

## P R E F A C E

The subject of management accounting is expanding its horizon day-by-day. Be it a trading organisation, a small manufacturing unit, a professionally managed big industrial undertaking or a service organisation, the application of management accounting techniques is no exception to it.

There is scattered literature on various management accounting techniques in foreign literature and to some extent in Indian literature, but a comprehensive work on a number of management accounting techniques related with lending portfolio is not available.

Moreover, there is no work available on the effect, if any, of the advances and/or volume of business of a branch on the application of management accounting techniques. Added to this missing aspect is the non-availability of the work on the effect of the extent of application of management accounting techniques on the problem loans even though some literature on loan losses is available. A combined study of all these aspects with reference to commercial banks is a desideratum. Hence, the present study of various management accounting techniques is taken up with a view that it may remove the long felt need.

In the present study an attempt is made to examine the application of management accounting techniques in lending

decision by commercial banks in India. For this purpose Baroda city Region is selected as sample which represents the population.

The study attempts to examine the importance given to various traditional factors like character, capability etc. while taking lending decision and thereafter it proceeds to an analysis of application of various management accounting techniques with reference to different aspects. The techniques under study are : business plan, break even analysis, method of costing, cashflow, funds flow and ratio analysis. The application of these techniques is examined with reference to segment, the relationship existing between the segments, relationship between techniques regarding their application. Moreover, the application of management accounting techniques is also examined with reference to segment, volume of business of branch and advances of the branch. Further, the depth with which these techniques are applied is also examined.

The most burning problem at present for the banking industry is the loan losses, and it is for this purpose that an attempt is made to estimate and examine the relationship between the application of management accounting techniques and the advances turning out to be a problem credit.

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