

including the omnipresent Vora and Company). In sum, looked at purely as a book of cases, this publication would have to be categorized as run-of-the-mill (with no reflection on its city of origin).

Editorially, a good job has been done. Except for Chapter 4 (mentioned earlier) and a string of tables covering 20 pages in the introductory chapter (without any comment or discussion), the material flows well. There are a few errors, but the printer's devil has to be given his due.

In conclusion, Professor Mehta would have done well to observe a fundamental concept in marketing : choose your target market and tailor your product to its needs. The potential users seen by the author range from undergraduate to graduate students, from teachers to practitioners, from Indians to Westerners and others in developing countries. If these users are looking for a collection of cases on Indian organisations, they will find them in this book ; if they are looking for a treatment of concepts or a description and analysis of the Indian environment, they will be disappointed.

#### References

1. Dholakia, N., Khurana, R., Bhandari, L., and Jain, A. K., *Marketing Management : Cases and Concepts*. Delhi, Macmillan, 1978.
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**Scientific Credit Rating and Decision-Making**, by Ashim Baran De, Calcutta, 1979, pp. 302, Rs. 40.00.

Mr. De, a Faculty Member of the Staff Training College of the Central Bank of India,

is a practical banker by vocation. Accordingly his book addresses itself to the needs of banking practitioners. With a very rapid increase in the variety of credit facilities offered by Banks since 1969, accentuated by equally galloping rates of inflation since the early seventies, the Indian Banking industry is today really in a serious quandary about what methods to adopt in the selection of advance proposals. While industrial sickness is mounting, banks are asked to finance units belonging to sick industries. While rural development needs more and more fund, banks are ultimately faced with the problem of high rates of non-recovery of dues from loanees in this sector too. Mr. De's work attempts an honest and systematic analysis of credit rating decisions in such a context. He does not pretend to present a panacea though. Let us therefore glean some of the highlights of the work.

The book commences by introducing the practising banker to a clear understanding of financial statement terminology and analysis. A scheme for classification of balance sheet items has been outlined for the credit analyst. A few interesting project evaluation case studies, including some for India have been added for the reader's benefit. This portion is followed by an exhaustive critique of the current methods of credit rating. Yet while so critiquing, the author has not failed to offer his suggestions to tone up the present methods.

The two principal innovative contributions by the author relate to the development of a composite 'credit rating barometer', with identifiable scores for various creditseeking entities, and a 'credit evaluation and review technique' for subsequent follow up. The development of the barometer is preceded

by an attempt to make the credit rater sensitive to a host of external economic and financial variables which affect the level of risk attaching to a project. Pitched at a slightly higher analytical level, this portion of the book may merit careful and patient reading.

The 'credit barometer' proposed by the author covers in its sweep a multi-dimensional scheme of rating a credit seeker in the areas of financial feasibility, inventory, sales, production management, of technical and organisation feasibility, and of methods and personnel issues. Each of the above areas has been decomposed into a number of relevant ratios or other criteria. A fourpoint scale is used for each such parameter ('excellent' to 'poor'), and among the eight broad areas is distributed a total of 200 marks in accordance with their relative importance. From the allotted marks for a broad area, each component parameter is again allotted a certain number of points, indicating once again their relative importance. The author elaborates these parameters highlighting their

measurement methodology and their significance.

The general neglect of inflation in credit analysis by bankers has been aptly highlighted by the author.

The author's other major contribution is the attempt to develop a 'credit evaluation and review technique' (CERT) for planning, scheduling, analysing and controlling a credit proposal. The author suggests that the system may also be used to isolate various risk points emerging along different critical paths in the borrower's proposal. According to him, although CERT may not be a panacea yet it could be a predictive and dynamic instrument in the credit rater's tool box.

The detailed case studies in Chapter XII of the book attempt to demonstrate in detail the application of his methodologies. There seems to be enough material in them to guide the practitioner's working his way through.

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