Paradigm Shift in the Management Accounting Practices in India

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Abstract

Management accounting is an accounting branch which provides and presents commercial, economic, accounting and operational details to the management, managers and accountants to make important decisions thereby becoming an integral part of an organization. During the past decades, in India, the competition among businesses has increased and with rapid changing working environment of businesses, there has been criticism and reviews have cautioned about the usefulness, performance, efficacy and value of traditional and usual management accounting practices for not supporting managers for decision-making.

India is a developing mixed-economy and is among the fast growing economies in the Asia and World. In 1991, Indian economy was liberalized and has changed the information requirements of the Indian companies. Indian economy is currently experiencing transformation due to GST, demonetization, digital banking, global competition, e-commerce, technology advancement, etc. The earlier practices adopted in management accounting was related to costing, budgeting and variance analysis which has changed to advisory, focuses on decision-making, strategic planning, long term growth and to optimize business operations.

The present paper tries to study the opportunities, challenges and vicissitude in the Indian economy which has compelled to shift principles and practices of management accounting from conventional model to the model of value creation. This paper attempts to show various developments which are followed and implemented in India in management accounting field which are beneficial for India.

Keywords – *Decision-Making, Economy, India, Management accounting, Practices*

Introduction

Management Accounting is accounting for management and managers. It is concerned with the data collected from internal and external sources and these data are processed and analyzed to interpret the required information to be communicated to the management, managers and accountants to perform their respective functions. It is helpful for the management as a support system tool for decision-making and also helps in policy formulation. Now-a-days, the role of management accounting has become bigger than earlier days. The importance of management accounting lies in providing information and contributing and helping managers in making better decisions.

According to the Institute of Management Accountants (IMA):

"Management Accounting is a profession that involves partnering in management decision making, devising planning and performance management systems, and providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization's strategy" (Institute of Management Accounting, 2008).

As per Hilton and Platt:

"Management Accounting is the process of identifying, measuring, analyzing, interpreting and communicating information in pursuit of organization's goals. Management accounting is integral part of management process" **(Hilton and Platt, 2014).**

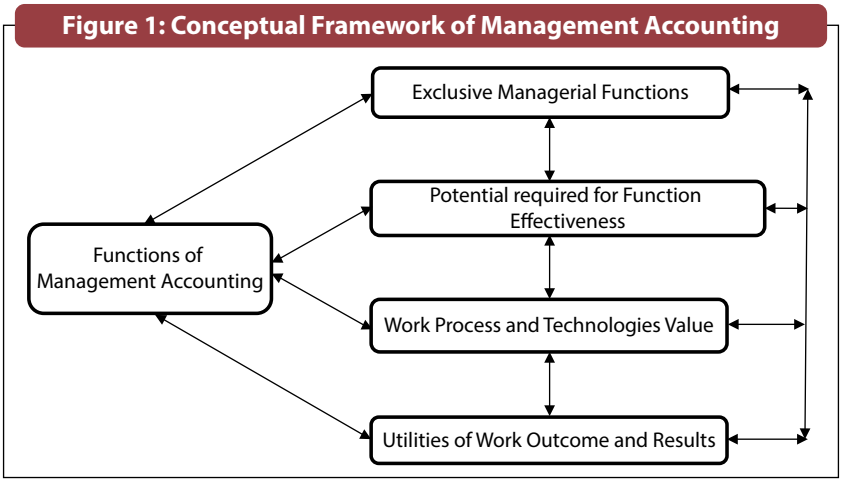
The Association of International Certified Professional Accountants (AICPA) views:

"Management accounting as a practice which has also extended to Strategic Management, Performance Management and Risk Management."

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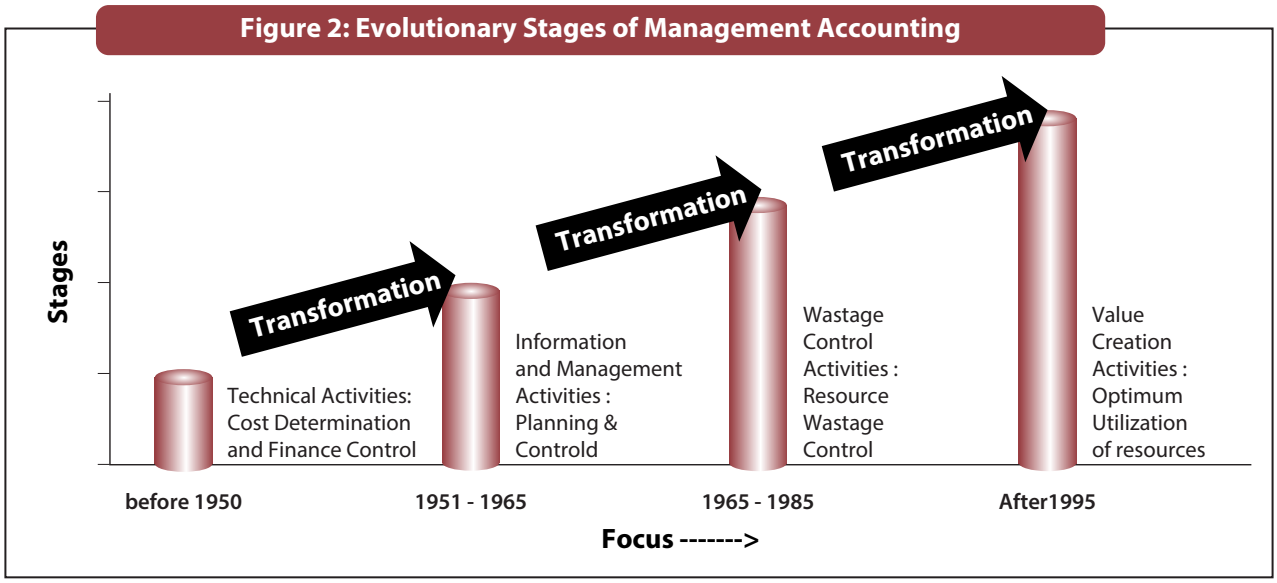
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Figure 1: Conceptual Framework of Management Accounting



Above is the illustration from IFAC which explains the growth in the practices of management accounting. It shows as how the resources can be utilized effectively and efficiently to ensure value creation. Each concept of framework is connected with others concept to explain the effective use of resources which generated some value. These values are of financial and non-financial nature and are known as management accounting functions. The above conceptual framework describes its practices as focuses on the functions of management accounting having ability of effective performance, evaluations of work processes and outcomes and use of technologies for getting better results.

Figure 2: Evolutionary Stages of Management Accounting



Evolutionary Stages of Management Accounting based on the concept of International Federations of Accountants (IFA)

The stages are briefly explained as under:

a. Stage-1: Management Accounting Technique before 1950 – This stage has been described by IFAC as a stage where technical activities were undertaken in the pursuit of achieving organizational objectives. The focus of stage-1 was mainly on the determination of cost and control over finance orient ed towards fixing product cost. Magde Abdel-Kader and Robert Luther in their research note on the IFAC's Conception of the Evolution of Management Accounting stated about simple production technology, identifiable costs of materials and labour and no or very little innovation in the field of process or products (Abdel-Kader & Luther, 2004). They also stated that in this stage, the concern of management was production capacity. The practices prevalent during this period were budgeting and cost accounting technologies.

b. Stage-2: Period of Information (from 1951 to 1965) – This stage lays emphasis on functions of management necessary for planning as well as for controlling. IFAC has described this stage as an activity of management in the role of staff. Magde Abdel-Kader and Robert Luther in their research note viewed this stage as use of technologies by the staff to support line management (Abdel-Kader & Luther, 2004). Manufacturing and internal administration was focused for management controls. In this stage, the reaction was found only when deviations were found.

c. Stage-3: Period of Control on Wastage (from 1965 to 1985) – This stage focused on controlling wastages of resources occurring during the production process. Magde Abdel-Kader and Robert Luther in their research note explored that many aspects of manufacturing industries were affected due to world recession of 1970, oil price upset, global competition and fast technological development. The developments and evolution of computers markedly changed the essence, characteristics and quantity of data, to be retrieved and used by the managers. Ashton et al (1995) observed information systems to be considerably important for effective management. The updated and new techniques of management as well as production were introduced to meet the global competition. This stage also devised methods to control costs by reducing wastages of resources in the business process (IFAC, 1998. Para 7).

d. Stage-4: Value Creation Stage (1995 onwards) – This stage marked the period of management accounting as value creation stage. According to Ashton et al. 1990s was the period where industries at global level had to face noticeable dilemma and unmatched progress in technologies related with production and information processing. Such problems forced the industries to shift their focuses towards the generation of value by better and optimum utilization of available resources. The effective use of technologies was a solution to achieve the above, which examines the forces for consumers' value, shareholders value and organizational innovations (IFAC, 1998. Para 7).

Literature Reviews

Robert H. Chenhall & Kim Langfield - Smith (1998) found that "mostly the manufacturing firms of Australia have accepted and implemented traditional as well as modern management techniques. However, the traditional practices were widely used than modern techniques. Activity Based Costing, one of the modern techniques was more adopted than other modern techniques. They also revealed that the benefits of contemporary and new techniques were less as compared to traditional techniques of management accounting."

Sulaiman M., Ahmad N.N., Alwi N. (2004) identifies "the extent of implementation of conventional and modern techniques of management accounting in four countries of Asia viz. India, China Malaysia and Singapore. The authors concluded that all four countries have wide acceptance of traditional techniques but way behind lag in the implementation of contemporary techniques of management accounting."

According to Mahfar and Omar (2004), "management accounting provides essential information to the business for planning, evaluating, controlling and decision making process. They criticized conventional management accounting as these techniques focused more on internal process rather than external issues. Latest management accounting practices are essential for any organization to survive in this rapidly changing global environment."

Christina Wiwik Sunarni (2013) observed that "main focus of management accounting has always been to improve the organization performance and profitability by providing relevant information for planning, controlling and decision making. The study revealed that traditional management techniques have wide implementation with budgeting as a significant tool for the managers of various companies except small scale industries."

Garry Marchant (2013) also points that "the 21st century has seen the emergence of the information age and the economy is driven by knowledge. The organizations equipped with knowledge have competitive gain. The forces of this shift in economic activity are leading to innovative signals in management accounting. This has aroused the demand for new proficiency, talents and potentials of accountant practicing management accounting."

Lunkes R.J., Ripoll V.M. & Rosa F.S. (2013) suggested that "Brazil and Spain have shown growing trends towards management accounting. They feel that there is a need for larger erudition for analyzing options of investment and decision making methods."

Afirah Azudin & Noorhayati Mansor (2017) suggested that "transformation in worldwide business environment have forced Small and Medium-size Enterprises (SMEs) to focus on cost efficiency for sustainability. Management Accounting Practices (MAPs) provide various tools, techniques and valuable internal information including for budgeting, profit planning and performance evaluation. MAPs are also shaped by management accounting information system. Variations in its application among businesses are common since the management accounting practices are not standardized."

Research Methodology

Various researches have been made in the field of management accounting by various researchers in different countries but as far as India is concerned, the research studies related with this topic is limited. Various research studies of management accounting practices and concepts reports that different countries have varied tvuses of the techniques of management accounting. A number of research papers, reports and concept notes have been published in this field based on traditional and accumulated findings with the help of only secondary data. The literature reviews show that these management accounting practices are changing. An analytical research by means uses analyses and evaluates information and materials already available. There were many books and articles intended for developing the novel and advanced accounting techniques of management (Yazdifar & Tsamenyi, 2005).

The paper is organized as Introduction as Section one discussing about management accounting, its practices, conceptual framework and development phases of management accounting as explained by IFAC in 1998. Next section provides literature reviews about the traditional management accounting practices, development in its practices. Section three of this paper is about the research methodology used. The next section is about the objectives of the research paper. Finally, this paper ends with conclusion of the research paper giving scope for future studies in the field of shifting of management accounting practices and concepts.

Objectives of the study

This research study aspires to explore the development, changes and shifts arising in the practices and concepts of management accounting in India impacting businesses for the value addition. The object of this research paper is to understand about the adoption of past and future practices of management accounting by the Indian establishments and their responses toward them.

Effectiveness and acceptance of practices of management accounting

There have been widespread discussions on the degree of change in the field of management accounting practices. Johnson and Kaplan (1987) observed that there was not much changes observed in the beginning of the twentieth century in the practices of management accounting due to which its importance was lost for the managers especially in the process of making decision. They also stated that the cost accounting and control system of many companies were outdated to meet the global competition of 1980s. Increasing competition and shifting in the business environment in past decades, various studies and literatures have criticized and have raised concern about the usefulness and efficiency of the traditional and conservative management practices. These old and traditional practices have been lacking and unable to provide sufficient and required information to support managers and management for decision-making.

Lawrence and Ratcliffe (1990) endorsed this argument of various dissatisfaction levels among the management accountants and managers while applying the traditional methods of management and cost accounting with the help of a survey. Bork and Morgan (1993) opined about the failure of traditional systems and practices of cost and management accounting to cop-up with the increasing demands of manufacturing environments due to technological changes.

Alnoor Bhimani (2015) observed that the literature on management accounting emanates from late 19th century with the reports and writing on cost accounting. Since, the last two decades, management accounting field has experienced important changes due to various economic, management and organisational factors at local and global level. Many transformation, innovation and development have occurred in the field of management accounting practices in various industries especially at international level.

Some changes in management accounting practices are innovation of costing on the basis of Activities (ABC), Value Analysis, JIT, Strategic Management accounting aspect, Total Quality Management (TQM), Kaizen Costing, etc. Aforesaid methods of costing have been devised to cop-up with the increasing competitions and challenges at local and global level to support management, accountants and managers. Due to changes in production techniques, advanced and improved technologies, cost restructuring of firms, global competition, etc have put pressure and compelling Indian companies to think about adopting and changing management accounting practices.

Management accounting practices and their acceptance in india

A) Conventional Practices

i. Budgeting – It is a process and quantitative expression of future projections of income and expenditures for the period prepared in advance to track of finances and funds. It may be prepared for the entire organisation or for various departments or for various functions involved in that organisation. Thus, it translates the objectives of the business into comprehensive and exhaustive plan of action to be attainable and achievable.

ii. Standard Costing and Variance Analysis – It involves setting up of standards in costs and using them to measure deviations from actual results. It is used to analyse the causes and reasons of variations to maintain the efficiency in production. Thus, standard costing is a method to compare the standards and actual data and to analyse the variation, if any, between them. Variance analysis is a tool which explains the reason of variations between the performances of costs, materials, labour, overhead, etc i.e. it compares standards set with actual results. The variances may be favourable and adverse/ unfavourable.

iii. Break-even Analysis (BEP) or Cost Volume Ratio Analysis (CVP) – This tool helps to study the relationship of cost and volume at different levels and their impact on the profit of the business. It helps to determine an equilibrium point where sales is equal to total cost i.e. it shows that point where sales and cost, both are same and it is a situation of no profit or no loss. It is an analysis tool used by management accountants to determine the effect on profit with the changes in volume and costs.

B) Contemporary Practices

i. Activity Based Costing (ABC) – Cooper and Kaplan of Harvard Business School developed this technique in 1998 as an substitute to absorption costing method to get more understanding into the allocation of cost for the product produced in the manufacturing industries. It was found to be improvements over the traditional method of allocation of costs. There are various costs of activities which are carried out within the organization and traditional approach leads to distorted cost allocation whereas in this method of costing, these activities are taken into account to allocate them proportionate cost on the basis of their use in the product. Thus, ABC technique is a method and strategy which helps the management and managers to price the product more precisely.

   The adoption rate of ABC technique has been reported to 26% by a research survey conducted by Joshi in 1998 whereas in 1999, Anderson and Lanen stated in their research study that none of the companies in India found to be applying this method. Anand M. et al. (2005) found that the firms applying Activity Based Cost System in their organization were successful to show the correct information about their cost and profit (Anand, Sahay & Saha, 2005). Their result also showed that with ABC cost system, the organizations have improved understanding for benchmarking and budgeting.

ii. Target Costing (TC) – Target costing is a method of costing as well management process to establish cost of product based on market conditions and standards. There are various factors which help in determining prices based on marketing situations like competition level, products of homogeneous nature, switching costs by customers, etc. It is a technique to bring down the products costs and control it at the initial stages of planning and designing of the product as the management have very little or no control on the selling price. This method starts with recognising customers' requirements and then finding sales price of the product which is acceptable by the customers.

   Target costing has been especially used by some Japanese companies since 1970s to control and reduce the cost. Target costing is a marketing method of costing and is very useful in the competitive markets to establish the price of the products. Individual organisation has got little chances to impact price therefore this method is used by the organisation to survive and win the increasing competition by maintaining quality, cost and productivity. P.L. Joshi in his research study found that the first non-Japanese's article on target costing appeared towards the end of the 1980s albeit with Japanese authors like Monden, Hiromoto, Sakurai and Tanaka (P.L. Joshi, 2001).

iii. Kaizen Costing – This method of costing is based on continuous improvement on the small important activities. Kaizen costing methods helps in reducing and managing cost of a product. The purpose of this technique is to bring down the costs of products below standard. In this method, costs are controlled and reduced after the product design is over and is under production.

iv. Value Analysis (VA) – It is a technique to reduce cost by identifying unnecessary costs in a product, process or a part. Such unwanted activities are eliminated to cut down the costs to minimum. It is a costing approach based on functions at primary and secondary levels. It helps in generating alternatives values of same function at a lower cost to result in a better accomplishment of the same function. The major tools and techniques used by value analysis are checklist, Functional Analysis System Technique, value tests, function-cost matrix, Pareto analysis, brainstorming, paired-comparison method, etc. It is a mechanism to reduce cost and far better results are achieved. In this method, values are assigned at the design stage to develop the effectiveness of the activities.

v. Just-in-Time (JIT) – JIT idea was given by Taiichi Ohno, Executive Vice-President of the Toyota Motor Company in the last quarter of twentieth century. It became very popular innovation in production and

was widely accepted by the Western and Asian Countries (Schonberger, 1982b). This technique was one of the improvement concepts which have marked the drastic change in the manufacturing operations. This method is an approach of making improvement in the manufacturing process by removing all wastes. Basically, this method is an inventory management method to reduce the holding cost of materials and labour i.e. they are replenished at the time of production process. In this costs are adjusted with the minimum holding charges thereby customers demand are meet with the minimum purchase of goods. Thus, just-in-time is an operational activity formulated to achieve maximum production with minimum holding costs. This technique is more popular in automobile sector.

As per Business Today, some of the Indian industries who implemented some features of JIT were Bajaj Auto Ltd., Ashok Leyland, Samtel Colour, Sundaram Brake Linings, RNAE Madras, Jindal Vijayanagar Steel, Ceat Tyres, Escort Tractors, Wipro Corporation, Hewlett Packard (HP) India, Blue Star, PriceWater House Cooper (PwC), etc.

vi. Product Life Cycle Costing (PLC) – This method of Costing is associated with products costs for its entire life. The life cycle costs of a product includes developmental, producing and logistical costs like planning, designing, testing, converting, advertising, distribution, etc. This technique helps in identifying and managing various costs incurred during the life of the product. It provides good understanding of costs at various stages and helps in controlling.

vii. Activity Based Management (ABM) – It emphasis in managing activities with an object of creating value for the customer and profit realised by the organisation by giving such value to the customer. Activity based costing is the main source of data for ABM. The ABM includes analysis of cost drive & activities and measurement of performance. It facilitates management and managers in differentiating activities as value-added and non-value-added so as to find the ways to reduce or remove activities which are non-value-added.

viii. Total Quality Management (TQM) – It is an activity of recognising and reducing faults in the manufacturing process and restructuring of operations to improve the experience of customer. The objective in this is to hold all parties involved responsible for the quality of the end product or service rendered to the customer. This technique was developed by William Deming, a management consultant inspired by Manufacturing System of Japan. It focuses to reduce or eliminate errors with the help of internal guidelines and standard processes. It is not about a quick management fix but changing the way things are done within the organisation.

ix. Business Process Re-engineering (BPR) – Under this, workflows are revised to improve processes and remove those activities which are non-value-added in nature. The object of this technique is to bring down costs and eliminate redundancies in the processes. It helps in the innovation, redesigning and remodelling of unproductive processes and layers to wipe out redundancies. It involves essential and major redesign of main processes of business with an aim of achieving perfections in the output, cycle periods and quality.

x. Pareto Analysis – This technique was developed by an Italian economist, Vilfredo Pareto. It is a technique based on the rule of 80:20 focusing on selecting specific tasks affecting the total production significantly. This technique is helpful where there are various courses of action by selecting the best possible action which will deliver a reasonable overall effect. This analysis is useful in separating causes having less but vital variables with other variables which will improve the situation and problem solving of cost and regularity of occurrence (Sodhi, 2011). Thus, this analysis helps in concentrating issues having higher impact on the cost and finance though their contribution may be 20% but will be impacting 80% of the results.

xi. Customer Profitability Analysis – This is a method of allocating proceeds and costs to main consumers and group of consumers rather than to organisational departments, divisions or produces. In this a customer group is considered as a segment due difference in the profitability of different groups of customers. It is relatively a new technique to create group of activities. This technique is helpful when it is combined with activity based costing as it determines the preference of activities to be performed for each group and accordingly costs will be assigned.

Findings

The research studies observed that management accounting practices has changed in aligns with changes in the environment and companies. Various studies and researches mentioned above highlight the main purpose and functions of the management accounting. However, evidence reviewed suggests that providing information still remains the important object of management accounting with traditional concepts still remain strong. Many countries are found to lack in applying contemporary accounting concepts (Sulaiman, Ahmad & Alwi, 2004). Kamal Shah in his research study states that in past five decades, there have been not much novel progress and

improvement in the area of management accounting (Shah, 2015). Some of functions remain unchanged over the period of five decades whereas some have changed from functional responsibilities to professional activity. It has been observed by many authors that professionalism of functions is the main evolution of management accounting and significant changes have been found in its styles in the latter part of twentieth century.

P.L. Joshi in his paper finds that Indian societies think about long duration course having diligence towards gradual and steady results. They are eager to lower their own interests against the organizational goal to achieve it. They respect their traditions and have long past history of legacy as against the new ideas and innovations hence they take long time to accept and adjust their traditional values, customs and practices. So, it can be assumed that the Indian industries are slow in taking-up and implementing new methods and application of such new practices in their manufacturing activities. The study also reveals that Indian industry finds traditional practices more beneficial than new techniques. Other reasons for slow adoption of management accounting practices are autocratic leadership, conservative management, narrow mind, etc (Joshi, 2001).

P.L. Joshi (2001) examined 60 companies comprising of large and medium sized manufacturing companies in India.

Table 1 : Respondent type and Size of the sample Companies

Respondent who completed the questionnaire	Frequency	% of total	Size	Frequency	% of total
Accounting and Finance Managers	44	73.30	Large	39	65.00
Non-accounting Managers	16	26.70	Medium	21	35.00
Total	60	100.00	T otal	60	100.00

Note: Reprinted from "The international diffusion of new management accounting practices: the case of India" by P.L. Joshi, 2001, Journal of International Accounting Auditing & Taxation, 10 (1), 89-109. Copyright @ 2001 – Elsevier Science Inc.

Table 2 : Production Methods

Production Method	Frequency	% of total respondents
Batch	25	41.70
Continuous Flow	16	26.70
Paced Assembly	11	18.30
Job Shop	8	13.30
Total	60	100.00

Note: Reprinted from "The international diffusion of new management accounting practices: the case of India" by P.L. Joshi, 2001, Journal of International Accounting Auditing & Taxation, 10 (1), 89-109. Copyright @ 2001 – Elsevier Science Inc.

Anderson and Lanen studied about management accounting practices of Indian firms understanding and experience against global competitive market during pre-liberation period. They also studied the difference in competitive strategy of Indian firms existing at the same period of time. According to their research study, improvement was found in the procedure of management function especially related with planning, budget, employees' participation, collection and analysis of data. They have restricted data and facts about the performance evaluation of Indian management. Their study was silent on the acceptance of new techniques and practices of management accounting. Their study found some changes

Table 3 : Industry Composition of Sample

Industry	Size	Proportion
Consumer Durable, personal care and food products	7	13.21
Engineering and Capital Goods	6	11.32
Chemicals and Pharmaceuticals	4	7.55
Power Generation and Transmission	4	7.55
Tractors	4	7.55
Automobiles and auto ancillaries	4	7.55
Construction, Cement and building materials	3	5.66
Information Technology – Software	3	5.66
Oil, Gas and Petrochemicals	3	5.66
Telecom and Electronics Equipments	2	3.77
Tyres	2	3.77
Diversified	1	1.89
Iron Ore and non-ferrous metals	1	1.89
Textiles	1	1.89
Others (logistics, banking, telecom services, consultancy, airlines services, etc)	8	15.09

Note: Reprinted from "Cost Management Practices in India: An Empirical Study" by Anand Manoj, Sahay B.S. and Saha S., 2005, ASCI Journal of Management, 33 (1&2), 1-15. Copyright @2005 Administrative Staff College of India.

which were aligned with the change in business environment (Anderson & Lanen, 1999).

A survey of 53 companies was undertaken in the research paper by Anand Manoj, B.S. Sahay and Subhashish Saha (2005) in their paper titled "Cost Management Practices in India: An Empirical Study". Out of these 53 companies, 77 percent companies belong to manufacturing sectors and 23 percent belong to service industries. The composition of industries was –

Y.V. Rao and A.B.A. Beg (2015) conducted survey of 50 manufacturing companies of Andhra Pradesh containing both small and medium-sized and large companies. The composition of industries was –

Table 4 : Profile of the Respondent

Industry	Frequency	Percentage
Textile	22	44
Paper Products		
and Publications	8	16
Chemicals and Plastics	10	20
Food	6	12
Miscellaneous	4	8
Total	**50**	**100**

Note: Reprinted from "Cost Management Practices in India: A survey of Manufacturing Companies in India" by Y.V. Rao and A.B.A. Beg, 2015, International Journal of Research and Development – A Management Review (IJRDMR), 4 (4), 8-12. Copyright @ 2015 - International Journal of Research and Development.

Y.V. Rao and A.B.A. Beg found the job costing was the most widely used method of costing. Indian companies used costing information mainly for pricing decisions ratio (Rao & Beg, 2015). Y.V. Rao and A.B.A. Beg further added that there were three main important practices of management accounting undertaken by the Indian industries viz. budget, planning & controlling, and CPV ratio (Rao & Beg, 2015). The importance of cost accounting was evident and increasing due to reducing profit, increasing costs, competition and economic crises throughout the world (Rao & Beg, 2015). Anderson and Lanen (1999) stated that Indian respondents were particular about the productivity as a main area of focus along with customer satisfaction and timely delivery of goods and services (Anderson & Lanen, 1999). Bruns & Waterhouse (1975), Gordon (1984) and Marchant (1984) in their papers suggested that size of companies as a significant reason in deciding management accounting systems and processes followed inside the institutions. As per many studies, the adoption level of conventional and new techniques of management accounting are high in big size and multinational companies.

In all the above three research papers, it was concluded that some of the industries have fully integrated process with reporting systems by the help of ERP system. The job costing method is widely used method. Y.V. Rao and A.B.A. Beg (2015) found that prime costs, units produced and direct labour are the the most widely used overhead allocation bases. Costing information is used mainly for pricing decision. The companies observe traditional management accounting tools to be still important than new practices. Y.V. Rao and A.B.A. Beg (2015) observed that new techniques of analyzing and presenting information are gradually introduced to supplement the existing practices and methods and abandonment of the traditional techniques is slow on the introduction of the new techniques. Consequently, traditional techniques of management accounting still heavily dominate the Indian companies. Firms were implementing management accounting practices probably due to high competition, increasing costs and pressure on their profits.

Many Indian companies believe that it is quite expensive to adopt the new management accounting techniques particularly. The large scale companies have tendency to use new practices rather than small and medium sized companies. Some of Indian industries have successfully implemented JIT initiatives and getting benefits but they need to change their procedures, processes and operations and have to work more aggressively in suitable and successful implementation of this technique. Most of them widely use tools include Cost Volume Profit Analysis, Budgeting, Activity based costing but life cycle budgeting, Kaizen costing and Target costing was not widely used.

The application and functioning of activity based costing in Indian industries has started taking a significant role in the effective control of resources, supports continuous improvement in processes and have impacted various decision-making process but the rate at which it is applied is slower pace.

Various studies suggest that various new techniques, practices and tools of management accounting have very low acceptance and implementation rate. The implementation of target costing in India seems to be difficult due to unorganised sector and lack of collection of data as target costing needs correct market information and its proper analysis. Kaizen costing has been accepted by some of the large organisation as a part of total cost management especially automobiles sectors are ahead in applying this method in their manufacturing process. Indian manufacturers have to take initiation in this technique to compete at global level as it will help them to improve value creation and customer satisfaction to get better return on investments and increase in the market share.

Conclusion

The practices and techniques of management accounting in India has not gain much attention as some of the big and medium-sized manufacturing units are using management accounting practices but their focus in mostly towards the traditional practices whereas contemporary practices are taking momentum at slower rate. The main and vital techniques of management accounting were related with the improvement in profit. Various researches shows that Indian enterprises does not provide important position to the management accounting in the organization but identifies opportunities for improvement in management accounting practices. Various studies, researches and articles contribute the role of accounting important for business decisions.

The Indian manufacturing industries depends greatly depends upon conventional practices of management accounting. Their rate of adoption of newly developed methods is slow and also low and they give more importance to the tools related with cost control like budgeting, standard costing, variance analysis, cost profit-volume ratio, etc. for production. Strategic planning, profitability analysis, etc. Modern techniques are given less weight than traditional ones.

Indian industries have started using modern and newly developed techniques in their production process but the adoption rate is not very much encouraging. With the changing business environment and increasing competition globally, it is very much suggested that Indian manufacturing organisation must start using these methods and practices of management accounting as much as possible to reap their benefits though they should also apply traditional and conventional techniques at the same time with better approach. Both, traditional and conventional methods of management costing will help the Indian industries in value creation, cost control, better utilisation of resources, more market share with higher profitability, enhanced planning and improved decision-making.

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