Abstract
The budget management is enjoying a significant role within the organization. The role of fund management is that the essence of a business. The knowledge is that the blood and fund management may be a heart; within the body the centre plays the role of supply pure blood to all or any the weather of the body together with the brain. The fund management plays precisely the same role within the organization. The system ensures that associate degree applicable information is collected from the varied sources. Processed and sent more to all or any the destitute destinations. The system is predicted to meet data desires of a private, a gaggle of individual, a gaggle of economic functionaries, the managers. Since wants are plenty while resources are limited, every organization tends to find means by which it can get what it wants with the limited resources at its disposal. Therefore, firms seek to adopt the concept of budgeting and budgetary control to satisfy their needs at the least possible cost and at the same time fulfill their stewardship obligations to the numerous stakeholders.

I. INTRODUCTION
Wants are numerous while resources are limited but there is every tendency to waste or under-utilize the limited resources by the human factor involved in the production of goods and services. With various companies competing with one another, only few that are able to produce at least possible cost will survive the growing competition in the market. Therefore, it is paramount for every serious business undertaken to produce at that possible minimum
cost so as to remain in business and also achieve the corporate objectives of profitability and stability. In view of this, there is every need to do a realistic planning of the activities of the firm taking into consideration the limiting factors and the long term objectives of the firm. In order to achieve this, budgeting a tool of planning and control becomes indispensable. Budgeting is ubiquitous and has long been considered as a necessary tool in managing a company.

1.1 Budget and budgetary control

A budget is a plan expressed in quantitatively, usually monetary term, covering a specific period of time, usually one year. In other words a budget is a systematic plan for the utilization of manpower and material resources. Budgetary management is that the method of firm of budgets about varied activities and comparing the budgeted figures with the particular performance for inward at deviations, if any. Consequently, there can’t be monetary fund management while not budgets. Monetary fund management may be a system that uses budgets as suggests that of coming up with and dominant.

A budget has been defined by Chartered Institute of Management Accountants (CIMA), as “a financial or qualitative statement prepared and approved prior to a defined period of time for the purpose of attaining a given objective. It may include income, expenditure and the employment of capital”. CIMA also defined budgetary control as “the establishment of budgets relating the responsibilities of executives to the requirements of a policy and the continuous comparisons of actual with budgeted results, either to secure by individual action the objectives of that policy or to provide a basis for its revision.

II. TYPES OF BUDGET

2.1 Short Term Budget: Budget established for use over a short period of time, usually a year, which the responsible officer is to use for control purposes. This is commonly in use in manufacturing industries due to the complex and dynamic environment in which they operate.

2.2 Long Term Budget: This is a long term plan, also called development plan. It is normally for a minimum duration of 5 years and is sometimes called the strategic plan of the organization. Government prepares 5 years Development plan, which can be rolled over for every five year as manufacturing companies also prepare 5 years strategic plans, which is sometimes broken into yearly budget rolled over from one year to the other.

2.3 Fixed Budget: CIMA defined fixed budget as budget set prior to a control period and not subsequently changed in response to changes in any activity costs or revenues. It may serve as a benchmark in performance evaluation.

2.4 Flexible Budget: CIMA defined flexible budget as a budget designed to change in accordance with the level of activity attained. This budget recognizes the existence of fixed, variable and semi-variable costs and is designed to change in relation to the actual volume or output or level of activity in a period.

2.5 Zero Based Budgeting: This is also called Priority based budgeting. It is a technique which seeks to eliminate the drawbacks of traditional incremental budgeting by taking the
budgets for service of overhead centers back to minimal operating level and then requiring increments above this level to be quantified and adjusted.

2.6 Rolling Budget: This is also known as continuous budget. It is a system of budgeting that involves continuously updating budgets by reviewing the actual results for a specific period in the budget and determining a budget for the corresponding time period. Under this period, instead of preparing a budget annually, there would be budget every three or six month so that as the current period ends, the budget extended by an extra period.

2.7 Activity Based Budgeting: This is also called activity cost management which is defined as “a method of budgeting based on an activity framework and utilizing cost driver data in the budget setting and variance feedback processes. It is a part of planning and controlling system which tends to support the objectives of continuous improvement and it also a form of development of conventional budgeting system.

2.8 Incremental Budgeting: This is the traditional approach that uses the current year estimates of income and expenditure as the basis for determining the budget for the year. It is normally used in public sector and it has the misfortune of carrying over the inadequacy of yester-years into subsequent year budgets as it only increases the current period's figure with what the establishment thinks is the inflationary premium for next year financial period.

III. PROBLEMS OF BUDGETING

3.1 Quantitative Problems

Budget is concerned with the future and as such the data that goes into its preparation must be future-oriented but on past events. Nevertheless, there is always a technical problem in forecasting accurately the future in a world that is dynamic in nature. It should also be noted that since budgets are set by human judgment, they are subjected to the same feasibility which attends all human activity. Therefore, the dynamism of the future would definitely raise variance between the actual and the budgeted results.

3.2 Non-Quantitative Problems

These are the behavioral problems of budget. They arise as a result of the behavior of human factor that is unpredictable. An average human being changes like weather with situation to his best advantage. It is this same human being that is expected to supply the information on which the formulation of budget would be based. He is also expected to use the budget to achieve the organizational objective. He may decide to be enthusiastic or indifferent about it. He may even consider it that his employer wants to reap where he has not shown at his expense, he may therefore bring in wide variables into the budget, most especially where he is informed that the budget would serve as a reference point in determining his efficiency of performance. Also, executives and employees are expected through education to have a very good understanding of what the budget is all about where this education and consequently the understanding is lacking, failure and collapse of the budgetary process is unavoidable.
IV. Company Profile

Sakthi Auto Component Limited (SACL) is one of the multi-faceted companies of the Group. It is situated at Mukasi Pallagoundenpalayam, Tirupur District of Tamil Nadu State, India. Established in the year 1983 it hosts an advanced infrastructure built on a sprawling 120 Acres Land with all Amenities including housing, transport, etc, for its workmen and officers. The capacity of the plant was further enhanced to 60000 Tonnes/Annum with the High-pressure vertical Disamatic Green Sand moulding Lines. Sakthi Auto Component Limited is a major supplier of critical components to passenger car manufacturers. The components are Steering knuckles, Brake drums, Brake discs, Hubs, Brake calipers, Carriers, Differential cases and Manifolds etc. Presently the supplies of these components are made to Maruti Udyog Ltd., Hyundai, Ind Auto Ltd., Ford, Honda Siel Cars and Tractors and farm Equipment Ltd. etc. Castings meant for trucks and refineries are exported to USA. The quantum of exports per month ranges between 250 MT to 500 MT. It is likely to go up to 1000 MT in near future.

Sakthi Auto Component Limited has been awarded the industrial safety awards for three consecutive years. It has also been recognised by Maruti Udyog Limited as a First class critical Component Vendor. SACL is one of the few facilities in the country with in-house machining facility, machining 95% of the components produced. SACL caters to the needs of Global Automobile and truck manufacturers by supplying safety critical components like Steering knuckles and Rotors to more than 3 Million Vehicles per annum. The top customers for SACL are Maruti Suzuki, General Motors, Hyundai, Honda Siel Cars, Ford, Fiat, Toyota, Volkswagen, Renault, Mahindra & Mahindra, Tafe, Haldex and Volvo.

V. REVIEW OF LITERATURE

- J.F. Shields, M.D. Shields (1998), This paper has four purposes. First, it analyzes 47 published studies on participative budgeting. Almost all of these studies focus on the effects of participative budgeting and not on its causal antecedents. Second, to provide insight into these antecedents, we report the results of a survey which identifies reasons why managers participate in setting their budgets. Third, we report how these reasons are associated with four theoretical antecedents environmental and task uncertainty, task
interdependence and superior-subordinate information asymmetry. The results indicate that participative budgeting is most important for planning and control, specifically vertical information sharing and co-ordinating interdependence, and that specific reasons for participative budgeting are correlated with three of the antecedents. Finally, directions for future research on participative budgeting are presented.

- **Lee D. Parker (2002)**, This paper presents the second stage of a field based case study focussed upon the planning and control concepts and processes employed by the central offices of the Victorian Synod of the Uniting Church in Australia. Its analysis is informed by grounded theory methodology and develops a micro-theoretical framework of that organization’s planning and control process. A reactive style of planning produces an incremental budgetary mélange that ultimately results in a form of control by compromise. The emergent findings are compared with a selection of relevant prior strategy and not-for-profit organization research. The study presents contextualized insights into the potential limits of ‘rational’ management system operation in such organizations, and the role of budgetary systems in organizational approaches to coping with a complex and dynamic environment.

- **Avatar PRASAD (2010)** Budget and monetary fund management, each at management and operational level appearance at the long run and lays down what should be achieved. Management checks whether or not the plans area unit accomplished, and puts into result corrective measures wherever deviation or deficiency is going on. This study examines however budget and monetary fund management will impact on the performance of the IT sectors of Manasi data technologies Pvt. Ltd. This reviewed the performance of the IT trade in previous and gift times. It’s discovered that the performance of this trade depends on the planning, development, implementation and management of computer-based data systems, significantly package applications and constituent. A budget fixes a target in terms of rupees or quantities against that the particular performance is measured.

- **Lucey (2010)**, in support of the CIMA’s definition defined budget to be a plan quantified in monetary terms, prepared and approved prior to a defined period of time, usually showing planned income to be generated or expenditure to be incurred during the period and the capital to be employed to maintain the given objective. From this definition, we can as well state that budget is an aid to making and coordinating short range plan; a device for communicating plan and objectives to various responsibility centers and a basic evaluation of performance.

### VI. OBJECTIVES, SCOPE & LIMITATION OF THE STUDY

To analyse Cash budget, Sales budget, Production budget, Material Budgeting, Manufacturing Overhead Budget, Selling and Administrative Expense Budget, Capital expenditures budget and Master Budget of existing system.

- To measure the current financial level of the company using budget system
- To correct deviations from established standards.
To indicate to the management about the proposed budgetary control system

6.1 Scope of the Study

It is an effective method of controlling the activities of various departments of business unit. It fixes targets and the departments have to work efficiently to reach the targets. This system secures proper coordination among the activities of various departments, which helps the management to fix up responsibility in case the performance is below the expectations. This budgetary control system helps the management to reduce wasteful expenditure. This leads to reduction in the cost of production. It brings in efficiency and economy by promoting cost consciousness among the employees. This study is essential for smooth running of the business unit and also in solving the problems without delay.

6.2 Limitations of the Study

- This study is focussed only for the year 2007 to 2016, so it is not possible to predict the situation before the period.
- The year wise analysis will not give a clear picture about budget position due to market fluctuation
- Couldn’t extract all type of required data as per our requirement
- The limitation of secondary data applied in this study.

VII. RESEARCH METHODOLOGY

Research is a way to systematically solve the research problem by applying various research techniques along with logic behind the problem.

7.1 Research Design

It is the arrangement of condition for collection and analysis data in a manner that aim to combine with relevance to the research purpose with economy in procedure. The research design is descriptive in nature.

7.2 Tools Used For Analysis

- Cash budget
- Sales budget
- Production budget
- Material Budgeting
- Manufacturing Overhead Budget
- Selling and Administrative Expense Budget
- Capital expenditures budget
- Master Budget

VIII. DATA ANALYSIS AND INTERPRETATION

Table 8.1: Production Budget (for the year 2007-2016)

<table>
<thead>
<tr>
<th>Years</th>
<th>Sales</th>
<th>Add : Closing Stock</th>
<th>Total</th>
<th>Less : Opening Stock</th>
<th>Estimated Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>308.96</td>
<td>77.01</td>
<td>385.97</td>
<td>19.16</td>
<td>366.81</td>
</tr>
<tr>
<td>2008</td>
<td>291.23</td>
<td>21.64</td>
<td>312.87</td>
<td>7.71</td>
<td>305.16</td>
</tr>
</tbody>
</table>
Dr. N. R. Saravanan, A. Sivaranjani :: The Role of Budgetary Control on Financial Performance - A Case Study of Sakthi Auto Component Limited (SACL), Erode District

Source: Secondary data

**Interpretation**

The estimated production gradually increases all these years. The production in the year up to 2014 increase and it is decreased in the year 2015. It again increased in the year 2016.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Budget</td>
<td>366.81</td>
<td>305.16</td>
<td>616.56</td>
<td>887.94</td>
<td>729.09</td>
<td>1155.38</td>
<td>1354.52</td>
<td>2105.62</td>
<td>1090.99</td>
<td>1154.28</td>
</tr>
<tr>
<td>Cash Budget</td>
<td>315.41</td>
<td>300.92</td>
<td>658.3</td>
<td>909.35</td>
<td>767.25</td>
<td>1,221.02</td>
<td>1,426.68</td>
<td>2,253.96</td>
<td>1,145.13</td>
<td>1,191.32</td>
</tr>
<tr>
<td>Sales Budget</td>
<td>308.96</td>
<td>291.23</td>
<td>618.68</td>
<td>879.87</td>
<td>748.73</td>
<td>1,175.31</td>
<td>1373</td>
<td>2138.33</td>
<td>1102.68</td>
<td>1170.41</td>
</tr>
<tr>
<td>Material Budgeting</td>
<td>359.49</td>
<td>459.43</td>
<td>777.49</td>
<td>1061.3</td>
<td>937.2</td>
<td>1230.84</td>
<td>2041.8</td>
<td>3337.31</td>
<td>1558.97</td>
<td>1693.97</td>
</tr>
<tr>
<td>Overhead Budget</td>
<td>41.75</td>
<td>38.11</td>
<td>43.28</td>
<td>61.74</td>
<td>68.14</td>
<td>146.66</td>
<td>104.2</td>
<td>142.85</td>
<td>143.32</td>
<td>180.45</td>
</tr>
</tbody>
</table>

Table: 8.2 Budget Summary
IX. FINDINGS, SUGGESTIONS AND CONCLUSION

9.1 Findings

- The estimated production gradually increases all these years. The production in the year up to 2014 and it is decreased in the year 2015. It again increased in the year 2016.
- In the year 2016, cash budget opening balance was 32.55 crores, total receipts of the company was 1235.41, whereas the payments of the company was 76.64 crores and the closing balance was 1191.32 crores. So we can conclude that the company has ensured very good cash available for revenue and capital expenditure.
- During the year 2015, sugar sales were 79%, industrial alcohol was 14% and soya & oil products were 7%.
- During the year 2016, sugar sales were 82%, industrial alcohol was 10% and soya & oil products were 8%.
- During the year 2014, the expenses of factory, admin, selling and distribution was double while comparing with 2013 year.
- During the year 2015, the expenses of factory, admin, selling and distribution was less comparing with previous years.
- During the year 2015, it may increase more than proportionately when 100% capacity is 39.40 exceeded due to increased load on machines.
- During the year 2016, it may increase more than proportionately when 100% capacity is 22.65 exceeded due to increased load on machines.
- During the year 2015 the material budgeting was 1558.97 crores.
- During the year 2016 the material budgeting was 1693.97 crores.
- During the year 2015 the Manufacturing Overhead Budget was 143.32 crores.
- During the year 2016 the Manufacturing Overhead Budget was 180.45 crores.
- During the year 2015 the Selling and Administrative Expense Budget was 109.86 crores.
- During the year 2016 the Selling and Administrative Expense Budget was 179.06 crores.
- During the year 2015 the Capital expenditures budget was 604.47 crores.
- During the year 2016 the Capital expenditures budget was 461.18 crores.
- During the year 2015 the Master Budget was -39.63 crores.
- During the year 2016 the Master Budget was -153.80 crores.

9.2 Suggestions

- The sales values shows increasing rate and thus it shows the company turnover is good in the organization.
- The production turnover should be retained as per the estimated production for the long run of the company. it varies due to seasonal nature of the industry.
The increase in expenses should not be retained it should beyond the company obligations.

- There should be cost reduction in the organization.

- The flexible budget shows that variable cost, semi variable cost nature where as it helps to forecast the demand accurately and it should be used for the practical purposes and thus sales can predict well in prior.

- To know about the shortage of materials, labor, plant capacity the flexible budget is most helpful.

9.3 Conclusion

A budget is a statement of financial resources that have been allocated for the conduct of particular activities. Comparing budgets with actual operational results is referred to as budgetary control. Such budgetary control helps planning, coordination between departments, decision-making, monitoring of operating results and motivation of personnel to achieve business objectives. The principle is the same for small businesses as well as large. A budget forces management to consider the future. It requires managers to identify departmental, operational and individual managerial objectives and create a plan of action in which scarce resources are allocated efficiently to achieve objectives. The study was undertaken to analyze the budgetary control of Sakthi Sugars for a period of ten years from 2007 to 2016. Thus budgetary control has become an essential tool of the management for controlling costs and maximizing profits. Thus it act as friend, philosopher, guide to the management The study reveals that there is recording of actual performance is compared with the budget. We can conclude that flexible budget helps in forecasting the future operating cost centers. Whereas seasonal fluctuations are there in the production. The cost reduction to be made and budget shows that the company has efficient productivity and profitability.

X. REFERENCES


TO CITE THIS PAPER