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Planning and control are the two quintessential functions of a sound management system. The absence of one of them jeopardise the smooth and effective functioning of any organisation. Although the other functions of management like Organising, Directing and Staffing are also important in their own way, they can be described as off shoot of the main functions of planning and controlling. We have seen quite often that considerable time is spent on planning but inadequate time is given to monitoring and control. This results into non achievement of the objectives set out at the time of planning. The banking sector reeling under the stress of NPA is an apt example of lack of monitoring and control mechanism in these entities. The banks especially in the PSU segment devote considerable time and effort while assessing the creditability and viability of a new project, however, the same kind of efforts are not put in for monitoring these projects while at the time of commission and during the credit period extended to them. As a result, many a projects with lucrative returns turn out to be NPA that not only fail to generate any income but also act as a drag on the availability of capital for other productive purposes.

This has called for a change in the mindset and attitude of the bankers, whereby, the credit granted has to be continuously monitored so that any deviation from the assumed circumstances can be dealt with in a reasonable time and the probability of loosing the income from these assets can be curtailed. The monitoring and control on a continuous basis will bring about the need to incorporate necessary changes in the management of the enterprise that had sought credit for its operations. These timely changes increase the probability of generating profit out of the operations and thereby repayment of debt obligations. The RBI has also directed the banks to monitor the accounts at constant intervals in its various circulars.

The monitoring by the lender can help in preventing diversion and siphoning off the funds from the entity for unrelated purposes. Further, in case of any eventuality, the lender can recover more from the assets of the company in default due to being in constant touch and thus enabled to take timely decision.

Thus, the importance of monitoring and control can hardly be overstated. The need of the hour is to deploy quality resources to this function as the lack of it has increased the systematic risk in the banking sector. Banks being a proxy to the economy have to be in the pink of health to ensure growth for the economy and adequate control is panacea for many ills of an organisation.
