

# A STUDY ON BUDGET AND BUDGETARY CONTROL WITH REFERANCE TO TAMIL NADU GENERRATION AND DISTRBUTION CORPORATION LIMITED

Ms. V. DEEBIKA VIJI , Mrs. D. PRVEENA

<sup>1</sup>V.Deebika viji, MBA, Prince shri venkateshwara padmavathy engineering college, Tamil Nadu, India

<sup>2</sup>D. Prveena, MBA, Prince shri venkateshwara padmavathy engineering college, Tamil Nadu, India,

## ABSTRACT

*A budget is a plan expressed in quantitatively, usually monetary term, covering a specific period of time, usually one year. The objectives to be attained and the policy to be pursued to achieve those objectives are required to be laid down before its preparation. Budgetary control involves the use of budgets and budgetary reports throughout the period of budget to co-ordinate evaluate and control day-to-day operations in accordance with the goals specified by the budget. Budgetary control involves a constant checking and evaluation of actual results compared with the budgeted goals, which corrective action where indicated.*

*The difference between budget, budgeting and budgetary control may be stated thus, Budgets are the individual objectives of a department, etc., whereas budgeting may be said to be the act of setting budgets. Budgetary control includes the science of planning the budgets themselves and utilization of such budgets as an overall management tool for the business planning and control. Thus, the term budgetary control is wider in meaning and it includes both budget and budgeting. The research design adopted for this study is analytical design. The data collected are secondary data from which is provide by the company. The data was analyzed using Percentage analysis, Cash budget, Sales budget, Trend analysis and Comparative analysis of sales and production of power. After the data analysis it is found that the budget was effective than the previous year's budgeting process but since there is a loss for company. So the suggestion was instant of purchasing the power the company may produce it own power to sale. The budget may be more effective to face the future demand needed for power in Tamil Nadu as the living standard of individual is increasing the need for power will be more.*

**Keyword:** Budget , analytical research, secondary data, power sale.

## 1. INTRODUCTION

This research study discusses budgeting and budgetary process as the yardstick for measuring corporate performance. A detailed and quantitative plan. It shows the information about the acquisition and use of financial and other resources over a specific time period, either a long-range period (two- to-ten-year) or a short-term period (one-to two – year, or monthly, or daily-based). Budgetary system is largely made up of actual budgeting, budgetary planning and budgetary control. Dating back to early history, we learnt that the ancient man had to determine, in advance, what he needed and plan ahead of time how to obtain it. Today budgeting and budgetary control are part of our daily life. The individual makes budget on what he wants to spend every day, every week, every month up to the end of the year.

Budget and budgetary controls are essential tools for financial planning and control in any organization. Most organization has realized that budgeting and budgetary control are essential tools for successful financial planning. They are therefore paying sufficient attention to their annual budgets and allocation of resources to the key result areas.

## 1.1 NEED FOR THE STUDY

This study is conducted to know about budget and budgetary control of Tamil Nadu Generation and Distribution Corporation Limited for the year 2012 to 2017. It is needed to know about the fluctuation in the budget and actual amount. It is helpful to compare budget and actual and find out the variance will pave way to know that the concern is in favorable or adverse possession. This is also needed to give remedial measure and cost reduction to attain organizational goals.

## 1.2 OBJECTIVE OF THE STUDY

Primary objective:

- To analyses the budget and budgetary control in Tamil Nadu Generation and Distribution Corporation Limited.

Secondary objectives:

- To compare the budgeted amount with the actual amount for the year 2012 to 2017.
- To compare production and sales for the year 2012 to 2017 and find out variance if any.
- To find out the cash and liquidity position by using cash budget.
- To give remedial measures or suggestions for any adverse deviation of actual and budget fluctuations over the years.

## 1.3 SCOPE OF THE STUDY

This study, conducted on the topic budget and budgetary control. This study report will be very helpful to TANGEDCO in terms of understanding the level of budgetary control of TANGEDCO. The study conducted on budgetary control of TANGEDCO is to cover all the financial area of the budgetary control department including production and sales. The study helps to know the differences in production of power and sale of power. It paves the way to provide remedial measures and cost reduction to boost the performance of the company.

## 2. SALES BUDGET:

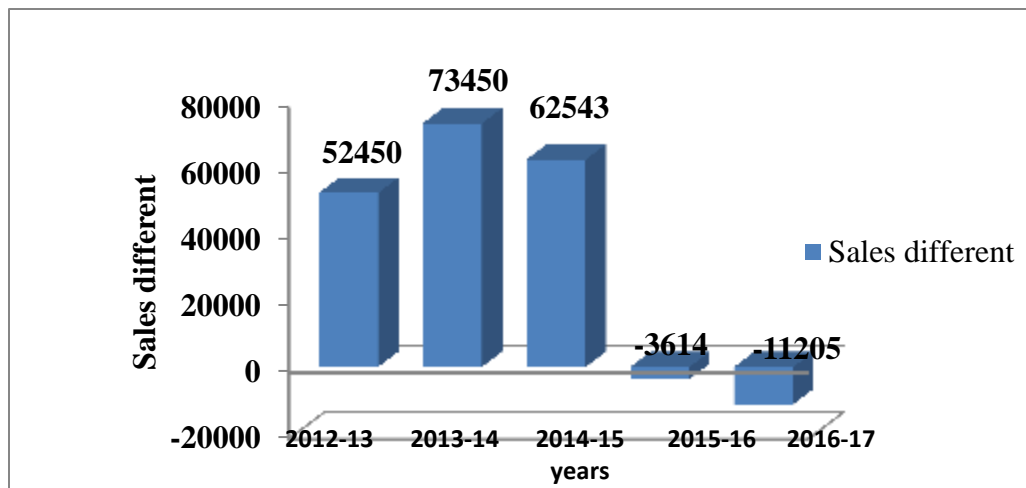
A sales budget is management's estimate of sales for a future financial period. A business uses sales budgets to set department goals, estimate earnings and forecast production requirements. The sales budget affects both other operating budgets and the overall master budget of the company. The sales budget is prepared both in quantities and sales value to be achieved in a budget period. Every effort must be taken to achieve this figure. The reason is that sales budget is the key budget. The sales manager is fully responsible for preparing and execution of sales budget.

**Table 1:** Sales Budget Analysis For The Year 2014-2017 Of TANGEDCO For The Year 2012-2017

Year	2012-13(Rs in crores)	2013-14(Rs in crores)	2014-15(Rs in crores)	2015-16(Rs in crores)	2016-17(Rs in crores)
Budgeted sales	307693	344943	393700	497445	560172
Actual sales	360143	418393	456243	493831	548967
Sales difference	52450	73450	62543	-3614	-11205

Interpretation:

From the above table, it is inferred that the sales during the year 2013-14 was Rs. 73450 crores more than the budgeted sales; in the year 2014-15 the sales was Rs. 62543 crores more than the budgeted sales; in the year 2012-13 the sales was Rs. 52450 crores more the budgeted sales; in the 2015-16 the sales was Rs. 3614 crores lesser than the budgeted sales and in the year 2016-17 the sales was Rs. 11205 crores lesser than the budgeted sales.



**Chart No.1:** Sales Budget Analysis For The Year 2014-2017 Of Tangedco For The Year 2012-2017.

### 3. COMPARATIVE ANALYSIS FOR SALES AND PRODUCTION OF POWER:

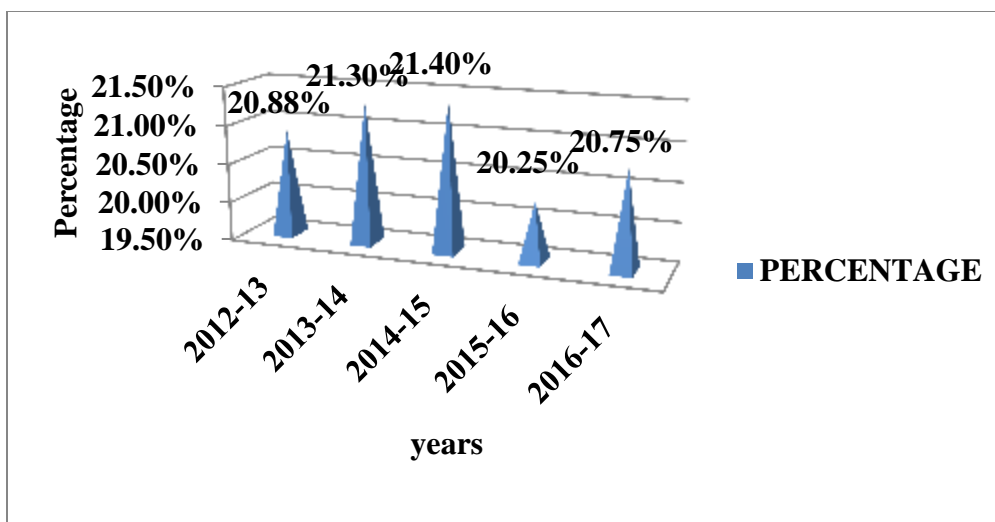
The item by item comparison of two or more comparable alternative, processes, products, qualification, sets of data, systems or the like. It is used to measure the variable over two or more reporting periods. In this the analysis help to know whether the production of power and sale of power is equal or not; if not than to know the reason for it.

**Table 2:**The different between sales unit and production unit of TANGEDCO in the year 2012-2017.

S.NO	Year	Production in units	Sales in unit	Different in unit (loss)	Percentage
1	2012-13	77943	61662	16281	20.88%
2	2013-14	90109	70976	19133	21.3%
3	2014-15	94510	74283	20227	21.4%
4	2015-16	99631	79454	20177	20.25%
5	2016-17	105092	83235	21857	20.75%

Interpretation:

From the above table, it is inferred that the sales of 2014-15 was 21.4% lesser then the production; in the year 2013-14 the sales was 21.3% lesser then the production; in the year 2012-13 the sales was 20.8% lesser then the production; in the year 2016-17 the sales was 20.79% lesser then the production and in the year 2012-13 the sales was 20.25% lesser then the production. The reason in reduction is line loss.



**Chart No.2:** Chart showing different between sales unit and production unit of TANGEDCO in the year 2012-2017.

#### 4. SUGGESTIONS

- To improve the budgetary control of revenue receipt the TANGEDCO may take steps to make proper in casting on revenue receive.
- To improve the budgetary control of capital expense the TANGEDCO may take steps to make a clear plan and control on repayment of loan, settlement of overdue bills.
- The reason in reduction in sales is due to many companies is producing their own power they need. To control it the company may enact new Act or provide new commission to avoid or to control such activity.
- To make improvement in revenue receipt the firm may increase its own production in spirit of purchasing the power and make increase in capital received the firm may take proper steps in reduction on borrowings and increasing the equity shares and bonds.

#### 5. CONCLUSION

I have done my project in budget and budgetary control with reference to Tamil Nadu Generation and Distribution Corporation Limited. My objective is to analysis the budget and budgetary control in Tamil Nadu Generation and Distribution Corporation Limited. To compare the budgeted amount with the actual amount in the year 2012 to 2017.

The selling price of power is fixed by TNRC (Tamil Nadu Regulated Committee) so the selling price of power is lesser then the purchasing price of power which cause huge loss to the firm and it also damage budget. And to balance the loss the company has brought many loans from Tamil Nadu Government and paying interest in it.

The main reason in loss is theft of power and misusing the and not paying the bill in it. Many commercial users are paying the bill on domestic bases; it will cause huge loss. The another loss has taken place while transferring the power from one place to another place the power there will be reduced of power and that is known as line loss. To avoid all such loss the firm should take legal action and that will help the firm to improve its budget and budgetary control.

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