

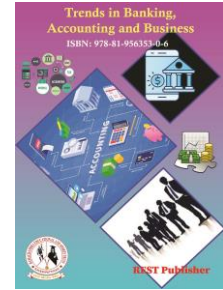


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A Study on Budgetary Control System at Sarathi Germinate Nidhi Ltd Hosur

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Abstract: This study delves into the intricacies of budgetary control systems within Sarathy Groups, aiming to analyze its effectiveness in financial management and decision-making processes. By examining budgetary planning, implementation, and control mechanisms, this research seeks to identify strengths, weaknesses, and areas for improvement within the organization's budgetary framework. Through a combination of quantitative analysis and qualitative evaluation, insights into the alignment between budgetary objectives and organizational goals will be explored, offering valuable recommendations for optimizing budgetary control practices in Sarathy Groups. Additionally, this study investigates the impact of budgetary control on Sarathy Groups' overall performance and competitiveness within the market landscape. Through comprehensive data collection and analysis, key drivers influencing budgetary outcomes and their implications for strategic decision-making will be examined. By addressing potential challenges and proposing innovative solutions, this research aims to contribute to the enhancement of Sarathy Groups' financial sustainability and long-term success.

Key Words: Budgetary Planning, Organizational goals, Overall Performance, Financial sustainability

1. INTRODUCTION

Budget is essential in every walk of our life – national, domestic and Business. A budget is prepared to have effective utilization of funds and for the realization of objective as efficiently as possible. Budgeting is a powerful tool to the management for performing its functions i.e., formulation plans, coordination activities and controlling operations etc., efficiently. For efficient and effective management planning and control are to highly essential functions. Budget and budgetary control provide a set of basic techniques for planning and control. A budget fixes a target in terms of rupees or quantities against which the actual performance is measured. A budget is closely related to both the management function as well as the accounting function of an organization. As the size of the organization increases, the need for budgeting is correspondingly more because a budget is an effective tool of planning and control. Budget is helpful in coordinating the various activities (such as production, sales, purchase etc.) of the organization with result that all the activities precede according to the objective.

2. OBJECTIVES OF STUDY

To understand the budgetary control system.

To control the performance evaluation

To analyse and compare the variation of revenue budget and operational budget.

To suggest the effective budgetary in the sarathi groups

3. 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

4. REVIEW OF LITERATURE

IldikóRéka (2014) Cardoso Budgeting is universally used all over the world. Budgets are the most powerful tool for management control, they are the key drivers and evaluators of managerial performance. However, in recent years criticism towards traditional budgeting has been notably increased. Researchers consider that traditional budgeting is a relic of the past; it cannot keep up with the changes and requirements of today's business world. As an answer, alternative budgeting concepts were developed, such as beyond budgeting, forecasting or activity-based budgeting. Our paper is a literature analysis. First, the background and evolution of budgeting is presented, emphasizing both the advantages and disadvantages of traditional budgeting. Second, we continue the discussion about alternative budgeting methods highlighting their pros and cons. Third, conducted surveys and studies are analysed in order to establish whether traditional or alternative.

Bornholet, (2013) However, because of globalization, ecological changes and strategic progressed innovative improvements, recently created hypotheses and models today don't have any significant bearing and a large number of them condemn and practice their training.

Kursite, (2011) Several examination researchers centre around their crucial grants and their execution of the speculation hypothesis spending plan (e.g., Mookiezy and Henderson, 1987; Arnold and Hatzopoloss, 2000; Graham and Harvey, 2001; Cooper, Morgan, Redman and Smith, 2002; Brown and others., 2004; Kersey, 2011).

Kester and Robins, (2011) Through constrained credit and different sources in the present dubious and testing monetary condition, the gainfulness and achievement of proposed capital speculations should be assessed legitimately and to convey restricted capital up until this point 8

Atril, (2009) Over the most recent twenty years (1993-2013), the spending hypothesis is characterized by many expanded applications dependent on the hazard and vulnerability brought about by worldwide monetary, innovative and propelled scholastic changes, for example, expansion chance, financing cost and hazard rate trade. Capital spending plan is spine for monetary administration. The cutting-edge money related administration hypothesis by and large accepts the amplification of the abundance of the association's proprietor

Charles (2009) The IRR technique ascertains the limited rate, while the present estimation of contributed imminent money inflows levels with the present estimation of expected money surges. That is, the rebate rate offered by $NRV = \text{£ } 0$ is IRR.

Slope, (2008) In the realm of geo-political, social and monetary vulnerabilities, the procedure of progress of vital monetary administration requires an amendment of fundamental speculations all through the customary limits of budgetary administration

Akintoye (2008) in his work on budgetary control and its effect on firms' performance, tested the association using turnover as one of the variables with the assumption of turnover as the budgetary control indicator and Dividend per share, Earning per share and Net asset per Share as the indicators for firms' performance.

Kashyap (2006) The key contributions of the NPV figuring incorporate the loan cost or markdown rate that thinks about the present qualities of future money streams.

5. RESEARCH METHODOLOGY

The research design is similar to board plan or model that states how the entire research project and the farm work that starts the total patten of conducting research project by c calculating the ratios and findings. By using the five years balance sheet.

Current ratio:

Current ratio may be defined as the relationship between current asset and current liabilities. This ratio also known as working capital ratio is a measure of general liquidity and is most widely used to make the analysis of short-term

financial position or liquidity of a firm. It is calculated by dividing the total of current asset by total of the current liabilities.

Current ratio = Current Assets/Current Liabilities

Year	Current assets	Current liabilities	ratio
2021	286015.22	34864.17	8.2
2020	238079.40	37431.87	6.36
2019	204252.58	28992.86	7.04
2018	161728.14	20615.94	7.84
2017	122746.50	22720.62	5.40

Sources; extracted from annual report in the year 2017- 2021

Interpretation

The table shows the current assets position of the sarathi group the current ratio was not fluctuating trend during the study period. Hence the position indicates that the current ratio.

T-Test:

T-test is a type of inferential statistic used to determine if there is a significant difference between the means of two groups, which may be related in certain features. The t test is one of many tests used for the purpose of hypothesis testing in statistics.

Showing the table of t- test for the year of 2017- 2021

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
2020	15	4860825.47	6882676.969	1777099.552
2019	14	1507560.36	1518273.365	405775.625
2018	14	1500562.00	1124539.423	300545.803
2017	13	2611849.46	2491403.773	690991.081

One-Sample Test

	T	Test Value = 0 df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference lower	upper
2020	2.735	14	.016	4860825.467	1049326.00	8672324.93
2019	3.715	13	.003	1507560.357	630935.42	2384185.30
2018	4.993	13	.000	1500562.000	851272.27	2149851.73
2017	3.780	12	.003	2611849.462	1106309.23	4117389.69

Interpretation

In the above table shows the increasing value in 2020 the value is 0.16 and the value is 0.003 compare to 2020 to 2017 the value is decreasing not fluctuating in the study period.

Chi square:

The Chi-square value is a single number that adds up all the differences between our actual data and the data expected if there is no difference. If the actual data and expected data (if no difference) are identical, the Chi-square value is 0. A bigger difference will give a bigger Chi-square value.

Showing the table of chi square of the year of 2017- 2018

Chi-Square Tests

	Value	Df	Asymp. Sig. (2- sided)
Pearson Chi-Square	130.000a	110	.094
Likelihood Ratio	61.144	110	1.000
Linear-by-Linear Association	1.065	1	.302
N of Valid Cases	13		

a. 132 cells (100.0%) have expected count less than 5. The minimum expected count is .08.

Interpretation

In the above chart show the variation between 2017-2018 from the comparison of chart it shows that the 2018 was increased.

6. FINDINGS

1. Current ratio of sarathi groups was irregular varying during the study period .it was maximum in 2021
2. Liquid ratio of sarathi group has been continuously increases in the study period. It was highest in 2017-18
3. Fixed asset to current asset ratio was constantly decreasing the study period from 0.99 to 0.95
4. The net profit to total asset ratio was constantly increasing during the study period. Gross profit ratio of sarathi groups has been increasing In the studying period it was higher in 2017-18 i.e. 39.75%
5. Net profit to capital employed ratio was increasing in the studying period
6. The comparative balance sheet and common size balance sheet analyses to found out as a satisfactory level of performance during the period of study

7. SUGGESTIONS

Budgetary has become the primary function of management most of the budgeting relative terms. Budgetary control has, therefore become an essential tool of management for controlling and maximizing profits. The objectives and how it can be achieved through budgetary control process. Time tables for all stages of budgeting should be followed regularly as to individual and individual proposals. Budgets are the expressions, largely in finance by all the departments. Reports, statements, forms and other records should be maintained if any information is needed. Continuous comparison of actual performance with budgeted performance will result in knowing whether the company is in profit or loss.

8. CONCLUSION

Over all the project report I study and analysis the budgetary control system minimizing the total cost and improving the operational effectiveness with the view of balance sheet the ratio analysis is used. Comparative and common size balance sheet analysis to found the as a satisfactory company performance. On the other side trend analysis informs about their increase on the yearly based. The research found out the overall financial position of sarathi group is favorable.

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