



FOREWORD

MSMEs are acknowledged as the backbone of the Indian economy and much emphasis on their growth and development has been laid by the successive Governments through introduction of a slew of measures to incentivize their development.

Given the importance of financial issues and the increasing need for enterprises to operate economically, efficiently, effectively, efficaciously and ethically, Management accounting has potentially a crucial role to play in improving the quality of planning, control and decision-making.

The development of this framework was motivated by the existing low uptake of management accounting and inconsistent use of Management Accounting Practices by MSMEs observed by the Institute and also suggested by prior research in an Indian context. MSMEs are often found failing to leverage adequately the potential of management accounting for helping them achieve their financial objectives, including profitability and liquidity while also adequately insuring against risks. The book is an attempt to propose a management accounting and risk mitigation framework for MSME units in India. The contributions of two senior and passionate members of our profession for bringing out this publication.

CMA (Dr) Jayaram Ramakrishnan is Professor (Finance) with IFMR GSB, KREA University and senior consultant with Proactive Solutech (India) Pvt Ltd and with over two and a half decades of industry, teaching and research experience in the fields of Strategic Cost management & Management accounting

CMA R Venkataramani is a career entrepreneur running his own MSME units for more than four decades. He has all along insisted that our Institutes association with the MSME sector has huge potential and I am sure this publication is the step in the right direction to tap the potential.

Both have extensively researched and applied themselves to bring out this short and crisp primer on Performance & Risk management for MSMEs on behalf of the Institute.

And would also like to acknowledge here the efforts undertaken CMA (Dr) G. Balasubramanian (Sr Prof IFMR), CMA R Narayanan (Former Chairman SIRC) & CMA R Vasudevan (Chief Risk Officer of Shriram Group), senior members of our profession in reviewing this work and furnishing their feedback.

It's a humble attempt to provide MSMEs with a cost management and risk mitigation toolkit which would be easy to roll out and sustain in the long run. The objective of the MSME & Start-up Promotion Board of Institute in bringing out this publication is to increase the usage of management accounting among SMEs as well as reducing inconsistencies in the application of MAPs among MSMEs as well as sensitize them on the need for instituting an adequate Risk management system in place.
