

A STUDY ON BUDGETARY CONTROL

**CHANDRASEKARAN.M¹,
REBACCAL.A²,BHUVANESHWARIA³**

*Department of Business Administration,
Dhanalakshmi Srinivasan College of arts and science for women (Autonomous),
Perambalur*

ABSTRACT

Budgetary control is well recognized that budget is among the essential tools of management of any organization unlike other management aids, budgets are made use of practically by all functionaries in the organization. In other words it is a pre-defined detailed plan of action development distributed as a guide operations and as a partial basis for subsequent evolution of performance.

Key words: Price variance cost Account Expenditure Variance organisation slack budgetary control

INTRODUCTION

Budgetary control is well recognized that budget is among the essential tools of management of any organization unlike other management aids, budgets are made use of practically by all functionaries in the organization. Budgets not only reflect the plan of action for different levels of management but are also useful to monitor various activities and initiate midcourse corrective actions. Budgets just do not reduce the managerial function to a mere formula but aids as a managerial tool.

Hence “effective use” of this art as well as science. Thus it needs continuous budget education and creation of evaluation and performance through budgets. Budgets provide management summarized picture of the results to be expected, also forms the proposed plan of operations. They enable the management to determine whether the plan is satisfactory. Budgets serve as a guide to executives and departmental heads. They measure performance since “Budget Deviations” reflect either the organization failure to achieve the planned standards of performance or its ability to better them.

REVIEW OF LITERATURE

Title: Budgetary Control

Author: Venkateswara Rao and Rajesh

Publication: 2013

“Responsibility for Sustainability – The Changing Face of Corporate Social Responsibility” stated that organizations should design welfare schemes keeping in view the well-being of employees. This is because, the provision of welfare facilities leads to a motivate

Title: Working Capital Management

Author: Dr Panigrahi Ashok Kumar (2012)

Publication: 2012

Studies the relationship between working capital management and profitability of ACC cement company, the leading cement manufacturer of the country for assessing the impact of working capital management on profitability during the period 1999-2000 to 2009-10. The study is based on secondary data. The main objective of the study was to find whether the working capital management affect the performance of the firm. It can be deduced that there is a moderate relationship between working capital management and the firm's profitability.

Title: Budgetary Control

Author: Scholleova Hana

Publication: 2012

Highlights the impact of economic crisis in the economy at the micro economic level. The crisis that began in 2007 as a financial crisis has naturally grown into an economic one. The article is elaborated as one of the outputs of researching project new theory of economy and organizations' management and their adaptation processes registered at MSMT of the Czech Republic under registration number MSM 6138439905. The paper concludes with the view that the companies that survived during the recession have optimized the assets and increased the efficiency of financing through active management.

Title: Investment management

Author: Bei Zhao and Wijewardana W. P.

Publication: 2012

Examine the working capital policy (WCP) practices in Srilankan context. They utilize multiple regression analysis (MRA) to empirically formulate the industries best practices limit and measure firm efficiency as the detachment from that limit. The objective of the study was to pursue additional research rather than to reveal all the factors associated with

WCP in the Srilankan context. The authors believe that the resource constraint may be a major barrier to utilization of working capital MCM by firms. Firms may invest resources into managing a particular area of working capital where they are performing badly because the returns from controlling the problem area are perceived to be high. If the direction of working capital management (WCM) is not understood, the investment of more resource into an area leads to worse performance.

Title: Budgetary Control

Author: Sakthivel, S. and Pinkie Poddar

Publication: 2012

“Unorganized Sector Workforce in India” stated that the pro-rich and pro-capital policy of the present regime is reflected in the recent downward revision of the interest rate of the subscribers of provident fund. Further, the move towards defined contributory schemes away from defined benefit scheme of pension funds is not good. In short, given the poor affordability and lack of institutional mechanism, any design of social security that relies heavily on a contributory basis is bound to fail dismally.

OBJECTIVES OF STUDY

- To provide a theoretical framework of cash budget, and budgetary control.
- To describe the profile of the organization as a backdrop for undertaking a study of cash budgetary control system.
- To analyze the budgetary system in practice in lion dates impex pvtltd.with particular reference to their objectives and phases of organizational and re-appropriation
- To suggest the effective budgetary of lion dates impex pvt ltd.

SCOPE OF THE STUDY

- The study on the components of budgeted cost actual cost, sales, profits, etc. would help the company for forming effecting techniques.
- The study reveals the present liquidity and profitability position if the company.
- The study will enable the company in controlling the cost and achieving the profits that have been planned.

- The study will act as the basis for analyzing the financial performance of the company.

RESEARCH METHODOLOGY

Research methodology is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing a company. It may be understood as a science of study how research is done scientifically. In it we study the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them. Researchers not only need to know how to develop various tests, but also to apply particular research techniques that are relevant. Research methodology can be undertaken by many creative and affordable ways such as:

DATA ANALYSIS AND INTERPRETATION

TABLE NO:4.1

MANUFACTURING OVER HEAD BUDGET

A manufacturing overhead budget contains all the costs, other than raw materials and labour, that will be incurred by a manufacturing company or department during a fiscal year.

PARTICULAR	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
FIXED OVERHEAD (A)					
Sales	65.55	64.52	56.52	78.44	85.26
Miscellaneous expenditure	0.55	0.48	0.31	0.81	0.21
Depreciation	0.78	0.50	0.38	0.33	0.30
Variable overhead (B)					

Raw material	0.0	16.77	14.39	25.26	49.73
Power & fuel	0.09	0.07	0.06	0.06	0.08
Other expenses	61.51	38.20	36.82	29.73	30.72
Total manufacturing over head(A+B)	128.48	120.54	107.86	134.63	166.03

INTERPRETATION

From above the table shows that the manufacturing overhead is increased from the year 2013-2014 .Rs.128.48 and decreased from the year 2014-2015 Rs.120.54 and decreased from the year 2015-2016 Rs.107.86 and increased from the year 2016-2017 Rs.134.63 and increased from the year 2017-2018 Rs.166.03

CHART NO : 4.1

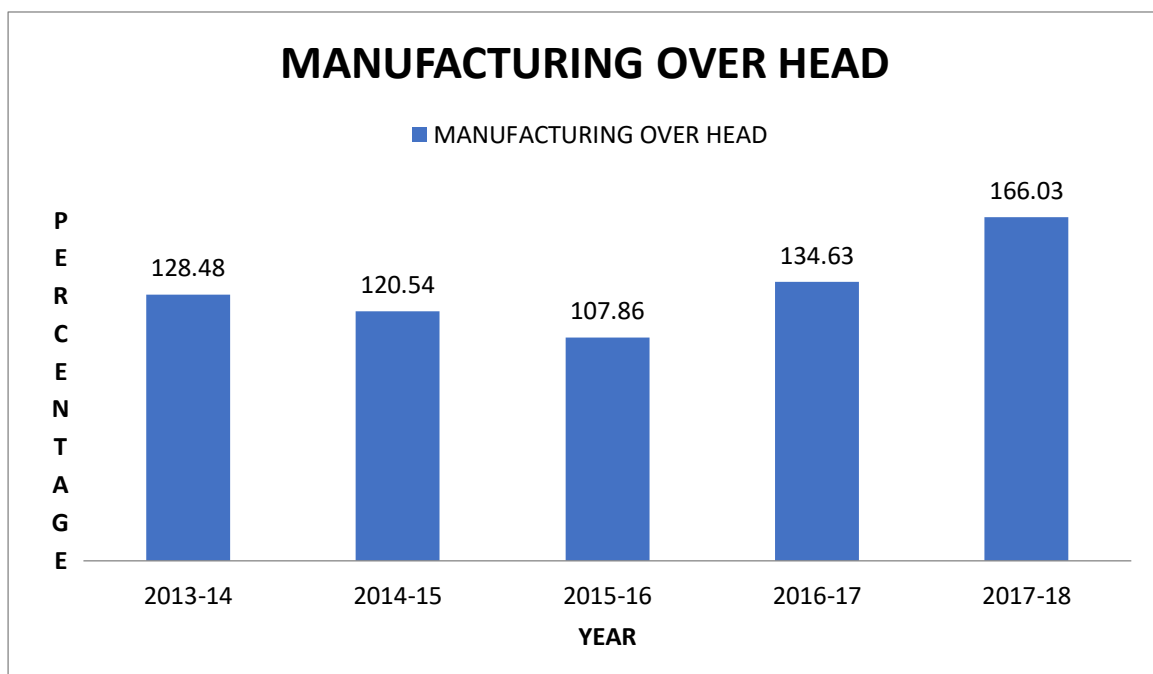


TABLE NO: 4.2

MATERIAL PURCHASE COST

This budget is prepared in co-ordination with production budget. Preparation of materials budget is useful and helpful in achieving continuous, uninterrupted production as the non-availability of material as materials at the right time can affect the production.

particular	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Materials purchase cost	0.00	16.77	14.39	25.26	49.73
Add:desired closing balance of material at the end of the budget period	177.94	197.43	200.21	180.38	161.52
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	177.94	214.2	214.6	205.64	211.25
Less:Estimated opening balance of materials of the budget period	26.19	26.19	26.19	26.19	26.19
Total	151.75	188.01	188.41	179.45	185.06

INTERPRETATION

From above the table shows that the material purchase cost is decreased from the year 2013-2014 Rs.151.75 and increased from the year 2014-2015 Rs.188.01 and increased from the year 2015-2016 Rs.188.41 and decreased from the year 2016-2017 Rs.179.45 and increased from the year 2017-2018 Rs.185.06

CHART NO: 4.2

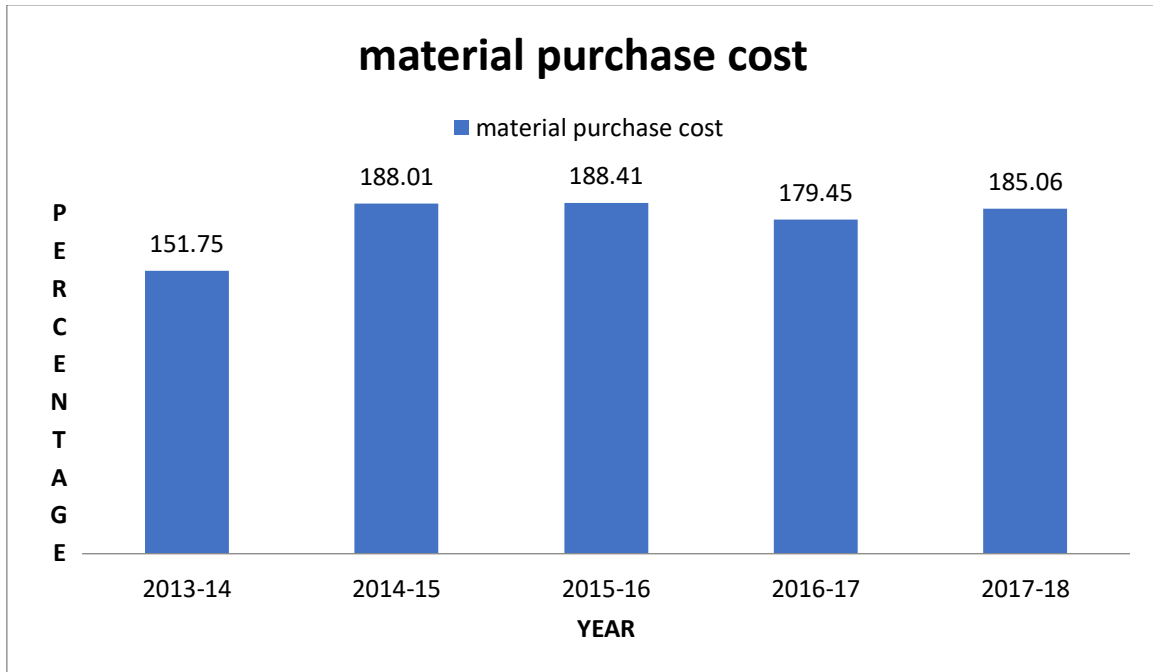


TABLE NO: 4.3

PRODUCTION BUDGET

This budget is based on sales budget, unless production itself is the key-factors. It shows the budgeted quantity of output to be produced during a specific period. it has two parts, one showing the output for the period and the other showing production costs.

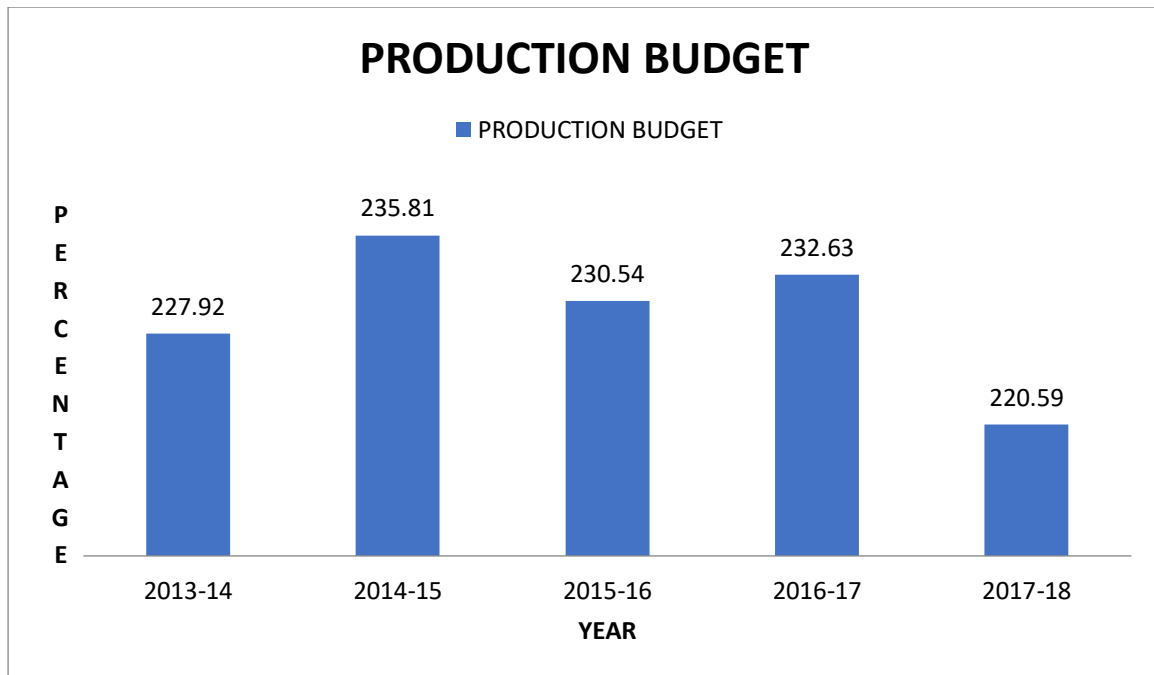
PARTICULAR	2013-2014	2014-2015	2015-2016	2016-3017	2017-2018
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Estimation sales	76.17	64.57	56.52	78.44	85.26
Add:closing stock	177.94	197.43	200.21	180.38	161.52
	254.11	262	256.73	258.82	246.78
Less:opening stock	26.19	26.19	26.19	26.19	26.19
Total	227.92	235.81	230.54	232.63	220.59

INTERPRETATON

The calculated production budget is decreased from the year 2013-2014 Rs.227.92 and increased from the year 2014-2015 Rs.235.81 and decreased from the year 2015-2016 Rs.230.63 and increased from the year 2016-2017 Rs.232.63 and decreased from the year 2017-2018 Rs.220.59.

CHART NO : 4.3



FINDINGS

- The manufacturing overhead budget of the company has shown on increasing trend as against lakhs.166.03 value in the 2017-2018 thus it has decreased from the year 2015-2016 lakhs.107.86
- The material cost of the company has shown on increasing trend as against Rs.188.41 value in the 2015-2016 thus it has decreased from the year 2013-2014 Rs.151.75
- The production budget of the company has shown on increasing trend as against Rs.235.81 value in the 2014-2015 thus it has decreased from the year 2017-2018 Rs.220.59.

SUGGESTIONS

- Planning has become the primary of management most of the planning relates to individual proposal.
- Budgets are nothing but his expressions, largely in financial terms, budgetary control has therefore become an essential tool management for controlling and maximizing profits.
- The company may increase the performance by reducing the borrowed capital so the interest on financial charge will be less

CONCLUSION

Every organization has per-determined set of objectives and goals but reaching those objectives and goal only by proper planning and exacting of the plans economically. The lion dates impex pvt ltd is objectives of planning promoting and organizing an integrated development of lion dates company. the organization needs the capable personalities as management to lead the organization successfully, the management makes the plans and implement of those plan are expressed in terms of budget and budgetary control. The lion dates impex pvt ltd. Have budget process in two stages.

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