goals.

Staffing:-

It is the process of putting the right at the right job. This function involves activities like defining with regard to the people for the job to be done, selecting suitable persons for these positions and training and developing them to accomplish their tasks as effectively as possible.

Directing:-

It is the process of activating the plans, structure and group effort in the desired directions. It is needed for implementation of plans by covering desired leadership, motivation and proper communication. However, modern management philosophers are of the view that directing includes

- Communication
- Motivation
- Leadership

Directing is important because in order of achieve pre-determined goals and objectives, people meaning the organization have to be guided, motivated and led by the manager.

Controlling:-

It ensures that activities are being performed as per plans. Controlling is the process which involves

- Fixing standards for measuring work performances
- Measurement of actual performance
- Comparing actual with standard and finding out deviation
- Taking correctives action

The management can also be grouped into three hierarchical levels top, middle and bottom. Also it can be grouped into strategic management, tactical management and operational management.

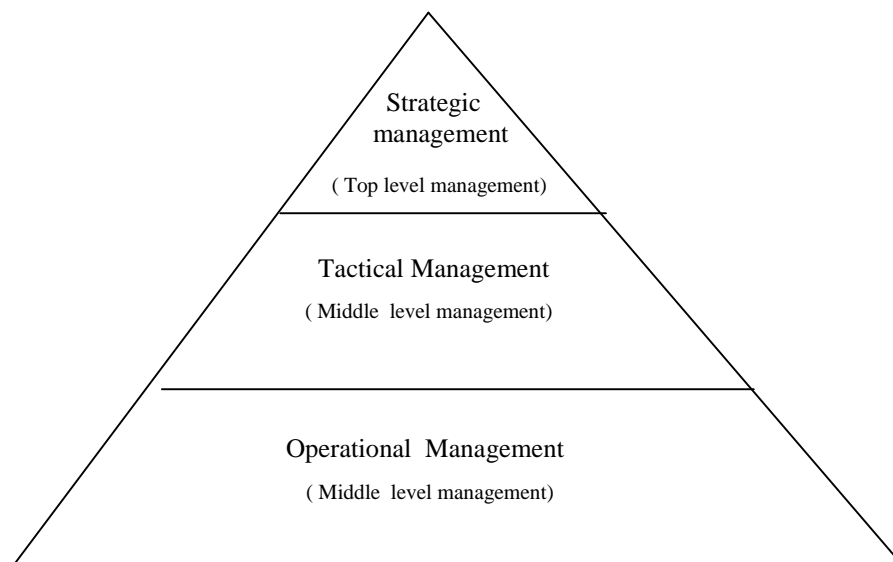


Fig:-2.02 Pyramid of level of management

The strategic management determines what markets or business the organization should be in at present or plan in the future. It establishes the policies plans and objectives of the organization as well as a budget frame work under which various departments will operate. Tactical management has the responsibility of implementing the policies and

overall plans of the top management. It includes processes or operational management. Operational management has the responsibility of implementing day to day operations and decisions of the middle level management to produce goods or services to meet the objectives or goals which in turn will enable the organization to achieve its overall plans and objectives.

2.3.2 Information:-

The information is a second component in the term MIS is considered as available resources required by the management in order to run a business organization.

The word information is used commonly in our day to day working information has precise meaning and it is different from data. The information has a value in decision making while data does not have information clarity and creates an intelligent human response in the mind.

To faced with dynamic, complex, uncertain environment, managers to day need information that is accurate, specific, relevant, timely and complete reporting and decision making.

Davis and Olson define “Information as a data that has been processed in to a form that is meaningful to the recipients and is of real or perceived value in the recipient. Data is defined as groups of non-random symbols in of the text images or voice representing quantities actions and objects.”

Mahesh Kumar defines “Information is knowledge that one derived from fact placed in the right context with the purpose of reducing uncertainty. From a manager’s point of view, information services the alternative course of action in the process of decision making.

In every information systems there is a collection of procedure. These procedures actually process and report the data or they specify just how the data is to be processed

and reported. Information is a data that is processed and is presented in a form which assists decision maker. In other words, information is the result / product of the processed data.



Fig:- 2.04 Information System

Information is a processed form of data. Data are fact and figure that are not currently being used in decision processes and usually the form of historical record and field without immediate intent to retrieve for decision making where information consists of data that have been retrieved, processed, or otherwise used for informative or inference purposes, argument or as a basis of forecasting or decision making.

Information has certain characteristics. Which are

-) Improves representation of an entity.
-) Updates the level of knowledge.
-) Relevant sufficient for its purpose has a surprise value.
-) Reduces uncertainty.
-) Aids in decision making.
-) Communicate through right channel, time and level.

Types of Information:

In the basic of purpose and management the information can be divided into three categories which are as follows:

- (i) Strategic information
- (ii) Tactical information
- (iii) Operational information

Strategic information:

Strategic information is used primarily by top management and its staff to cover a long time span, generally one to five years. This type of information is employed for planning purpose and analysis of problems areas to discover the underlying reasons for specific problems or conditions. Primarily it involves large amount of information devised from or relating to area of knowledge outside the organization. In many cases strategic information finds answer to the question *why rather than what or when?*. Since it concerns it self with determine objectives, initiating pointiest, developing strategic. Initiation progress and establishing policies that will govern the acquisition, use and disposition of resources needed to archive objectives.

The purpose of generation strategic information is to assist top management in strategic decisions that are characterized by a great deal of uncertainly. These decisions establish long-range policies that affect the entire organization. The overall objectives of the organization are stated and range of strategies one made which many entail for example, plan expansion, determination of product line, managers, diversification into other area capital expenditures or the sales of organization times, based on strategic information appropriate strategic decision are made to further organization objectives.

Tactical information:

These types of information are the resource needed by middle management for practical decision making to allocate recourse properly for the attainment of organization objectives. This kind of decision making concerns funds flow analysis, decision on plant layout, resolving personnel problems, product improvement and resources and development whereas strategic decision making ensiles largely a planning activity, practical decision making requires fairly equal planning control activities.

Operational information:

Operational information being the lowest level is concerned with structured and respective activities that are measurable in from of specific result it allows line managers. Such as plant Forman and department head to measure performance against

predetermined objectives, including standard and budgeted figure. Similarly, operational allows lower management to comment on how operating standard and policies can be improved to assist day to day operation. The feedback of essential information from this low level keeps higher levels of management aware of unfavorable as well as favorable result. Operational information is needed at the invest level of decision making that is a process of Suring that specific tasks are implemented in an effective and efficient manner. This kind of decision making require on specific commands to be given which control specific operations. The primary management function involved is that of control with planning preformed on a rather limited scale.

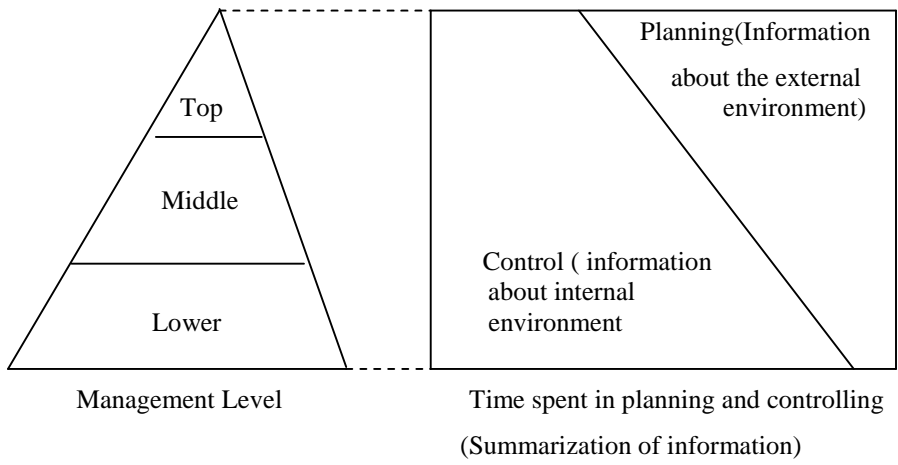


Fig:-2.05

Relationship of the managerial levels to time spent on planning and control, and to the summarization of information

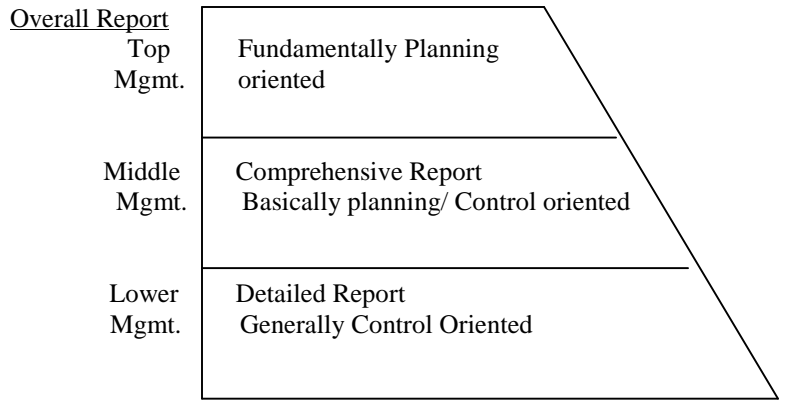


Fig:-2.06

Types of information needed at management level

2.3.3 System:-

System is defined as a set of elements arranged in an orderly manner to accomplish an objective. (Jawadekar w.s.2002)

It is noted that a system is not a randomly arranged set. It is arranged with some logic governed by rules, regulations, principles and policies. Such an arrangement is also influenced by the objectives the system desires to achieve.

The essence of system is inter relationship among elements. Information is purpose oriented organized data and is a requisite for survival of all organization. The interrelated networks which transmute data into information throughout an organization constitute its information system. All purposive organization “(even the self-governed ones) must be managed directed towards a goal or purpose. The information which enables the process of mgmt is the mgmt information system. System are divided into three distinct parts input process and outputs. They are surrounded by an environment and often a human decision maker is considered part of the system.

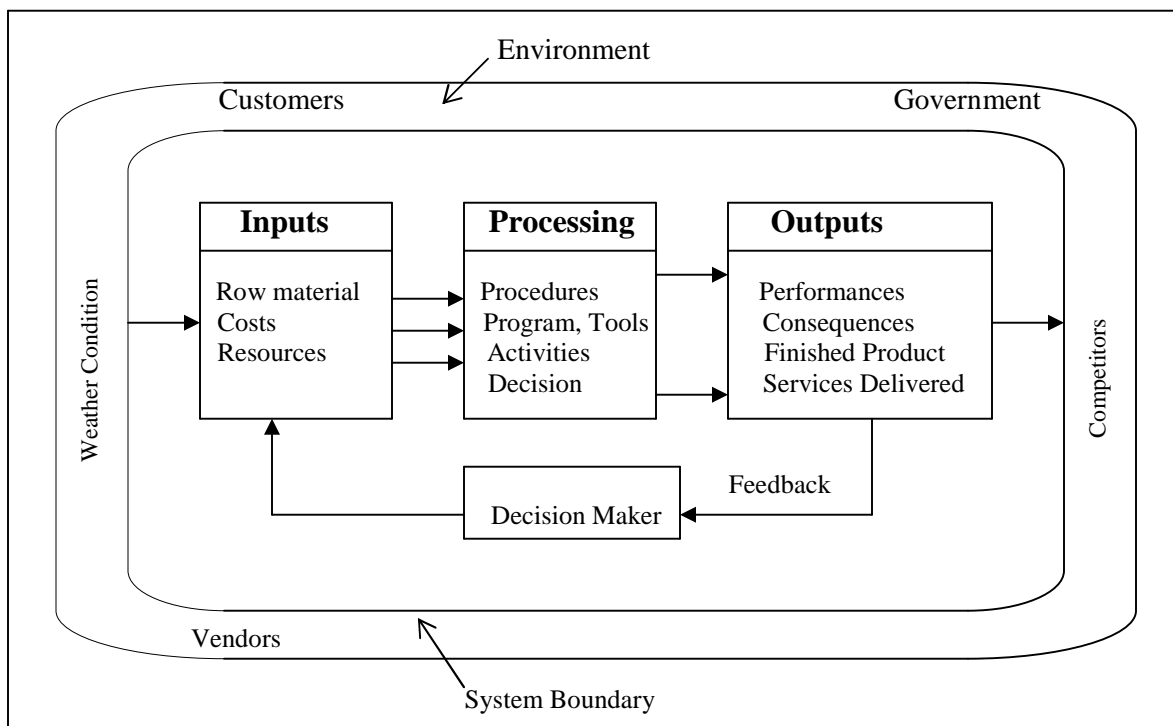


Figure:- 2.07
System and its environment

A system has a single input and multiple outputs or may have several inputs and outputs. For ex. a business organization system has several inputs and multiple objectives, such as sales, profit, service and growth. The choice of inputs and processing methodology is governed by the objectives set for the system. Any misalignment in this arrangement would lead to a wasteful collection of inputs and its processing will fail to achieve the desired objective.

All the system operates in an environment. The environment may influence the system in its design and performance. When a system is designed to achieve certain objectives it automatically sets the boundaries for itself. The understanding of boundaries of the system is essential to bring clarity in explaining the system components and their arrangement.

An organization is itself a whole system. It has also different sub system which directly or indirectly affects the information system of the organization. Hence, understanding the organization its primary goals and objectives, structure dynamics, scales of operation and finally the environment under which the organization is operating plans a key in the successful implementation of contemporary corporate information system. System is used as any organized and coherent body of knowledge.

2.4. Management information system:-

The MIS is an arrangement of data processing and information system in an orderly manner to support the mgmt in achieving the business objectives. The boundaries cross the limit of the organization and down the data from the sources external to the organization. MIS follows a general model of a system as stipulated performs in the principle of feedback and control. It works on the principle of control by exception.

The management information system is an integrated man machine system that provides information to support planning and control function of manager in an organization. It collects, maintains, correlates and selectively display information in the proper time frame consistently to meet the specific requirement of various level of mgmt in order to take decision and actions to fulfill the organizational objectives. (AK Gupta and J K Sharma 462).

MIS can also be defined as the combination of human and computer based resource that results in the collection, storage, retrieval ,communication and for business planning and it is defined as the “computer based information system.”

“An MIS can be viewed as a systematic process for providing reports data or other outputs for specific organization function and processes. It provides information needed to manage the organization and support policy analysis and other long-range efforts. It involved systematic procedure for the generation, storage and retrieval of data on operation of organization and the availability of that for planning and decision making.”

-Thomas p. Murphy 1974.

“According to Muneesh Kumar (Kumar M 1999) defines a MIS aims meeting the information needs of managers, particularly with regard to the current and past operations of the enterprise. They offer summary reports on the operations of the enterprise and sometimes provide online link to individual transaction as well. That is way this system are also called operations support system.”

According to Loudon and Loudon, “An information system can be defined technically as a set of interrelated components that collect, process store and distribute information to support decision making and control in on organization. In additional to supporting decision making, co-ordination and control, information system may also help managers and workers analyze problems visualize complex subjects, and create new product.” (Loudon k. c. and Loudon J.P. 2002)

According to Sanders, “A management information system is defined as a network of data processing procedures developed in on organization and integrated as necessary with manual and other procedures for the purpose of support decision making and other necessary management functions.” (Sanders D.H. 1983)

An MIS reports summarize or aggregate information to support decision making tasks so MIS are system that have information processing responsibilities that include creating information and conveying information to whoever needs it.

MIS are often called management altering system because they alert people (Management) to the existence (or potential existence) for the problems or opportunities. This is an important distinction between a MIS other system that support management efforts. MIS are designed primarily to summarize what has occurred and point people towards the existence of problems or opportunities. Report generated by mis rarely tells someone why a problem or opportunity exists or offer solutions.

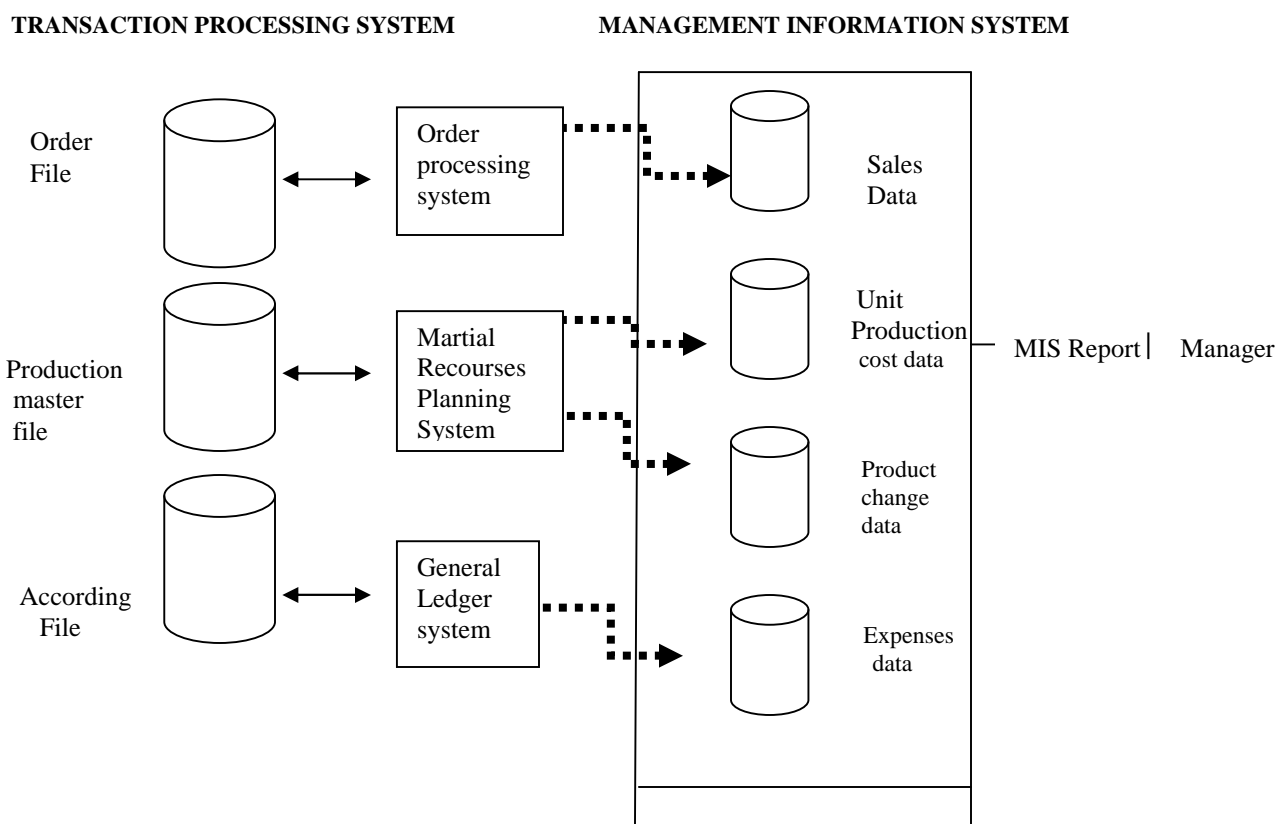


Fig:-2.08
Transaction Processing system and MIS

MIS (figure 2.08) designates a specific category of is serving management level functions. MIS serve the mgmt level of the organization providing managers with reports or with on-line access to the organization’s current performance and historical records. Typically, MIS are oriented almost exclusively to internal in of environmental or external events. They primarily serve the functions of planning controlling and decision making at the management level. Generally, they depend upon underlying transaction processing system for their data.

Interoperation of function and techniques and a conceptual model of the system of organization and management are shown in figure: A system that integrates the parts: Resources flows, function of mgmt orgaⁿ theory and the various techniques. A management information system has been added as vital additional components. This is the planning, activities plans and furnished the essential feedback information necessary to achieve stability through control. (Murdick, Rooss and Claggett, 1984)

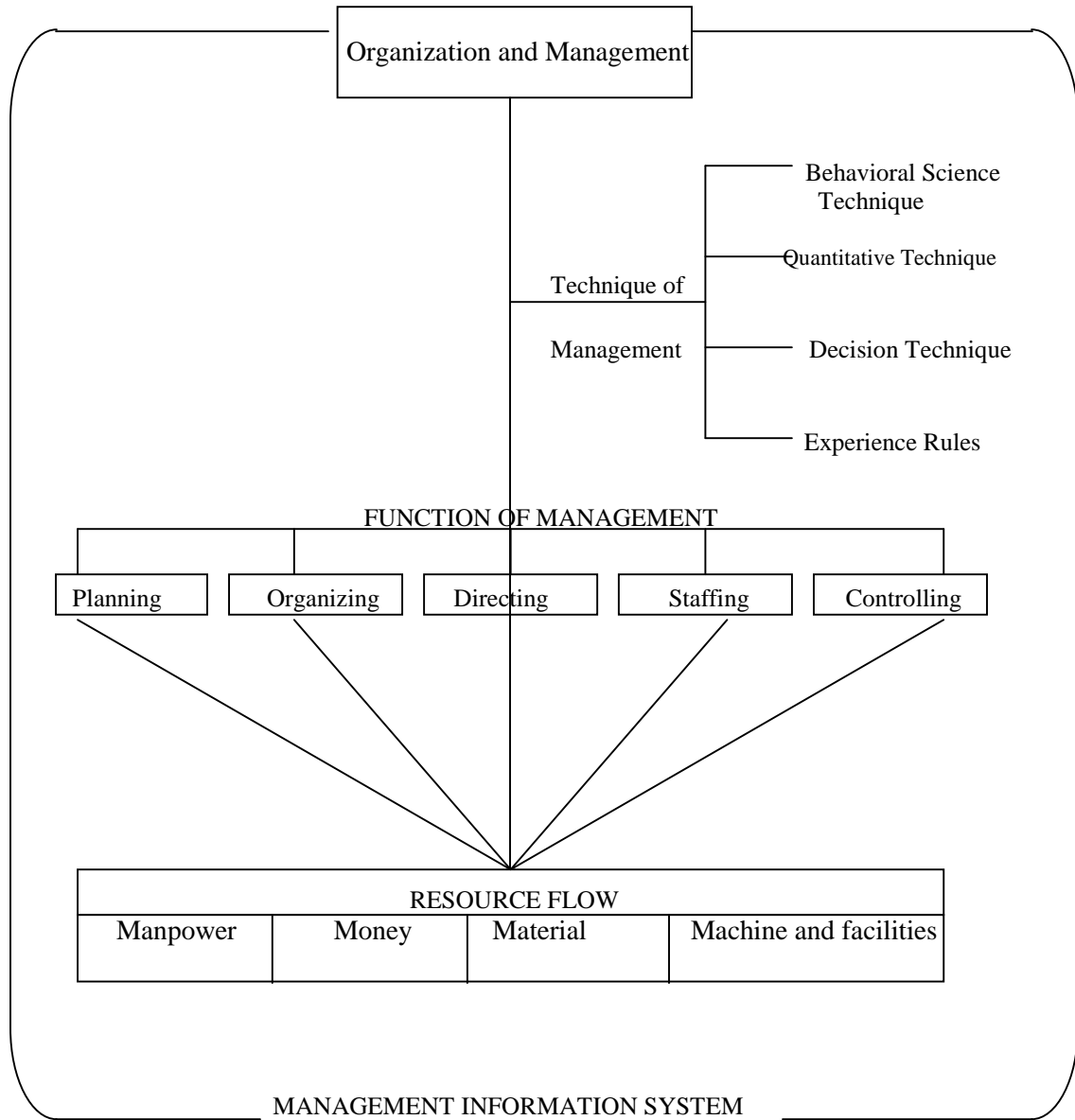


Fig:-2.09
Organization and Management – A system

Designing an information system that gives a competitive advantage requires at least two things first it requires an understanding of the problem that is trying to solve. Second it

requires an understanding of available technologies to know which one to use in designing a creative solution for the business problem. This is why studying MIS is so important. MIS emphasizes both business process and technical solutions.

An MIS gives high regards to the decision maker and his ability to use the information. MIS gives the information through data analysis computer based management information system today serve a variety of functions for manager, such as transaction processing, information reporting, decision support and decision making. In each of these functions, MIS permit the manager to work more productively and effectively in a complex and dynamic environment. The use of MIS to support management decision making by providing information and performing analysis is enjoying rapid growth.

2.5- Role of MIS:

The role of the MIS in an organization can be compared to the role of heart in the body. The information is the blood and MIS is the heart. In the body the heart plays the role of supplying pure blood to all the elements of the body including the brain. The heart works faster and supplies more blood when needed. It regulates and sends it to the destination in the quality needs of blood supply to human body in normal course and also in crisis.

The MIS plays exactly the same role in the organization. The system ensures that an appropriate data is collected from the various sources, processed and sent further to all the needy destinations. The system is expected to fulfill the information needs of an individual, a group of individuals, the management functionaries the manager and the top management.

The MIS helps the junior management personnel by providing the operational data for planning, scheduling and control and helps them further in decision making at the operations level to correct an out of control situation. The MIS helps the middle management in short term planning, target setting and controlling the business functions. It is supported by the use of the management tools of planning and control. The MIS

help the top management in goal setting, strategic planning and evolving the business plans and their implementation.

The MIS plays the role of information generation, communication, problem identification and helps in the process of decision making. The MIS, therefore, plays a vital role in the management, administration and operation of an organization.

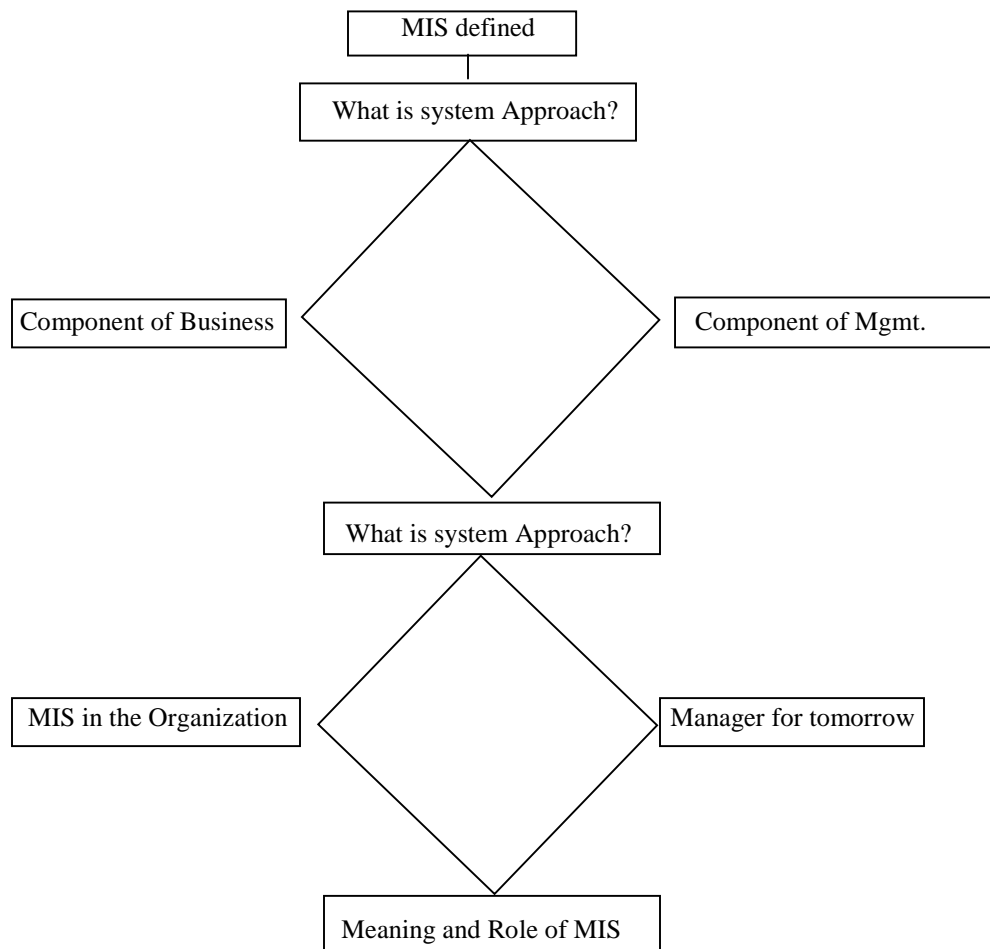


Fig:-2.10
Meaning and Role of MIS

2.51- Major role of MIS in Organization:

- ↳ MIS helps in various system i.e. Query system analysis system, modeling system and DSS ect.
- ↳ MIS helps in strategic planning, management control, operational control and transactions processing etc.
- ↳ MIS plans the role of information generation communication, problem identification and the process of decision making.
- ↳ MIS helps in management administration and operation the organization.

2.6-Objectives of effective MIS:

- ↳ Facilitated the decision making process by furnishing information in the proper time frame.
- ↳ This helps the decision maker to select the best course of action.
- ↳ Provide requisite information in each level of management to carry out their function.
- ↳ Help in highlighting the critical functions to be closely monitored for successful; function of management
- ↳ Support decision making in both structured and instructed problem environment.

2.7- Management and MIS:

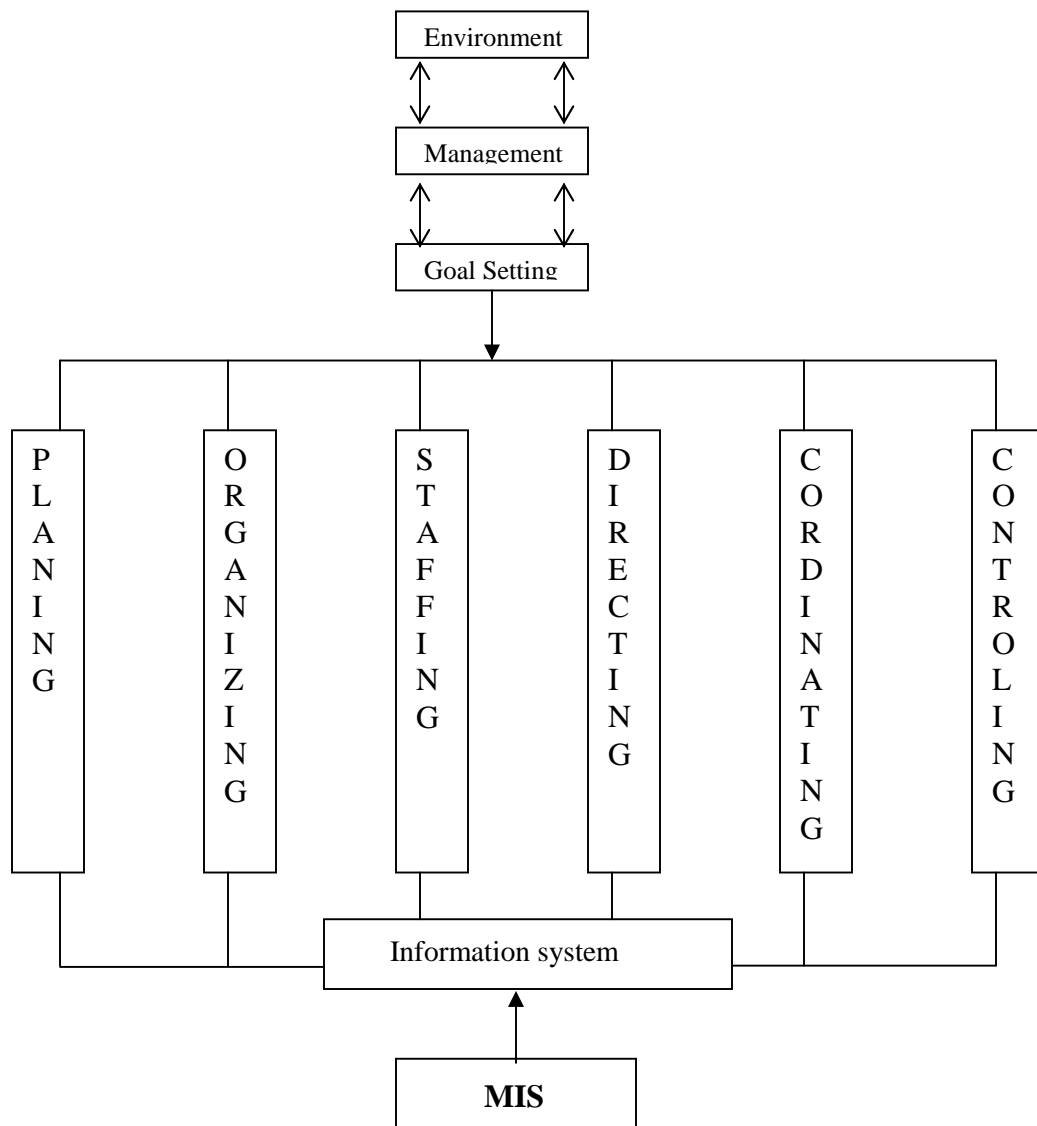


Fig:-2.11
Management and MIS

(W S Jawadekar MIS 2nd Edition 2002)

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In the information system depends on the resources of people (end user and IT specialist hardware (machine & media, software (program and procedure), data (data and knowledge base) and networks (communication media and network support) to perform input, processing output, storage and control activities that convert data resources in to information products

The information system model highlights the relationship among the components and activities of information system. It provides a framework that emphasizes four major components that can be applied to all types of information system.

- People, hardware, software data and networks are the five basic resources of information systems.
- People resources include end user and IS specialists , hardware resources consists of machine and media , software resources include both program and procedures, data resources can include data and knowledge base and network resources include communication media and network.
- Data resources are transferred by information processing activities in to a variety of information products for end users.
- Information processing consists of input, processing, output, storage and control activities.

2.81-People Resources:

People are required for the operation of all information system. This people resource end users and IS specialists. End user (also called user or client) are people who use an information system or the information it products. They can be accountants, salespersons, engineers, clerks, customers or managers. Most of us are information system end users.

IS specialists are people who develop and operate information system. They include system analyst, programmers, computer operators and other managerial, technical and clerical IS personnel. Briefly, system analyst design information system based on the

information requirement of end users, programmers prepare computer program based on the specifications of system analysts and computer operator operate large computer system.

2.82-Hardware resources:-

The concept of hardware resources include all the physical devices and materials used in information processing. Specially, it includes not only machines such as computer and others equipments but also all the data media this is all tangible objects which records data from sheet of papers to magnetic disks. Examples of hardware in computer based information system are:

Computer System, which consists of center processing units containing micro processes and a variety of inter-connected peripheral devices. Examples are microprocessor system; midrange computer system and large mainframe compute system

Computer peripherals, which are –devices such as a keyboard of mouse for input of data and commands, a monitor or monitor or printer for output of information magnetic and optical disks for storage of data resources.

2.83-Software Resources:-

The concept of software resources includes all sets of information processing instructions. This generic concept of software include not only the set of operating instruction called program , which direct and control computer hardware but also the set of information processing instruction needed to people called procedures.

It is important to understand that even information system don't use computer have a software resources component. This is true even for the information system of ancient times, or the manual and machine –supported information system still used in the world today. They all require software resources in the form of processing instruction and

procedures in order to properly capture process and disseminate information to their users.

The following are the example of software resources.

- **System software:** - Such as operating system program which control and support the operations of a computer system.
- **Application Software:** - Which are programming that direct processing of a particular user of the computer by end- user to perform specific task. Examples are sales analysis program, payroll program and word processing program.
- **Procedure:-** Which are operating instruction for the people who use an information system . Examples are instructions for filling out a paper form or using a software package.

2.84-Data Resources:-

Data is more than raw material of information system. Manager and information system professionals have broadened the concept of data resources. They realize the data constitutes vulnerable organizational resources. Thus, data should be viewed as data resources that must be managed effectively to benefit all end users in an organization.

Data can take many forms, including traditional alphanumeric data, composed of number and alphabetical and other characters that describe business transaction and other events and entities. Text data, consisting of sentences and paragraphs used in written communications, image data such as graphs shapes and figures and audio data the human voice and other sound are also important forms of data.

The data resources of information system are typically organized into:

- Data based that hold processed and organized data.

- Knowledge bases that hold knowledge in a variety of forms such as facts, rules and case examples about successful business practices.

For example, data about sales transaction may be accumulated and stored in a sales database for subsequent processing that yield daily, weekly and monthly sales analysis report for management. Knowledge based is used by knowledge management system and experts system to share knowledge and give expert advice on specific subjects.

2.85-Network Resources:-

Telecommunication network like internet and extranets have become essential to successful operation of all types of organizations and their computer base information system. Telecommunication networks consist of computer, communication process and other devices interconnected by communication media and controlled by communications software. The concept of network resources emphasizes that communications networks are a fundamental resources components of all information systems.

A network resource includes:

Communication media: - Communication media provide the physical path which data or signal can be transmitted from one point one to another. The signal transmitted from one device to another is through electromagnetic signals. Electromagnetic signal include voice, radio waves, infrared light, power, ultraviolet rays etc. These signal travel through vacuum, air, cables, fiber optic cable and other transmission media. Transmission media can be divided in to two types, they are

[i] Guided media or wired communication

[ii] Unguided media or wireless Communication

Network support: - This generic category includes all the people, hardware, software and resources that directly support the operation and use of a communications network. Example includes communication processors such as modems and internet work

processors and communication control software such as network operating system and internet browser package.

2.9- Review of case studies related with MIS and Bank.

2.9.1 Review of case studies from different books:-

Kenneth C. Loudon & Jane P. Loudon (Loudon & Loudon 1994) has conducted the case study of **Citicorp**. In this case study, they have tried to study about Citicorp that how **Citicorp** came out from different problems by using various information technologies as on MIS tools. A summary of this case study is as follows.

During the 1970's Citicorp rose to a number 1 rank in retail banking, pioneering in information technology innovation such as ATM machine. Citicorp was often cited as a shining example of a company that used information system strategically to create a competitive edge.

Twenty years later, Citicorp found it self with large losses, strapped by bad loans and massive layoffs. It s status had dropped to the second tier in the global Banking market. These bad loans continued to mount .In the fall of 1992, 7 percent of Citicorp's loans were reported as either delinquent or so troubled that full repayment was unlikely, giving Citicorp the eight – worst record among the 50 largest U.S. banking firms. The delinquency rate on Citicorp's mortgage loans was four times the national average.

Citicorp launched a \$1.5 billion cost reduction campaign and tried to improve its financial position by unloading assets. Citicorp has purchased Traditional Technology to develop the hardware and software for its pioneering ATM system. These ware an instant success .Citicorp's push into consumer banking added to Citicorp's revenue because more customers did more transaction with the bank while competitors installed ATM primarily to reduce costs, citi used ATM's to attract more customers .An average of 75 percent of citi's customers prefers the ATM machine to human tellers, compared to 43 percent at other banks.

Citi also introduced the Quotron System. Quotron was the Market-Leading computerized stock –quotation system . Citi had again faced a new problem that a new system , Automatic Data processing (ADP) was introduced by his rival . Quotron fell to the number 2 position in stock quotation data, with only 60000 terminals, while ADP grew to 70000 terminals.

Shortly after acquiring Quotron, Citi launched reward America, a point-of-sale business that tried to create new products and service for retail and travel industries by capturing market data at the cash register. Hoping to reduce costs and reassert management control, Citi is consolidating its computer center and networks. It hopes to save \$100 million annually by consolidating its 100 plus networks into a single Global information Network.

2.9.2 Review of Master’s Degree Thesis:-

According to Ishwor Acharya’s Degree Thesis entitled, “*Implementation of Management information System in Royal Nepal Airlines Corporation RNAC*” (A case study in Marketing department) On going through the report following findings were concluded by Mr. Acharya.

-)] Marketing Department of RNAC has a multidivisional structure but in reality the structure is ambiguous.
-)] The information system in marketing Department is based on traditional paper base information and manual filing system. Manual flow of documents computerized Reservation system of international flight through ABACUS and other CRT software.
-)] Lack of capable manpower and IT expert to handle sophisticated information technology to maintain proper information system within the department.
-)] Centralization of authority, manual flow of documents and unnecessary political pressure generally creates obstacle perform marketing activities smoothly.

- J Information announced in Nepali medium through Radio Nepal regarding flight schedule by the marketing Department is quite traditional.
- J Lack of proper information infrastructure to communicate with different domestic station causes problems in planning flight schedules.
- J Micro computer in each division are not utilized. They are used only to keep record to some extent and used to type martial whenever needed in order to submit the report to the department director or CEO.
- J Information does not flow systematically due to absence of Networking Based Computerized Information system to coordinate and communicate with different division and units of the Marketing Department.
- J Due to mishandling, misunderstanding and information gap; frequent flight delay flight cancellation and changes in flight schedules are common.
- J Network base computerized information system is necessary for the systematic flow of information.
- J Traditional Paper based information system creates delay in making decision. It should be eliminated through computerized information system.
- J It is difficult to implementation MIS due to lack of necessary infrastructure of the marketing Department of RNAC such as
 - o Lack of equipment & accessories.
 - o Lack of technical manpower
 - o Lack of II exports
 - o Budget for installation of New Technology. etc

Based on the above conclusion *Mr Acharays* gave the following recommendations.

- J Should train and develop the capability of human resources to handle sophisticated equipment regarding information technology.
- J Should maintain necessary infrastructure for implementation of rules & regulations to avoid unnecessary political interference.
- J Should implement network based computerize information system.

According to *Ajit P. Bhattarai's* Degree Thesis entitled, "*Performance of Management Information system in Kumari Bank*" following findings were concluded Bhattarai.

- Majority of the user of the MIS consider MIS to be important.
- Majority of the user of the MIS consider that MIS helps in decision making.
- Use of MIS is directed more towards extraction of current information rather than historical information.
- MIS is fulfilling the information needs of the users to different degree of satisfaction. Higher management is less satisfied than middle management.
- Further improvement in utilization of MIS needs better communication and training between the various stakeholders.
- MIS users are comfortable using the product and have a good understanding of the system.
- MIS users are moderately satisfied with the MIS.
- There is ample room to increase the use of MIS.
- The factors which will improve the utilization of MIS and Good Communication Channel, Training to end user, Training of software personnel.

Base on the above conclusions, *Mr .Bhattarai* gave the following recommendation.

- The bank should create a distinct MIS department.
- Training must be imparted to the end the software personnel.
- Training must be imparted to the end user of MIS.
- The end user must endeavor to understand the MIS.
- Bank should start planning the future of MIS.
- The bank should look into the possibility of using external sources like Bridge/Telerate in MIS for financial information.

Niru Baba Joshi (Joshi, N.B.,2000) in her study “*Management information System in Nepalese Bank: a study in Rastrya Banijya Bank*”, has explained that the effectiveness and efficiency of the bank’s performance depends on competence of information system. The management information system is must for smooth information flow in each level of management for quick decision making. If information system applied correctly in the mentioned area, the position and performance of Rastrya Banijya Bank can be uplifted, so the effective information system is most to enhance the overall standard of Rastrya Banijya Bank.

Asim Lamsal (Lamsal, A., 2003) has conducted a study in the topic “*Information system Design- A case Study of Agriculture Development Bank of Nepal*”. He has tried to study about the information system that how it will help to know the situation of the units of the bank and how it help to rise the overall performance of the bank. He has made an attempt to study to analyze and design the information system and flow of information with data into various divisions for the decision making process in ADB and he has recommended implementing practical and real benefit of application of MIS in the bank.

Chapter-III

RESEARCH METHODOLOGY

3.1 Overview:

Research Methodology is a systematic way to solve the problems .It may be understood as a science of studying how research is done. Scientifically .Research methodology refers to the various steps to be adapted by the researcher in studying a problem with certain objectives in view. It refers to various sequential steps to be adopted by the researcher in studying problems with certain objectives in view.

Research methodology defined as the systematic and objectives analysis and recording of controlled observation that may lead to development of generation, principles or theories, resulting prediction and possibility ultimate control to investigate a systematic and organized effort to investigate a specific problem that need a solution.(Sekram 1992)

Research Methodology is a way to solve research problems systematically therefore research methodology is a research method on techniques to use through the entire study. In other words, Research methodology is a process of arriving at the solution of the problems through planned and systematic dealing with collection, analysis and interpretation of the fact and figure. Research methodology refers to the various sequential steps to adopt by the researcher in studying a problem with certain objectives in view. It refers to the various steps applied by the researcher in studying a problems with certain objectives. In fact, It describes the method and process applied in the entire aspects of study. This chapter will be divided in to five sections. First section focus on Research Design second consist nature and scope of data, population and sample is discussed in the third section and four section reveals of method of analysis and lastly describes the limitation of study.

3.2 -Research Design:

The formidable problems that follows the task of defining the research problems is the preparation of design of the research project, popularly knows as “Research design”. Decision regarding what, where, when how much by what means concerning on the inquiry or a research study constitute a research design. “Research design is the arrangement of the conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure” (C.R. KOTHARI research methodology method and techniques second edition 2001:39)

In fact the research design is the conceptual structure with in which research is conducted .In other word research design is a plan, structure and strategy of investigation conceived so as to obtain answer to research question and to control variance. Basically the research design has two purposes the first purpose is to answer the research question and second test the research hypothesis.

Descriptive research is a fact finding operation searching for adequate information .Being a case study in nature , research will mainly based on primary data and information, which will be obtained from observation and other sources . The needed information and data will be obtain from ADBL Regional office Bhairahawa and secondary sources also. The study will be deal on how the banking system of ADBL - Bhairahawa is and what will be the result after implementation the MIS. Unstructured personal interview with personnel of the bank will be observed for the study.

3.3- Nature and Sources of Data:

The study conducted on the basic of primary data and secondary data too. Primary data are those data which are collected afresh and for the first time, and thus happen to be original in character. The secondary data are those which have already been collected by some one else and which have already been passed through the statistical process. (C.R.

KOTHARI research methodology method and techniques second edition 2001:117). The study is done through collecting various types of data and information to solve the research problem. The nature and sources of data collected to fulfill the objectives of this research study are both primary and secondary.

3.3.1 Primary data and information:

Being a case study in nature, the research will be based on the primary data and information. The field study, observation discussion, unstructured interviewing techniques will be adopted to elicit the information from the managers/employee.

The primary data is collected through observation, interview with respondents on by questionnaires method. Set of questionnaires were will be distributed to the personnel of the officer level and seek their opinion with comments. At the period of interview, Information related to different aspect of management information system, its management, hierarchy of decision making and decision made in different level of management, functional subsystem, technology computerized system of bank. Flow of information in different level and part were asked to collect the information for research. The interview will be unstructured and conducted personally. The exercise of the personal observation and interview becomes the notable sources of the primary data.

3.3.2 Secondary data and information:

The secondary data will also be used while the research is done .Secondary data is collected by one and compiled by another. The secondary data are collected from books, journal, web side and other various sources. Official records, publications on related field and materials provided by bank also will be used for study. Secondary data are directly obtained from the different sources. Internal report, annual report, and published material, website of ADBL were also used.

3.4 Data presentation and Analysis Procedures:

This study is mainly based on information system of the bank. However, quantitative data (financial data) are also presented for the data analysis as secondary data. After collection of sufficient data and information from observation, interview and other sources are presented in Tables and figures, System approach, documentation of information flow of banking system.

3.4.1 Analysis Tools used for Documentation:

- Table and figures:

A Table is a presentation of data in columns and row form. Typically tables are used to present the data and information to make the content clear whereas the term figure usually includes graphs, map, drawing and chart.

- System Approach:

A system is a group of element or component joined together to fulfill certain function. In a large context a system is an assemblage procedures, process, method, routine techniques. A system diagram has three basic interacting components. They are:-

- Input
- Process
- Output
- Feedback
- Control
- System Boundary

Chapter- IV

DATA PRESENTATION & ANALYSIS

In order to achieve the objectives as set out in the chapter one of this report, the study is carried out in accordance to the given research methodology as per chapter 3rd, the data are presented and analyzed in this section of this report this is the vital part of this report as it helps to conclude the study through the major findings and with recommendations.

4.1 General Background:

Agriculture Development Bank of Nepal (ADB) was established in 1967 with the objective of improving the socio economic condition of the rural populace by providing agricultural credit. Subsequent amendments of the Agricultural Development Bank Act, 1968 provided the bank, the banking and micro financing activities. From 1968 to 1986 the bank largely adopted “Supply Driven policy” and development oriented approach in its operations but, thereafter the bank gradually adopted a number of financial indicators relating to its viability and sustainability as tools for performance management in line with the fifth and sixth Agricultural Credit Project financed by Asian Development Bank (ADB).

In view of below per financial performance and other issues related to the bank, the Government of Nepal accepted Technical Assistance from ADB for the Financial and operational Review of ADB in 2002. The review was jointly undertaken by PricewaterhouseCoopers, Enter plan and CSC& co. The TA team prepared 10 working papers on various technical areas including loan portfolio, financial performance and human resources management. On the basis of these working papers, the review team recommended the Government to undertake reform and restructuring of the bank in 2003. Subsequently, the government approved the “Restructuring Plan for the Commercialization of ADB” in 2004.

After the enactment of Bank and Financial Institution Act (BAFIA), ADBN was reincorporated as Agriculture Bank Limited (ADNL) in July 2005 and the bank obtained 'A' category operating license from the central Bank in March 2006. Currently ADBL is the foremost rural finance institution and supplies more than 67% of institution rural credit in the country. With the specialization in rural finance, ADBL is one of the largest 'A' category banks in terms of loan portfolio, branch network and paid-up capital. As the principal rural finance provider with extensive network through out the country, the bank has the potential to contribute on a major scale to rural development by mobilizing resources more efficiently and creating income generation activities.

4.2 System view of ADBL:

The major goal of system is to process the input and bring the output to obtain its goal. The output must be as per the expectation of the intended user. While analyzing of the ADBL, It is observed as following.

In this figure it is know that the bank is an open system because it interacts with the environment. The system components are as follows.

[a] Input :- A system feeds on input to produces output after processing . The inputs in ADBL system are Human resources money and information. The information is an input which after processing becomes a vital element for management decision making.

[b] Processing: The processing of the elements of system that involves the actual transformation of input to the output. It is an operational component in any system .Here different policy, rules & regulations play the vital role. Here the input data are processed in the prescribed format.

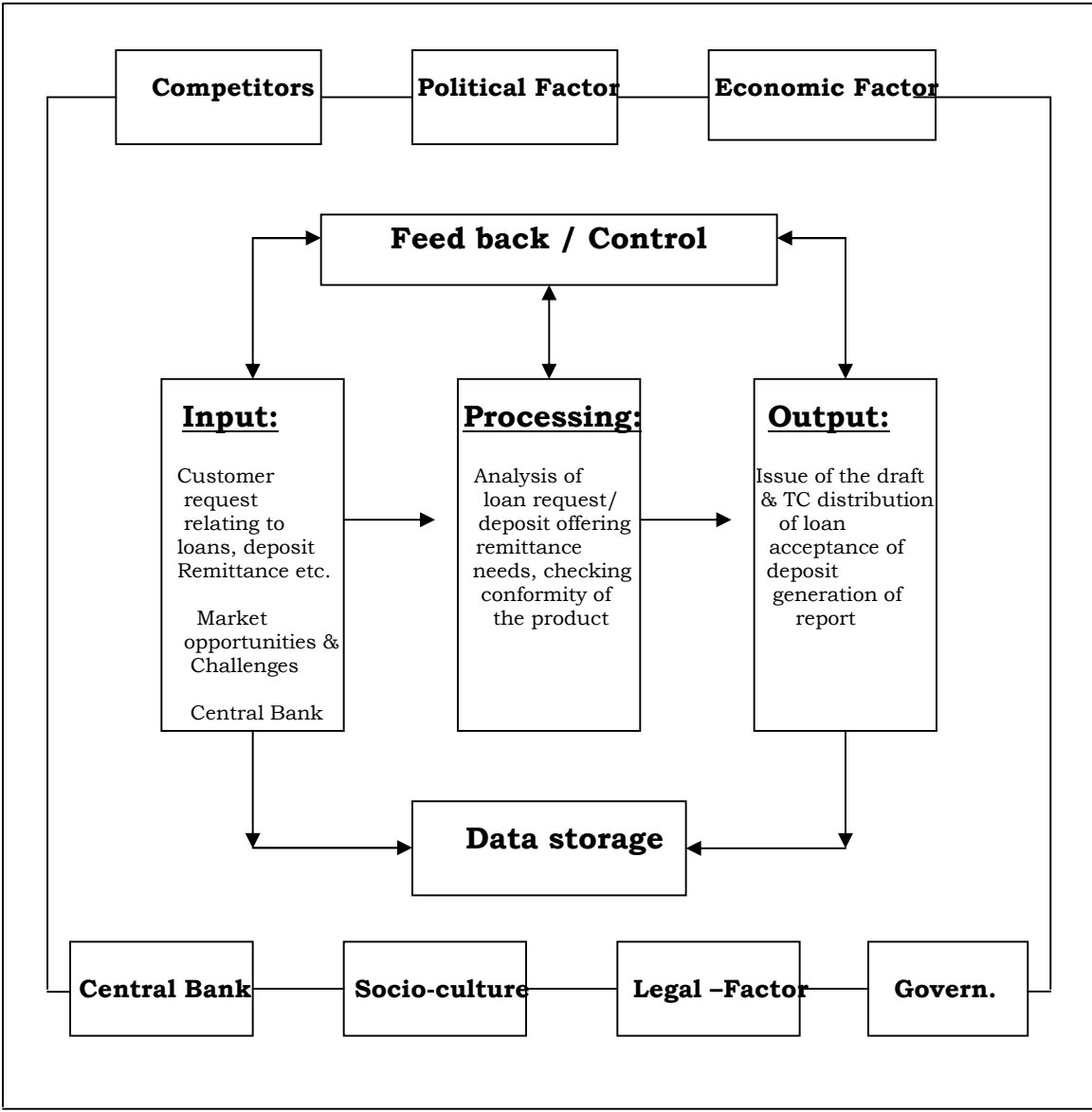


Fig: 4.01
System view of ADBL
Sources: Field visit

[c] **Output:** - It is the product of the input after further processing The major output in ADBL is the Issue of the draft & TC distribution of loan acceptance of deposit generation of report etc.

[d] Feedback:-Feedback measure output the standard set by the bank. In ABBL feedback system moves from upward to downwards. If any inconsistency and deviation is found the upper level management sends back to the concerned authority and again the processed as an input after necessary amendments.

[e] Environment:- Every business is performed in the environment which can be internal or external. As shown in the figure external environment consisting of competitors, economic, social-cultural factor, clients, Fiscal policy, Nepal central Bank, government etc.

4.3 Existing Information System :

Today the computer plays the role in the data processing and analysis. Large quantities of data can be processed quickly and with a high degree of accuracy by use of computers. When data are stored in computer they are accessible within moments and can be arranged and stored as per the requirements of the users. With the aid of computers, large amount of raw data can also be quickly analyzed using sophisticated approaches which can filter information and present it in a form specifically tailored to the needs of decision makers.

The regional office of ADBN Bhairahawa is accompanied by the three department in the some building and floor namely loan, Human resource and internal auditing department. LAN (local area network) is installed with in all the three department and other section Internal Business Promotion, External Business Promotion , Administrative section, Account section, MIS/IT section where to computer are networked. There is a one server for the entire computer to give uninterrupted power supply (UPS) attached with the network. All the transaction or report are kept in the data base server if it keeps interest of all the users if not then it is kept in the user pc or made accessed to the user of the certain branch's specified users only. All the computers are equipped with latest processor P4. The user of the specific departments share printers. All together there are ten computers,

two-printers for the respective offices and one laptop, fax, calculator, photocopy and four landline phones for day to

day operation. I found that there is one post of IT manpower (Dhurba Poudel)in entire organization who solves the normal problems of software and hardware and manage and control the Network of the bank. Some times if big problems occur in the hardware or network of the system it is immediately diagnosed and fixed by the specialist from outside private institution. There is AccSoft, Ag-Bank like other special purpose software which is user for day to day operation. Ms Word is use for day to day trouble-free purpose and spreadsheet is carried by MS Excel. I cannot found the master program to solve all the job of the bank. Some of the users are felling comfortable using this software but some of the users are felling difficult to operate such type of software due to fewer knowledge of computer.

If there is demand of information by any of the user it is accessed through the shared network. If another branches required the information then it is fulfilled through by the E-mail. There is one specific IT section under Human recourses department the data are collected and processed by the individual users to whom the information is required. The data are gathered by the user / department as per the requirement and processed using its effective tools and technique and use of information is accordingly performed.

Generally the data are gathered and processed by the centered department and use the information as per the requirements. The information demanded by the higher authority may not be of regular types so information may not be available immediately; such information not of use and it affects the performance of the organization .The decision made through there types of information may be fatal to the organization.

The main problems is that, the lack of separate MIS department , there is IT section only under the Human Resources development Department, although most of the user of network are aware of MIS it is not formulated. Besides having the qualified personnel, well equipped with modern and sophisticated communication technology in the branches

and offices, the sharing and flowing of information is not systematic. There is no coordination of proper communication between the branches with regional office due to which, it is difficult for the management to make the timely decision. If the regional director wants to know about the loan collected and other information then the data are to be collected from some of the branched manually due to lack of proper Network communication of Director and other different department and branches. It is the lengthily process and may be delay to make the prompt decision .If the MIS department exists, and then there should not be delay in reporting and right decision in right time.

Data quality is the main thing in the information system. If the information system is not accurate, valid, reliable and not timely then there is no meaning of collected and processing of data. Accurately collected and properly complied data helps the decision makers to decision in the best way. It the data is not collected and processed properly then the information provided through the processing does not help the management for the effective decision. The management information allows policy makers to make best decision among the alternatives.

If there be a separate MIS department all the data garnered from all the branches and all the other concerned automatics and regular basis. The data are collected accurately and processed properly. The data is processed using effective tools and technique and the processed data i.e. information is provided is on regular basis or upon demand on time to the decision makers on timely so that decision are made effectively.

4.4 Context Diagram of Banking System:

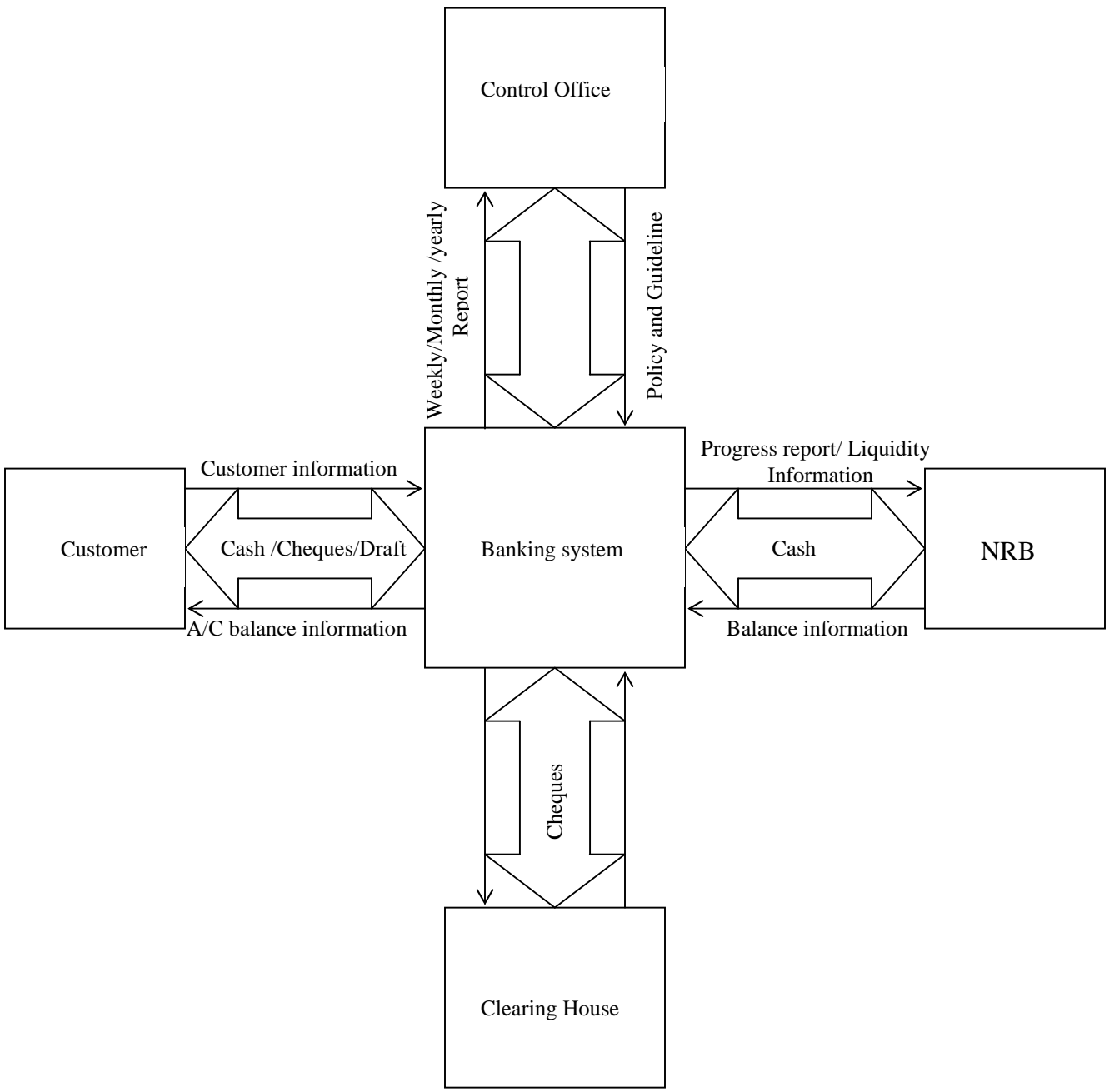


Figure 4.02

Sources: Field visit

The context diagram shown (Figure 4.02) on this screen represents a banking system of ADBL, regional office Bhirahawa. The bank receives the customer information and provides balance information to the customer. The bank is working according to the rules

and regulation provided by central office and it send the weekly / monthly/ yearly reports to the central office. The bank deposit it's saving in ADNL and it sends the liquidity information progress information to NRB and the balance information is provided by RB to the Bank.

4.5- Flow of Information Structure of ADBL:

Successful development of information system call for a deep understanding of the structure and dynamic of the organization Since organization are goal oriented, the animalist must be clear to what information needs to be collected, the information collected and processed must be consistent with the level of the organization to which it to be printed.

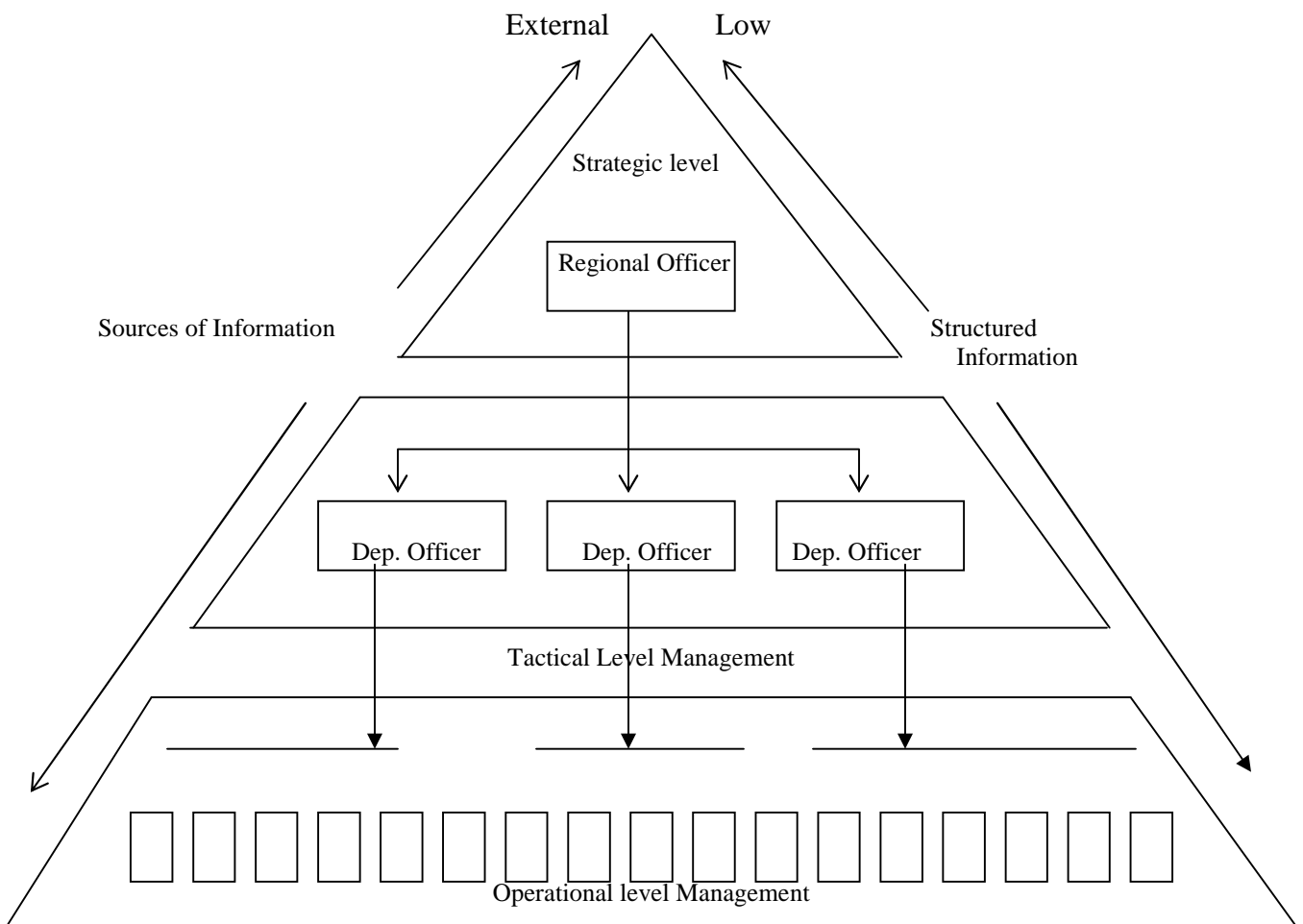


Figure No 4.03
Sources: Field visit

In a seminal work on management control system, organized management is classified in to three levels Strategic, tactical and operational (High, Moderate, Low) The levels of management don't necessarily reflect the level within hierarchy of the organization that may be the result of staffing policy seniority of a person at any point of time. This classification is based primary on the board functional classification of management function s, irrespective of the size and nature of business.

Under the classification, Operational level mainly concerted with making routine, day to day decision .These decision do not have long term implications. Must of them deal with situations about which one is fairly certain and address well structured problems, they use information largely to the organization. Operational decision generally involves large scale processing of data which is largely internal to the organization like attendance, production, daily cash flow etc. The primary attributes of success in such information processing will be accuracy and speed.

At the tactical level, however the nature of decision is quite different .Generally such decision are taken by the middle mgmt staff and these decision have medium to long-term impact. Information support for such decision needs summarized organization wide information, which is mainly internal. External information i.e. information pertaining to outside environment like competitors performance , fiscal policy changes, suppliers production and quality data and seasonal market changes also effected tactical decision . The need is for quality of information processing, and change and not merely the quantum and speed of data processing. The data needs are also different; much of the data is less structured, more uncertain, and more uncontrollable as it pertains to the environment around the system.

In the above figure 4.03 three section officers in then bank as middle level management staff. One of them controls the loan section another controls the Human Resources section and one controls internal auditing section .They take decision according to the information provided by operational level

At the strategic level, the decisions are of different type. They are concerned with long-term business decision like diversification, technology acquisition exploring new market, change of ownership; strategic alliances with outside organization, sometimes even with arch rival competitors etc. Strategic decisions are for reaching consequence. Information support for such decision would call for mainly environment arising from the environment in which the organization operators. The information may have to be collected from multiple sources.

In the above figure, the regional office is in top level mgmt .S/he makes the strategic decisions that have long-term impacts. According to the information provided by lower and middle level management. The manager takes decision like loan accept or not, new technology changes, purchase of fixed assets , find out the deficiencies in existing system and control the variances of different section. The manager controls variance by finding to reason and why the bank is not able to collect and invested money in time and recommends so subordinates to follow up.

4.6 Financial Status of ADBL, Bhairahawa

<u>Total Investment</u>			
In RS: ,000			
Particular	2061/62	2062/63	2063/64
Targeted	1900000	2315975	3485480
Actual	1919147	2008762	3762787
Progress in Percent	101	87	108

Table no-4.01

The above table No 4.01 shows the volume of Annual investment of agriculture Development Bank Regional office Bhairahawa, as per the above data, in fiscal year 2061/62 the target and actual investment volume are 1,900,000,000 and 1,919,147,000 repetitively. The annual actual investment record is over the target that is 101% an achieve 1,919,147,000. Similarly In the fiscal year 2062/63 and 2063/64 the targeted

and actual investment volume are 2,315,975,000 , 2,008,762,000 and 3,485,480,000 , 3,762,787,000 respectively. In the fiscal year 62/63 the bank achieved 87% target. In the 2063/64 the actual annual investment volume is increase by 108%. The highest progress in annual investment volume is recoded in the fiscal year 2063. How over the actual investment of fiscal year 2061/62 and 63/64 has easily recovered the targeted and shows satisfactory result but in fiscal year 2062/63 has not satisfactory result due to actual investment is less then targeted amount.

Investment collections

In RS: ,000			
Particular	2061/62	2062/63	2063/64
Targeted	1700417	1977941	3069080
Actual	1692667	1858455	3526476
Progress in Percent	99.5	94	1151

Table no-4.02

In above table shows to volume of annual collection of Agricultural Development Bank Regional office Bhirahawa as per the above data, in the fiscal year 2061/62 the targeted and actual annual collection volume is of Rs 1700417000 and Rs 1692667000 respectively. This is 99.5 % collection of targeted total volume. Similarly in the fiscal year 2062/63 the targeted and actual annual collection volume is 1977941000 and 1858455000 respectively. This is a 94% collection of the targeted volume. Similarly in the fiscal year 2063/64 the targeted and actual annual collection volume is 3069080000 and 3526476000 respectively. In the fiscal year 2063/64 the actual collection volume is increasing by 115%. But in the fiscal year 2061/62 and 2062/63 the actual collection volume is in decreasing trend ,it is not satisfactory but the actual collection has easily recovered the target in fiscal year 2063 and it shows satisfactory result.

Interest collections

In RS: ,000			
Particular	2061/62	2062/63	2063/64
Targeted	4456442	456403	580912
Actual	363944	387974	544378
Progress in Percent	80	85	94

Table no-4.03

The above table shows the total annual interest collection in different years. The targeted and actual total annual interest collection volume in fiscal year 2061/62, 2062/63 and 2063/64 are of Rs 456442000, Rs 30394400, Rs 456403000 Rs 387974000 and Rs 580912000, Rs 544378000 respectively. Which are 80%, 85% and 94% collection of the targeted total collection volume. According to this table the targeted volume is in increasing trend and actual record shows in increasing trade but below the targeted. The highest targeted and actual annual collection volume is recorded in the fiscal year 2063. But it is below collection volume then targeted .The interest collection record has not been seen satisfactory.

4.7 Analyses of Primary data.

** Is information is vital in the operation of the business?*

Option	No of Response	Percent
Yes	22	88
No	2	8
I don't know	1	4

Table No.4.04

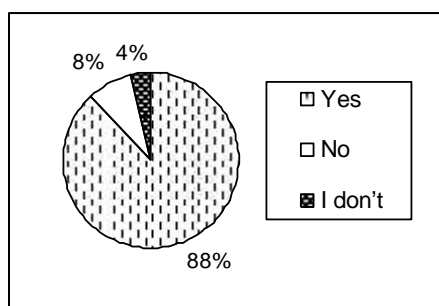


Chart No 4.01

From the given response a majority of people are highly think that information is vital for the business operation, and 8% people are response that it is not vital for business operation. This has shown in table and chart no 4.01

** Satisfaction with current MIS*

Option	No of Response	Percent
Yes	9	36
No	16	64

Table No4.05

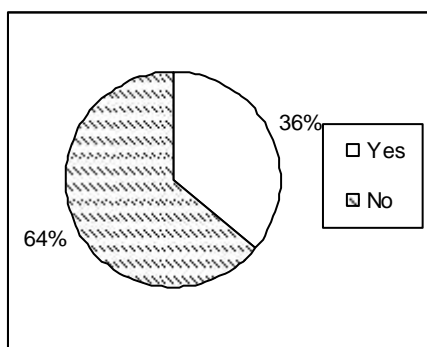


Chart No 4.02

From the above table we can see that 64% of the staff are not satisfied with bank's information system. But 36% of response they are satisfied with bank information system.

**Software used for day-to-day purpose.*

Option	No of Response	Percent
MS Word	6	24
MS Excel	8	32
MS-Excess	0	0
If other	6	24
No response	5	20

Table No 4.06

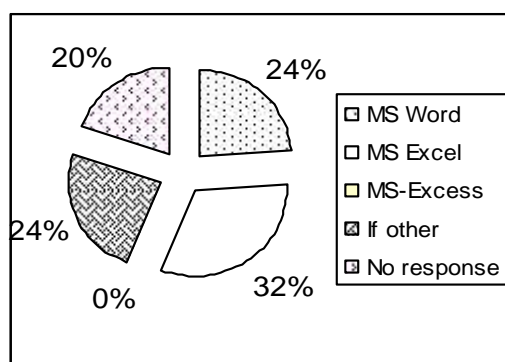


Chart No 4.03

Out of 25 samples 8 are responded for MS-Excel for spreadsheet purpose and 6 are responded for Ms Word for day-to-day documentation, some personnel they are responded for Accsoft , Ag_Bank. And 5 are no responded about this question.

* *Need to update your software and data.*

Option	No of Response	Percent
Yes	21	86
No	4	16

Table No 4.07

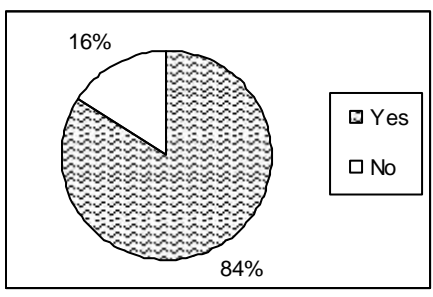


Chart No 4.04

From the above chart, It is observed that most of the responded 84% has replied, it is needed to make update the software and data But 16% responded it is not needed to update software and data.

* *Types of data flow would you like to see on the organization.*

Option	No of Response	Percent
Direct	14	56
Indirect	11	44

Table No 4.08

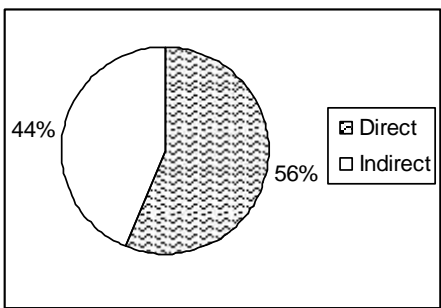


Chart No 4.05

From the above chart It is observed that some of the responded, 56% are want to used the indirect channel for information flow in the bank and another hand from the chart we can see some of staff, they 44% want to used indirect channel for communication in the bank.

* *Medium of Information flow between different sections in the bank.*

Option	No of Response	Percent
Telephone and fax	10	40
Through computerize infor ⁿ System	6	24
Through traditional papers-base system	0	0
Through personal visit	5	20
All	4	16
If other	0	0

Table No 4.09

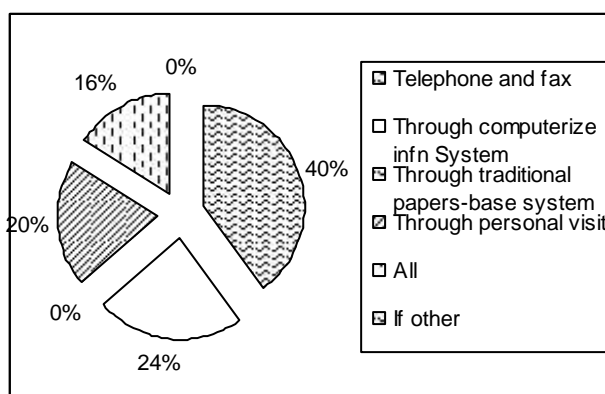


Chart No 4.06

In above questions out of 25, 10 are responded that, in organization telephone and Fax is used for flow the information in different section and another 6 responded the bank use computerized information system and another 5 staff responded the bank use personal visit for data flow in the different section and another 4 responded all these four option used for information flow in the bank.

** Necessary to minimized traditional paper-base information system*

Option	No of Response	Percent
Yes	18	72
No	7	28

Table No4.10

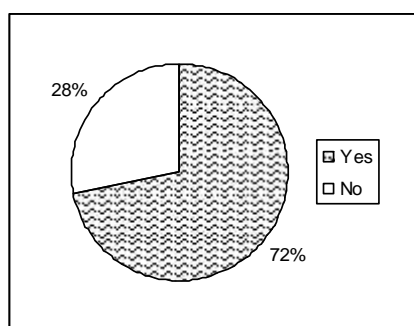


Chart No 4.07

From the above reaction of sample in the table and chart 18 or 72% are belief that It is necessary to minimized traditional paper-base system for increase the performance of bank and another hand 7 or 28% are think and belief that it is not necessary to minimized traditional paper-base information system means they are agree with traditional paper-base information system.

** Reason behind un-systematic flow of information in the bank.*

Option	No of Response	Percent
Due to job responsibility	4	16
Due to traditional paper	4	16
Due to Employee absenteeism	15	60
If other	1	4
No response	1	4

Table No 4.11

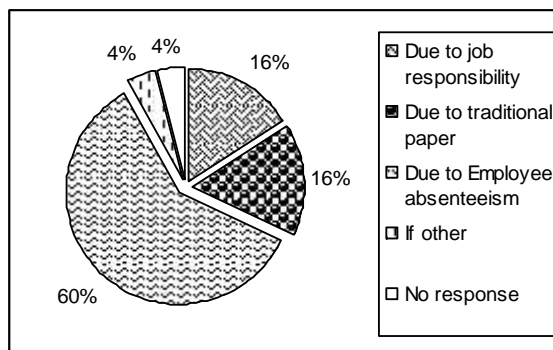


Chart No 4.08

From the above table and graph, Out of 25 sample, 15 are reply employee absenteeism is the main reason of unsystematic flow of information in the bank, 4 responded less job responsibility is the main reason of unsystematic flow of information in the bank and in this way 4 are replied traditional paper base information system is a main reason of unsystematic flow of information in the bank and one replay that, lack of proper package system for flow of information in the bank

** Highly effective factor in decision-making process*

Option	No of Response	Percent
Information	19	76
Export opinion	3	12
If any other	1	4
No response	2	8

Table No 4.12

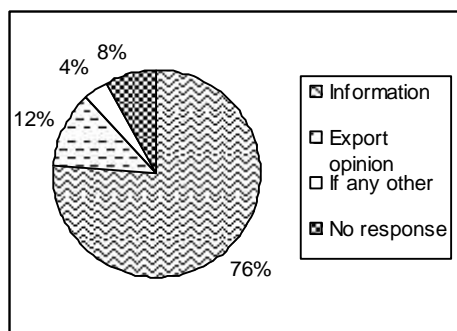


Chart No 4.09

In above chart or table 76% people responded information is a main factor of the highly effect decision-making process but 12% is replay that export opinion is man factor, which is highly effect in decision-making process. One person responded that, lack of proper macanizum and lack participation of staff is highly effect in decision making.

** How long has your bank been having an Internet?*

It is fount that the bank has been using Internet from more then 4 year.

** Is there any network for maintaining information system if please.*

It is found that, the bank has been installed Local Area network since a few years ago. The main server has been instilled in IT section and every computer are connected to each other about this already describe in the topic Exiting Information system of Bank

** How many computers are operations in your Network?*

About this question, It is find that 10 computer are networked in the bank.

** Familiarity with MIS*

Option	No of Response	Percent
Yes	5	20
Partial	17	68
No	3	12

Table No 4.13

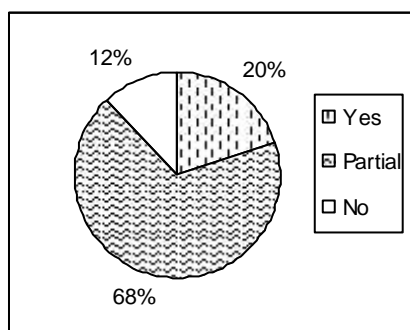


Chart No 4.10

The attitude of the sample can be seen easily from the above table and chart 17 or 68% are has given view in partial familiarity with MIS and 5 or 20% are has given view in

fully familiarity with MIS and 3 responded, they have no any idea about MIS. In this way we can say most of staff of the bank, they are only partial familiar with MIS

** MIS is the basic needs of an organization*

Option	No of Response	Percent
Strongly Agree	17	68
Agree	5	20
Disagree	0	0
No response	3	12

Table No 4.14

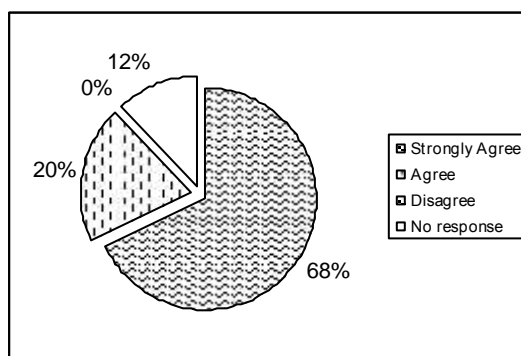


Chart No 4.11

The attitude of the sample can be seen from the above table and chart. Most of the people strongly agree that, MIS is the basic needs of an organization but 12% are no response about basic need of the bank.

** MIS has been mainly used in -----*

Option	No of Response	Percent
Top	6	24
Middle	0	0
Low	0	0
All	19	76

Table No 4.15

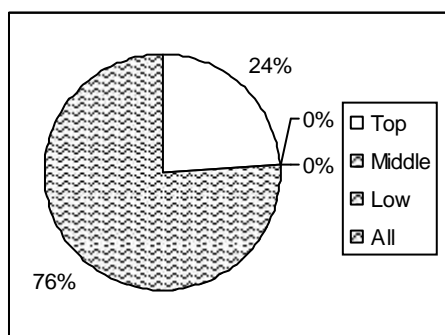


Chart No 4.12

From the above response shown on the table and chart, MIS is mainly used for all level management but 6% fell that is more important in top-level management. In this way base of the survey, we can say MIS is most important for all level of the bank.

** Are getting all information which you need in performing your task in your organization from current MIS? And how you rate your availability of information?*

Option	No of Response	Percent
Very high	3	12
High	4	16
Average	15	60
Low	3	12

Table No 4.16

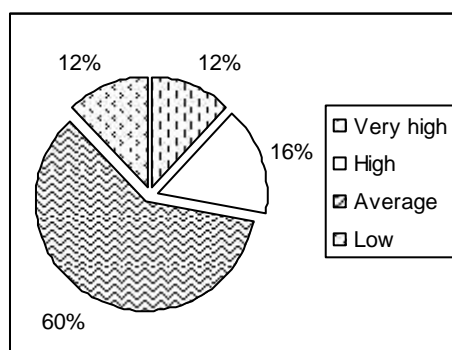


Chart No4.13

Percent of sample they are gating average information only from their MIS for the daily operation and another hand from the figure It is clear that, 12% are getting very high volume of information, 16% are getting high volume of information, 60% are getting average information and 12% are getting low volume of information from their current MIS. It means in the bank it is not fully practices of MIS in the bank so we can say, they can't not getting full and correct information in right time.

** Comfortable in using implemented MIS as well as.*

Option	No of Response	Percent
Very high	2	8
High	7	28
Low	16	64

Table No 4.17

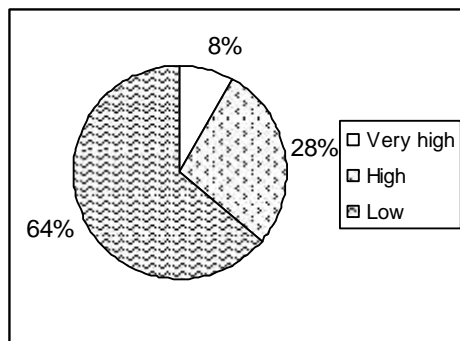


Chart No 4.14

The attitude of the sample can be seen easily from the above table the chart no 4.14 that 100% has given their view, 64% of the staff they are feeling low level of comfortable in using implementation of MIS and another hand 28% are feeling high level and 8% are feeling very high level of comfortable in using implementation of MIS. As conclusion we can say that comfortable of level of implementation of MIS is very low in the bank due to lack of practices and knowledge of MIS.

* Do you believe MIS has made the communication better with in the Bank?

Option	No of Response	Percent
Yes	22	88
No	0	0
No response	3	12

Table No 4.18

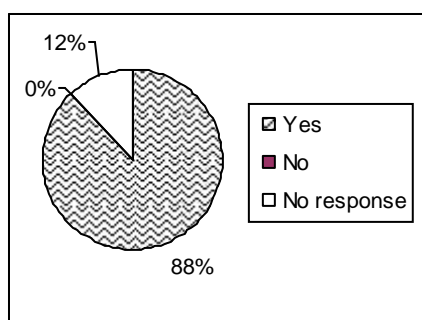


Chart No 4.15

Most of the people are saying that they 88% are believe that MIS has made the communication better with the bank. This has clear in the chart.

* *Need of additional department of MIS for the management for effective decision on the bank?*

Option	No of Response	Percent
Yes	23	92
No	0	0
No response	2	8

Table No 4.19

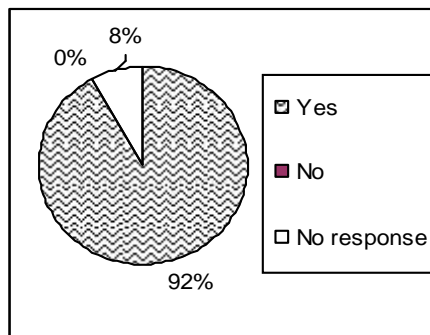


Chart No 4.16

The attitude of sample can be seen easily from the above chart 92% are want separate and additional department of MIS for the management for effective decision in right time at right place.

* *Necessarily of training software and Hardware personnel for improvement of MIS*

Option	No of Response	Percent
Yes	24	96
Partial	0	4
No	1	4

Table No 4.20

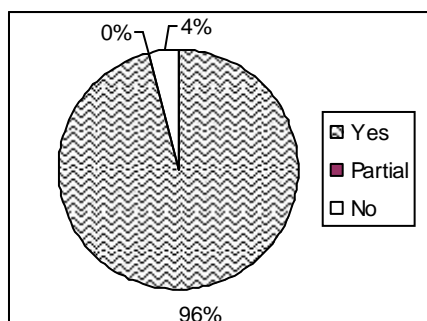


Chart No 4.17

The attitude of sample can be seen easily from the above chart, 96% are fell need of training software and hardware personnel for improvement of MIS.

* *What will be Rank of performance of the Bank after proper implementation of MIS?*

Option	No of Response	Percent
High	18	72
Medium	4	16
Low	2	8
Nothing	1	4

Table No 4.21

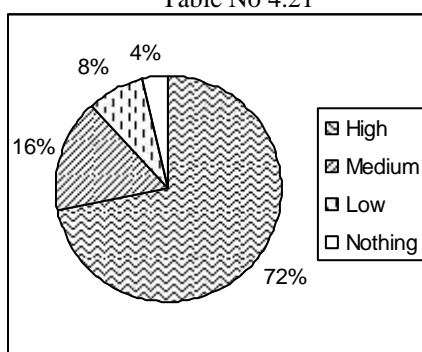


Chart No 4.18

The attitude of the sample can be seen easily from the above table the chart, that 100% has given their view, 72% of the staff they are felling increase high rank of performance, and 16% are fell medium rank of performance of the Bank after proper implementation of MIS? Only 8% are felling low level rank of performance of Bank will be increase after the proper implementation of MIS? So lastly, from this responded, we can say that, performance of bank will be increase after implementation of MIS.

4.8 Major Finding of Study:

After the study of the bank same important finding have been listed below.

- ↳ The ADBL regional office Bhairahawa controls the overall 26 Branches of Lumbini Zone. All branches are using computer except one sub branch Thada Argakhachi district due to lack of electricity.
- ↳ The Agriculture Bank providing various services manly deposit collection, Investment in agricultural sector and it is also providing the facilities of bank guarantee etc.
- ↳ There is no fully management information issues practiced in the bank. Only in the central has MIS department all thing are control by this department and MIS report is also make by this department and in Regional office Bhirahawa has IT section and it control and co-ordinate about the information in different branches.
- ↳ The director and some middle level management are know only with the name of management information system but they are exactly dot' know what it is and how it help in decision making.
- ↳ The operational level accomplishes day-to-day operational by large volume of information and makes the decision when problems is not arising. If they face the problem doing their job, they provided all the information to their senior officers. The senior officers make the decision according to the information provided by the subordinate until problems don't occur. Such as if they could not solve their problem they provide all the information to top level.
- ↳ The bank is using semi manually system there are altogether 10 computers are using daily operating. But in only IT section they are working fully computerized

but other department they are semi-computerized system If another department need some data they are manually contract to the IT section not a computerized system. Many of the employee can't see the data of server of bank due to the lack of knowledge of latest information technology

- ↳ The bank using Ag_bank for loan package, Bank_Prg for deposit package, Comloan for commerce banking loan package AccSoft for accounting package and sig_Verification for signature scanning for commercial Bank these all application software developed by MIS department of Central Office. MS-Office and MS-Excel are using for office documentation and spreadsheet respectively. There is no any master Software program to accomplish to such type of package program.
- ↳ All the computers are networks in the regional office .all the 25 branches are computerized system they are using internet services but they are using Email for sending the data and information from regional office to other branches and other branches to regional office. But there is poor Networking Environment.
- ↳ According to the table the record of the loan investment and investment collection is satisfactory position .But Interest collection is a bad position .The bank is not capable to achieve the targeted interest collection volume.
- ↳ There is weak human resources management Most of staff unknown about the latest information technology. They are felling difficult about their job because of lack knowledge of computer. There is poor IT manpower.

Chapter-V

SUMMARY, CONCLUSION & RECOMMENDATIONS

5.1 Summary:

Bank is an institution, which purchase and sales of the use of money and credit. Banking sector plays a vital role for the country's economic development. Bank is a resources mobilization institution, which accepts deposit from various sources and invests such accumulated resources in the fields of agriculture, trade, commerce industry, tourism etc. The bank has its own role and contribution and it's a source for economic development.

With the main objectives of providing institutional credit for enhancing the production and productivity of the agriculture sector in the country, the agricultural Development Bank Limited was established in 1968 under the ADBN Act 19676 as successor to the co-operative bank. The land Reform Saving Co-operation was merged with ADBN in 1973. Since then ADBN has been making a contribution in the country as a premier institution in the field of agriculture and rural credit. At present, the bank with a network of 240 offices spread all over the country and about 3442 Staffs has been serving farmers and entrepreneurs. The head office this bank is situated in Ramshah path Kathmandu.

Agricultural Development Bank of Nepal (ADBN) was established in 1967 with the objective of improving the socio economic condition of the rural populace by providing agricultural credit. Subsequent amendments of the Agricultural Development Bank Act, 1968 provided the bank, the mandate to undertake commercial banking and micro financing activities. From 1968 to 1986, the bank largely adopted "Supply Driven Policy" and development oriented approach in its operation but, thereafter the bank gradually adopted a number of financial indicators relating to its viability and sustainability as tools for performance management in line with the Fifth and Sixth Agriculture Credit Project financed by Asian Development Bank(ADB)

In view of below par financial performance and other issues related to the bank, the Government of Nepal accepted Technical Assistance (TA-3580 Nep) from ADB for the Financial and Operation Review of ADBN in 2002. The review was jointly undertaken by Pricewaterhousecoopers, Enter plan and CSC & co. The TA team prepared 10 working papers on various technical areas including loan portfolio, financial performance and human resource management, On the basis these working papers, the review team recommended the Government to Undertaken reform and restructuring of the bank in 2003. Subsequently, the Government approved the “Restructuring plan for the Commercialization of ADBN “in 2004

After the enactment of Bank and Financial Institution Act (BAFIA), ADBN was reincorporated as Agricultural Development Bank Limited (ADBL) in July 2005 and the bank obtained ‘A’ Category operating license form the Central Bank in March 2006. Currently ADBL is the foremost rural finance institution and supplies more than 67% of institutional rural credit in the country. With the specialization in rural finance, ADBL is one of the largest ‘A’ category bank in terms of loan portfolio, branch network and paid-up capital. As the principal rural finance provider with extensive network through out the country, the bank has the potential to contribute on a major scale to rural development by mobilizing resources more efficiently and creating income generating activities

Agricultural Development Bank of Nepal has been started its commercial banking services from BS 2041 to meet the objective of mobilizing urban resources of the development of the rural sector.

ADBN regional office Bhairahawa has providing the different type of services as invest of large volume of Investment, it’s resources invest in different sector mainly in demand loan, contract loan, industrial loan, commercial/business loan, service business loan and housing loan. Short types of loans provides by the different branches of ADBL but large volume of investment only directly invest by regional office Bhairahawa.. It control and coordinate the different branches of ADBL of Lumbini Zone.

According to the annual report, the bank has total investment 2,008,702 thousand in the fiscal years 2062/63 and it is increase in fiscal years 2063/64 into Rs. 3,762,787.thousand. The bank has success to collect the investment Rs.1,858,485 thousand in fiscal yrs 2062/63. and it is increase Rs 3,526,476 thousand in fiscal 2063/64 , and another hand the bank has success to collect interest Rs 287,974 thousand in fiscal yrs 2062/63 and Rs. 544,378 thousand in fiscal yrs 2063/64. it is below than targeted volume. From the financial report investment and investment collection is increasing day-to-day and it is satisfactory result in the term of Interest collections the bank has not grasp the targeted volume it is not satisfactory result.

The bank is using semi manually system some job are done by computer and some are done by manually. All of the staff of the Bank they are not familiar with MIS Some high level manager only partial familiar with MIS due to lack of knowledge of MIS It is difficult to fully practices in the bank. It may cause delay in doing jobs. There is networking in the bank but the information is flowing through telephone, fax, paper document in different sections in different level of management as their requirement .They make the decision according to the provided information. The bank have internet also but it is used only for sending the report by E-mail in the different it is not fully used.

The banks services are satisfactory but not so good. That's why the bank has to increase it competency to provide more and more facilities/services to the customers because there is tough competition being a commercial bank. It has to change its working styles, policy, fully implementation of MIS and used new technology and mechanism to cope with competitors.

The management of the organization is becoming very complex in the modern context. Numerous internal and external factors play a dominant role in making and shaping the decision in the modern organization. The information revolution has added another dimension of complexity on the organization's decision making. The whole functioning of the organization depends upon the information procuring and processing system.

Those, information have become a vital ingredient for the effective operation and management of the organization system. A computer based MIS is devised for cost reduction and increased productivity through better information processing. The modern information system provides numerous benefits such as better planning, control and operations, flexibility and economic consideration.

The objectives of study are to examine existing information system of bank, to evaluate the information gaps between different sections and recommend the alternative information system i.e. MIS in the existing information system of bank.

The resource is descriptive cum analytical and case study in nature. Being a case study, the resource is mainly focused on the primary data that is provided by staff of ADBL. The data was obtained through various rounds of unstructured interviews, on site observation and formal and informal discussion with the personnel of the bank. Secondary data was also used for the study. The secondary sources include data obtained through books, journals, annual report, bank Samchar, websites and various other sources.

5.2 Conclusion:

Bank is an institution, which purchase and sales of the use of money and credit. Banking sector plays a vital role for the country's economic development. Bank is a resources mobilization institution, which accepts deposit from various sources and invests such accumulated resources in the fields of agriculture, trade, commerce industry, tourism etc. Commercial bank has its own role and contribution and it is a source for economic development. It maintains economic confidence of various segments and extends credit to people.

In the past, the ADBL provided financial service through three window policy namely development banking, commercial banking and microfinance programme. In addition to credit service, the bank new concentrate on providing complete banking service to rural area on the basis of feasibility. In this context, new unified credit policy and procedure has been introduced to maintain consistency in its operations. Beside, the bank has developed and updated various policy and procedure for strengthening service delivery mechanism. The policy shift is expected to be instrumental in increasing outreach with the expansion of its service particularly in the rural area.

Because of the cut throat competition in financed world, the bank should provide the lots of facility to customer in easy and smooth way. It should give the importance for the customer service. In order achieve its objective; it has been update its working style, policy and procedure with customer's needs by introducing new information technology and new system in the bank.

Base on the entire research study and findings some conclusions have been made. This study particularly deals with conclusion about banking system and information flows in various sectors in MIS point of view.

The bank has providing three window policies to consumer needs, which are different operational area of ADBL. The regional office coordinates and control all the 26 branches and sub branches of Lumbini Zone.

Managerial Information system has not fully introduced in this bank. The manager and employee do not have full knowledge of MIS i.e. what is on MIS, how does it help in right decision in right time at right place. They are known only name of MIS.

The bank is using semi manually system some job are done by computer and some are done by manually. All of the staff of the Bank they are not familiar with MIS Some high level manager only partial familiar with MIS due to lack of knowledge of MIS It is difficult to fully practices in the bank. It may cause delay in doing jobs. There is networking in the bank but the information is flowing through telephone, fax, paper document in different sections in different level of management as their requirement .They make the decision according to the provided information. The bank have internet also but it is used only for sending the report by E-mail in the different it is not fully used.

The bank using different software program for accomplish different task of the bank made by the MIS department of central office, but some of the staff of bank, they have no knowledge of computer up to now although the bank using Novel Networking for database of the bank. There is poor networking environment in the bank. We can not found that master software program of bank to accomplish the different type of jobs.

Because of semi manually system and a lot of paper works, there is little bit delay in information flow. However the jobs are doing well. So, there is good relationship and good co-ordination among the entire department. Information is flowing through telephone and fax, computer system and paper documents and all the report of different sections prepare by IT section by with help of computer. It is noticed that staff of the bank have to go themselves to their senior officer for approval and verification at the time of doing their jobs.

At present in the bank concentration is more on fund base income than in non-fund based fee income. Automated Teller machine, credit card, smart card, Debit card have not yet introduced in the bank so far. These services are one of the best ways to earn income through non-fund based fee income.

Financial report shows the satisfactory position of the bank but not good position. There is weak human resources management system. Many of the staff they have no knowledge about new information technology. It is necessary to conduct special training package program about new information technology and their weak mechanism of valuation of assets is affected by political and other factors.

There is no doubt that making the right decision at right time in right place is possible only when there is relevant accurate and sufficient information. Thus, from this study it can be concluded that management information system plays a vital role in banking system and in all the operating activities of bank.

5.3 Recommendations:

ADBL regional office Bhairahawa is not adopting a fully computerized system. All the operational functions are done through manually and computerized. All kinds of transactions and day-to-day operations are performed in a systematic way.

Base on entire research work some suggestions have been recommended that are suggested to be adopted by the bank.

- ↳ The ADBL regional office control and coordinate the different branches. All of branches are network as LAN but all together are not networked. Bank should be install MAN to connect all the branches in one network and it should be manage office automation to increase the performance and effectiveness of the bank
- ↳ The bank is providing various services mainly invest different sectors and it is also providing the facilities of bank guarantee, fax, draft etc and other services. The bank can increase its revenue by providing non-fund based fee income, E-banking services like letter of credit, automation teller machine, tele-banking, credit card, Debit card, smart card and internet, bank anywhere banking system etc.
- ↳ There should be the concept of MIS. Bank should be add MIS department all things can be control by timely information provided by this department for this purpose it should be manage advance database system.
- ↳ This is the age of information. MIS is a completely new concept of world of information. Information system is the hottest topic today's competitive environment for decision making. That's why the entire staff top to bottom level of the bank has to good knowledge of MIS in practical way for this

purpose it should be conduct package training program for the existing staff about the new technology and another hand it should be recruit new skill IT man power in the bank.

- ↳ In the bank, networking is there. But internet has not been fully implemented yet. The bank should be implement intranet for smooth and timely information flow between each and every department and branches and should also provide the facility of intranet. An intranet is private network inside a company which uses software like that, used on the internet, but is for internet use only and it is not accessible to the public. The main purpose of and intranet is to share the company's information and computing resources among employees. Use of internet reduces the cost of printing, cost of paper and cost of communication. Further, overall process cycle becomes shorter as communication is faster. It enhances productivity of the workforce, reduces the space requirement of storage. Organization's response time increases considerably.

- ↳ Loan or investment is one of the most important functions of the bank. It is very sensitive part of the bank. Success and failure of bank depends on good and safety investment. If bank can't do accurate valuation of property, bank can suffer from loss because of lower valuation. It cannot cover its loss amount. All the records keeping are the main responsibility of accountant. Mostly all the decisions are made according to records/information provided by accountant in timely manner. Keeping these view human resource management should be recruit the right person in right place at right time.

- ↳ By using the computerized system, the bank could be benefited in many ways, there will be smooth information flow in all the functional area which makes easy for quick decision at right time for all level of management and, it will be increase in performance of bank.

Appendix-1

Questionnaire:

QUESTIONNAIE FOR SURVEY

Dear Sir / Madam,

As per the partial fulfillment of the MBS (Master in Business Study) Degree from TU. Bhairahawa Multiple Campus. I am conducting a research work on the field of management Information System relating to your reputed organization (*Agriculture Development Bank limited*). My research work is titled as “**IMPLEMENTATION OF MANAGEMENT INFORMATION SYSTEM**”. So I would like to request to you to give a few minutes for answering the following question. I would also like to state to all you that your response will be kept confidential and will be used only for the purpose of this study. Thank you for response.

Name: - -----

Designation: - -----

Post: - -----

Please tick [Ø], which you feel best answer among the available questions.

1- In your view, is information is vital in the operation of the business?

[i] Yes [] [ii] No [] [iii] I don't know []

2- Are you satisfied with your current IS?

[i] Yes [] [ii] No []

3- Which software is used for day to day purpose?

[i] MS- Excel [] [ii] MS- Excess []
[iii] MS- Word [] [iv] If other -----.

4- Which operating system is used on your system?

[i] Linux [] [ii] Novel []
[iii] Window----- [] [v] If other -----

5- Do you think you need to update your software and data?

[i] Yes [] [ii] No []

- 6- What type of data flow would you like to see in your organization?
 [i] Direct (Top to Bottom) []
 [ii] Indirect (Channel wise) []
- 7- How to information flow between different sections in the bank?
 [i] Telephone and Fax. []
 [ii] Through computerized information system. []
 [iii] Through traditional paper base system. []
 [iv] Through personal visit. []
 [v] All []
 [vi] If other -----
- 8- It is necessary to minimized traditional paper base information system.
 [i] Yes [] [ii] No []
- 9- What is the reason behind unsystematic flow of information in of the bank?
 [i] Lack of motivation to work []
 [ii] Lack of polices. []
 [iii] Lack of network based computerized information system. []
 [iv] If other (Please specify -----)
- 10- What do you think about problems in decision making in your department?
 [i] Due to less job responsibility. []
 [ii] Due to traditional based information system. []
 [iii] Due of employees' absenteeism. []
 [iv] If other (Please -----)
- 11- Which among these effects highly in decision making process.
 [i] Information []
 [ii] Export's opinion []
 [iii] Any other please -----
- 12- How long has your bank been having an Internet?
 [i] No []
 [ii] If Yes
 [a] Less then 6 month [] [b] From 1 to 2 years []
 [b] From 2 to 4 years [] [d] From more then 4 years []
- 13- Is there any network for maintaining information system if please
 [i] LAN [] [ii] MAN [] [iii] WAN []
 []
- 14- How many computers are under operation in your networking?
 [i] More then 5 [] [ii] More then 10 []
 [iii] More then 15 [] [iv] More then 20 []
 [v] More then 25 []

15- How you rank, your familiarity with MIS?

- [i] Yes [] [ii] Partial [] [iii] No []

16- You are agreeing with that MIS and information system is the basic needs of an organization?

- [i] Strongly agree. []
 [ii] Agree. []
 [iii] Disagree. []
 [iv] No response. []

17-MIS has been using mainly in

- [i] Top level management. []
 [ii] Middle level management. []
 [iii] Low level management. []
 [iv] At all level management. []

18- Are getting all information which you need in performing your task in your organization from current MIS? And how you rate your availability of information?

- [i] Very high [] [ii] High []
 [iii] Average [] [iv] Low []

19- Are you feeling comfortable in using the implemented MIS as well as any other software system? How your rank?

If yes, please give the software name -----

- [i] Very high [] [ii] High []
 [iii] Low []

If No, please go to question N. 20

20- Do you believe MIS has made the communication better with in the Bank?

- [i] Yes [] [ii] No [] [iii] No response. []

21- Do you need additional department (MIS) for the management for effective decision?

- [i] Yes [] [ii] No [] [iii] No response. []

22- Do you think, It is necessary training requirement of software and Hardware personnel in the bank for improvement of MIS.

- [i] Yes [] [ii] Partial [] [iii] No []

23- After proper implementation of MIS, What will be ranking the performance of Bank?

- [i] High [] [ii] Medium []
 [iii] Low. [] [iv] Nothing []

Thank you very much for co-operation.