

A

Project Report on

**“BUDGETARY CONTROL
OF AN ICICI BANK”**



Palamuru University

**This project Report submitted in partial fulfillment of the requirement for the
Award of the Degree ‘BACHELOR OF COMMERCE’
2021-2022**

Submitted By:

M.MAHESH (19033006405535)
M.AKHILA (19033006405536)
K.NARESH (19033006405533)
K.SINDHUJA (19033006405534)

**UNDER THE ESTEEMED GUIDENCE OF
Mrs. .R.VIJAYA LAXMI DEVI
(Lecturer of commerce)**



**DR.BRR GOVT. DEGREE COLLEGE
Jadcherla.mahabubnagar**

CERTIFICATE
DEPARTMENT OF COMMERCE

This is to certify that this project work entitled

“BUDGETARY CONTROL OF ICICI BANK”

Submitted by

M. MAHESH (19033006405535)

M.AKHILA (19033006405536)

K.NARESH (19033006405533)

K.SINDHUJA (19033006405534)

Of Dr.BRR Govt. Degree College, Jadcherla, Mahabubnagar in partial fulfillment of the requirement for the award of the Degree OF Bachelor of Commerce, Palamuru University. This project work has not been submitted to any other University or Institution for the award of any UG B.Com/Certificate.

PRINCIPAL

CERTIFICATE

DEPARTMENT OF COMMERCE

This is to certify that this project work entitled

“BUDGETARY CONTROL OF ICICI BANK”

Submitted by

M.MAHESH (19033006405535)

M.AKHILA (19033006405536)

K.NARESH (19033006405533)

K.SINDHUJA (19033006405534)

Of Dr.BRR Govt. Degree College, Jadcherla, Mahabubnagar in partial fulfillment of the requirement for the award of the Degree of Bachelor of Commerce, Palamuru University. This project work has not been submitted to any other University or Institution for the award of any UG B.Com/Certificate.

DR. K. MANJULA
HEAD OF THE
DEPARTMENT.

CERTIFICATE

DEPARTMENT OF COMMERCE

This is to certify that this project work entitled

“*BUDGETARY CONTROL OF ICICI BANK*”

Submitted by

M.MAHESH (19033006405535)

M.AKHILA (19033006405536)

K.NARESH (19033006405533)

K.SINDHUJA (19033006405534)

Of Dr.BRR Govt. Degree College, Jadcherla, Mahabubnagar in partial fulfillment of the requirement for the award of the Degree of Bachelor of Commerce, Palamuru University. This project work has not been submitted to any other University or Institution for the award of any UG B.Com/Certificate.

**MRS.R.VIJAYA LAXMI DEVI
PROJECT GUIDE**

CERTIFICATE
DEPARTMENT OF COMMERCE

This is to certify that this project work entitled

“*BUDGETARY CONTROL OF ICICI BANK*”

Submitted by

M.MAHESH (19033006405535)

M.AKHILA (19033006405536)

K.NARESH (19033006405533)

K.SINDHUJA (19033006405534)

Of Dr.BRR Govt. Degree College, Jadcherla, Mahabubnagar in partial fulfillment of the requirement for the award of the Degree of Bachelor of Commerce, Palamuru University.

This project work has not been submitted to any other University or Institution for the award of any UG B.Com/Certificate.

EXTERNAL EXAMINAR

INTERNAL EXAMINAR

DECLARATION

I hereby declare that the project work entitled on “**BUDGETARY CONTROL OF ICICI BANK**” submitted by me to the Department of Commerce is a Bonafide work done by me and it is not submitted to any other university of Institution for the award of any UG B.Com/Certificate or published any time before, under the guidance of Mrs. R.Vijaya Laxmi Devi, (lecturer of commerce.)

The project embodies the result of original work and studies carried out by me and the contents of the project do not form the basis for the award of any other degree to Me.

M.MAHESH (19033006405535)

M.AKHILA (19033006405536)

K.NARESH (19033006405533)

K.SINDHUJA (19033006405534)

ACKNOWLEDGEMENT

Throughout the process of studying this project we are fortunate to have many people who made in valuable suggestions to improve it.

Successful completion of this project is due to their careful supervision and encouragement.

My sincere thanks to Mrs.DR .CH APPIYA CHINNAMMA, Principal Dr.BRR Govt. Degree and UG College, Jadcherla, Mahabubnagar for giving me the permission to carry out the project work.

HOD Mrs. DR. K.MANJULA and My project guide Mrs. Vijaya Laxmi Devi,(lecturer of commerce.) For the kind encouragement and constant support extended completion of this project work from the bottom of my heart.

I am also thankful to all those who have incidentally helped me, through their valued guidance, Co-Operation and unstinted support during the course of my project.

M.MAHESH	(19033006405535)
M.AKHILA	(19033006405536)
K.NARESH	(19033006405533)
K.SINDHUJA	(19033006405534)

CONTENTS

<u>CHAPTER NO.</u>	<u>PARTICULARS</u>	<u>PAGE NO</u>
<u>CHAPTER-1</u>	<u>INTRODUCTION TO TOPIC</u> <u>NEED OF THE STUDY</u> <u>SCOPE OF THE STUDY</u> <u>OBJECTIVES</u> <u>RESEARCH METHODOLOGY</u> <u>LIMITATIONS OF THE STUDY</u>	<u>9-12</u>
<u>CHAPTER-2</u>	<u>REVIEW OF LITERATURE</u>	<u>13-27</u>
<u>CHAPTER-3</u>	<u>COMPANY PROFILE</u>	<u>28-36</u>
<u>CHAPTER-4</u>	<u>DATA ANALYSIS AND INTERPRETATION</u>	<u>37-45</u>
<u>CHAPTER-5</u>	<u>FINDINGS AND SUGGESTIONS, CONCLUSIONS</u>	<u>46-47</u>
<u>CHAPTER-6</u>	<u>BIBLIOGRAPHY</u>	<u>48</u>

INTRODUCTION

BUDGETORY CONTROL:

The Chartered Institute of Management Accountants (CIMA) London defines budgetary control as establishment budget relating to the responsibility of executives to the requirement policy and the continuous comparison of actual with budgeted results either to secure individuals action the objective of policy or to provide a basic for its revision.

A budget is the monetary and quantitative expressions of business plans and policies to be pursued in the future period of time the term budgeting is used for preparing budgets and other procedures for planning co-ordination and control of business enterprise. Budgetary control is the process of determining various budgeted figures for the enterprises for the future period and then comparing the budgeted figures with the actual performance for calculating variations, if any first of all budgets are prepared and then actual results are recorded.

A budget is a quantitative expression of a plan of action relating to the forthcoming budget period. It represents a written operational plan of management for the budget period.” A plan expressed in money. It is prepared and approved prior to the budget period and may show income, expenditure, and the capital to be employed, may be drawn up showing incremental effects on former budgeted or actual figures, or be compiled by zero based budgeting”. Budget and Budgetary control. The terms budget and budgetary control are often used interchangeable to refer to a system of managerial control. Budgetary control implies the use of a comprehensive system of budgeting to aid management in carrying out its functions like planning, co-ordination and control.

NEED AND IMPORTANCE OF THE STUDY

Budgetary control is a strong tool of business is to maximum profits. The management is therefore always trying to focus on the proper planning, effective coordination and control in order to maximum profits. There are various managerial tools and techniques useful for the management to plan and control business operations. Budget is also used for the management to plan and control business operations and it is widely used as a standard device of planning and control.

Budget provide as a valuable aid to management through planning, coordination and control. It is a tool which measures the managerial performance of an organization. It promotes good morale and generates harmony in the organization. Also it promotes efficiency and facilities management by exceptions. It helps in promoting a feeling of cost consciousness among the employees in the organization

OBJECTIVES OF STUDY

THE STUDY HAS THE FOLLOWING:

- To provide the material frame work of budget and budgetary control
- To describe the profit of the organization as a backdrop for undertaking a study of budgetary control system.
- To analyze the budgetary system in practice in ICICI BANK (ICICI BANK) with particular reference to their objectives and phases of organizational and re-appropriation.
- In addition to the analysis of the conventional budgetary system in practice in ICICI BANK (ICICI BANK). The study aims at evaluation and modification to the current budgetary system with reference to the various types of budgets. The scope in the formulation of performance budget is also studied.
- To study the budgeted estimates and accruals of the revenue expenditure and revenue receipts.
- To study the variations of the accruals from the budgeted estimates.

SCOPE OF THE STUDY

The scope of the study limited to collecting the data published in the reports of the company and opinions of the employees of the organization with reference to the objective stated above and theoretical framework of the data. With a view to suggest solutions to various problems relating to budget and budgetary control.

the estimation about the future is very important for the production activities as huge amount of costs are invested in the same activity. Especially the medium scale manufacturing organizations have their key customers & these customers are the large scale manufacturing organizations. The medium scale engineering industries are numerous. These types of industries manufacture their products as per the demands & requirements of the large scale industries (key customers). The large scale & continuous demand (& supply) is throughout the year. For this purpose, the production budget & budgetary control on the same function becomes very essential.

RESEARCH METHODOLOGY

Research is the systematic investigation of fact that seeks to establish relationship between two types.

Primary data:

- Officers of accounts sections.
- Executives and staff of financial and accounts department.
- Meeting with concerned people.
- Personal observation.

Secondary data:

- Annual reports of ICICI BANK . Financial management text books.
- Printed Materials.
- Journals and magazines
- News papers.

LIMITATIONS:

- Estimates are used as basis for budget plan and estimates are based mostly on available facts and best managerial judgment
- Budgetary control cannot reduce the managerial function to a formula. It is only a managerial.
- Tool which increase effectiveness of managerial control.
- The use of budget may be to restricted use of resources. Budgets an often taken as limits.
- Efforts may therefore not be made to exceed the performance beyond the budgeted targets.

- Frequent changes may be called for in budgets due to first changing industrial climate.
- In order that a system may be successful, adequate budgets education should be imparted at least through the formative period. Sufficient training programs should be arranged to make employees give positive response to budgetary activities.
- The study is the limited up to the date and information provided by ICICI BANK (ICICI BANK) and its annual reports.

ORGANIZATION OF THE STUDY

Organization of the study deals with the arrangement of the entire study

Chapter-I:

It Deals with need and Importance, Object of the study and scope of the study and also the methodology of the study and limitations of the study.

Chapter-II:

- ❖ Present frame work regarding research design of the study
- ❖ Explore Budgetary control process in ICICI BANK .., JADCHERLA

Chapter-III:

- ❖ The profile of the company:

It explains the total process of organization and also the history including the future in the organization

Chapter-IV:

Data Analysis and Interpretation:

It explains the total Practical analysis of our raw data given by the organization with the help of formulas and theory's.

Chapter-V:

- ❖ Highlight summary of findings and conclusions
- ❖ Offer suggestions and recommendations

Chapter-II

LITERATURE REVIEW

INTRODUCCION T BUDGET BUDGETING & BUDGETARY CONTROL

The management is efficient if it is able to accomplish the objective of the enterprise. It is effective when it accomplishes the objectives with minimum effort and cost in order to attain long-range efficiency and effectiveness management must chart out its course in advance. A systematic approach to facilitate effective management performance is profit planning and control or budgeting. Budgeting is therefore an integral part of management in a way, a budgetary control system has been described as a historical combination of a “goal setting machine for increasing an enterprises profits and a goal achieving machine for facilitating organizational coordination and planning while achieving the budgeted targets”.

MEANING OF BUDGET:

It is a financial and quantitative statement, prepared and approved prior to a defined period of time of policy to be pursued during that period for purpose of attaining a given objective. It may include income, expenditure and employment capital.

In other words is a pre-determined detailed plan of action developed and distributed as a guide to current operations and as a partial basis for the subsequent evaluation of performance.

MEANING OF BUDGETING:

The process of planning all flows of financial resources into with in and from an entity during some specified future period. It includes providing for the detailed allocation of expected available future resources to projects, functions, responsibilities and time periods.

From above definition it is clear that budgeting is the actual act of preparing the budget. It is the process of evolving the final statement. Budget is the end product of budgeting.

MEANING OF BUDGETORY CONTROL:

It is the process of establishing of departmental budgets relating the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results, either to secure by individual action the objectives of the policy a firm basis for its revision.

First of all budgets are prepared and then actual results are the comparison of budgeted and actual figures will enable the management to find out discrepancies and take remedial measures at a proper time. The budgetary control is continuous process, which helps in planning and co ordination. It provides a method of control too. A budget is a means and budgetary control is the end result.

In the word of J.A Slot “budgetary control is the system of management control and accounting in which all operations are forecast and so as possible planned ahead and actual results compared with the forecast and the planned ones.

ESSENTIALS OF BUDGETARY CONTROL:

Budgeting, or the process of preparing the budget, is the starting point for budgetary control Distribution of budgets pertaining to each function to all the relevant section within organization. Collection of actual data pertaining to till budgeted activities. Continuous comparison of actual performance with budgeted performance. Initiation of corrective action to ensure that actual performance is in line with budgeted performance Revision of budgeted if it is felt that the budgets prepared are no longer relevant on account of unforeseen developments.

OBJECTIVES OF BUDGETARY CONTROL:

The primary objective of budgetary control’s to help the management is systematic planning and in controlling the operations of the enterprise. The primary objective can be met only of there is proper communication and coordination amongst different within the organization. Thus the objectives can be stated as:

1. PLANNING:

Businesses require planning to ensure efficient and maximum use of their resources. The first step in planning is to define the broad aims and objectives of the business. Then, strategies to achieve the desired goals are formulated and tentative schedule of eh proposed combinations of the various factors of

production, which is the most profitable for the defined period. Budget influences strategies that need to be followed by the originations. It cultivates forced planning aiming managers.

2. CO-ORDINATION:

Co-ordination is managerial functions under which all factors of production and all departmental activities are balanced and integrated achieve the objectives of the organization. Budgeting provides the basis for individual in all department to exchange idea on how best the organizations objectives can be realized. Executives are forced or think of the relationship between their department and the company as a whole. This removes unconscious bases against other departments. It also helps to identify weaknesses in the organization structure.

3. COMMUNICATIONS:

All people in the organization must know the objectives, policies and performances of the organizations. They must have a clear understanding of their part in the organizations goals. This is made possible by ensuring their participation in the budgeting process.

4. CONTROLS AND PERFORMANCE EVALUTION:

Control ensures control by continuous comparison of actual performance with the budgeted performance. Variances are highlighted and corrective action can be initiated. Budget's also from the basis of performance evaluation in an organization as they reflect realistic estimates of acceptable and expected performance.

BUDGET, BUDGETING AND BUDGETARY CONTROL:

A budget is BLUE PRINT of a plan expressed in a quantitative terms. Budgeting is a technique for formulating budgets. Budgetary control relates to the principles, procedures, and practice of achieving given objectives thorough budgets.

From the above definitions we can differentiated the three terms as budgets are the individuals objectives of a department, etc, where as budgeting may be said to be the act of building budget. Budgetary control embraces all and in addition includes the science of planning the budgets to effect on overall management tool for the business planning and control.

ESSENTIALS OF BUDGETARY CONTROL:

The proper organization is essential for the successful preparation, maintenance and administration of budgets. A budgetary committee is formed which comprises the departmental heads of various departments. All the functional heads are entrusted with the responsibility of ensuring proper implementation of their respective departmental budgets.

The chief executive is the overall in charge of budgetary system. He constitutes a budget committee for preparing realistic budgets. A budget officer is the convener of the budget committee who co-ordinates the budgets of different departments. The managers of different departments are made responsible for their departmental budgets.

BUDGET OFFICER:

The chief executive appoints budget officer. Such budget officer also called as “budget controller or budget director”. His rank should be equal to other functional managers.

The budget officer does not have the direct responsibility of preparing the budgets. The various functional managers prepare the budgets. His role is that of a supervisor. The budget officer has the specific duty of administering the budget. He is responsible for timely completion of budgeting activity by various departments and for co-ordination between them so that there is a proper link between them. He is empowered to scrutinize the budgets prepared by different functional heads and to make changes in them. If the situation so demands.

The budget officer works as a coordinator among different department. He continuously monitors the actual performance of different departments. He determines the deviations in the budgets and takes necessary steps to rectify the deficiencies, if any. He also informs the top management about the performance of different department.

The budget officer will be able to carry out his work only if is conversant with the working of all the departments he must have technical knowledge of the business and should also possess accounting knowledge.

3. BUDGET COMMITTEE:

A budget committee is formed to assist the budget officer. The heads of the entire important department's are made members of this committee. The committee is responsible for preparation and execution of budgets. The members of this committee put up the case of their respective departments and help the committee to take collective decisions, if necessary. The budget committee is responsible for reviewing the budgets prepared by various functional heads. Co ordinate all the budgets and approve the final budgets, the budget officer acts as coordinator of this committee. All the functional heads are entrusted with the responsibility of ensuring proper of ensuring proper implementation of their respective final departmental budgets.

4. BUDGETS CENTERS:

A budget centers is that part of the organization for which the budget is prepared. A budget center may be a department, section of a department or any other part of the department. Ideally, the head of every center should be a member of the budget committee. However, it must be ensured that each budget center at least has an indirect representation in the budget committee.

The establishment of budget centers is essential for covering all parts of the organization becomes easy. When different centers are establishment. The budget centers are also necessary for cost control purposes.

5. BUDGET MANUAL:

- a) A budget manual is a document that spells out the duties and responsible of the various executives concerned it specifies among various functional areas. A budget manual covers the following matters.
- b) A budget manual clearly defines the objectives of budgetary control system. It also gives the benefits and principles of this system.
- c) The duties and responsibilities of various persons dealing with preparation and execution of budgets are also given in a budget manual. It enables the management to know the persons dealing with various aspects to budgets and provides clarity on their duties and responsibilities,
- d) It gives information about the sanctioning authorities of various budgets. The financial powers of different managers are given in the manual for enabling his spending amount on various expenses.

- e) A proper table for budgets including the sending of performance reports is drawn so that every work starts in time and systematic control is exercise.
- f) The specimen forms and number of copies to be listed for budget reports is also stated. Budget involved should be clearly stated.
- g) The length of various budget periods and control points is clearly given.
- h) The procedure to be followed in the entire system is clearly stated.
- i) A method of accounting to be used for various expenditures is also stated in the manual.

The budget manual helps in documentation the role of every employee, his duties, responsibilities the ways of undertaking various tasks etc. thus it also in reducing ambiguity at any point of time.

6. BUDGET PERIOD:

A budget period is the length of time for which a budget is prepared. It depends upon a number of factors. The choice of a budget period depends upon the following considerations. The types of budget (long/short)

- The nature of demand for the products.
- The timings for the availability of the finance.
- The economic situations of the cycles.

All the above mentioned factors are taken into account while fixing the period of budgets. In this budgeting process the financial manager has to take the financial decision on the budgets.

The financial manager usually responsible for organizing this budget, he must perform the following functions.

- ❖ To decide the general policies and guidelines.
- ❖ To officer technical advice
- ❖ To suggest changes
- ❖ To receive and review individual budget estimates
- ❖ To reconcile divergent views
- ❖ To co-ordinate budgeting activities.
- ❖ To approve budgets with or without revisions.

- ❖ To scrutinize control reports later on
- ❖ To scrutinize budget reports later on
- ❖ To disseminate these guide lines.

CONTINUOUS BUDGETING SYSTEM:

A continuous budgeting system is a method of having two different budget periods within the same budget. The purpose of having this system is to have greater control in terms of operational activities without losing sight of the long-term targets of the organization. It results in incorporating the effect of changes in the short term on the long-term targets of the organization.

DETERMINATION OF KEY FACTOR:

The budgets are prepared for all functional areas. These budgets are interrelated and interdependent. A proper co-ordination among different budgets is necessary for budgetary control to be successful. The constraints on some budgets may have an effect on other budgets too. A factor which influences all other budgets is known as “key factor or principal factor”.

The key factor may not necessarily remain the same. The raw materials supply may be limited at one time but it may be easily available at another time. Similarly, other factors may also improve at different times. The key factor highlights the limitations of the enterprise. This will enable the management to improve the working of these departments where scope for improvement exists.

REQUISITES FOR A SUCCESSFUL BUDGETARY CONTROL SYSTEM

For making a budgetary control system successful requisites are required.

1. CLARIFYING OBJECTIVES:

The budgets are used to realize objectives of the business. The objective must be clearly spelt out so that budgets are properly prepared. In the absence of clear goals, the budgets will also be unrealistic.

2. PROPER DELEGATION OF AUTHORITY AND RESPONSIBILITY:

Budget preparation and control is done at every level of management. Even though budgets are finalized at top level but involvement of persons from lower levels of management is essential for their success. This necessitates proper delegation of authority and responsibility.

3. PROPER COMMUNICATION SYSTEM:

An effective system of communication is required for a successful budgetary control. The flow of information regarding budgets should be quick so that these are implemented. The upward communication will help in knowing the difficulties in implementation of budgets. The performance reports of various levels will help top management in budgetary control.

4. BUDGET EDUCATION:

The employees should be educated about the benefit of budgeting system. They should be the benefits of budgeting system they should be educating about their roles in the success of this

TYPES OF BUDGETS:

1. LONG -TERM BUDGETS:

The long-term budgets prepared for a long period of five to ten years. They are concerned with planning the operations of a firm over a considerably long period of time. The financial “controller” exclusively for the top management usually prepares long-term budgets. These budgets are very useful in terms of physical units (i.e. quantities) or percentages, since accrued values may be difficult to forecast over such long-period. Capital expenditure, research and development budgets, etc, are examples of long-term budgets.

2. SHORT TERM BUDGETS:

Short-term budgets are budgets prepared for a short period of one to two year. They are prepared for those activities the trend in which cannot be for seen easily over long periods. These budgets are very useful in case of consumer goods industries such as sugar, cotton, textiles, etc. they are generally prepared in terms of physical units (i.e. quantities) as well as monetary units (i.e. values) materials budget. Each budget etc, are example of short-term budget. They are useful to lower level of management for control purpose.

3. CURRENT BUDGETS:

Current budget is a budget, which is established for use over a short period of time and is related to current conditions. Thus current budgets are essentially short term budgets adjusted to current (i.e., present or prevailing) condition or circumstances. They are prepared for a very short period. Say, a quarter or a month. They related to current activities of the budgets.

4. INTERIM BUDGETS:

Interim budgets are budgets, which are prepared in between two budget periods. These budgets may get integrated with the budget of the following period.

CLASSIFICATION OF BUDGETS ACCORDING TO CONTENT:

Budgets may be classified into budgets in physical terms and into budgets in monetary terms.

A) BUDGETS IN PHYSICAL TERMS:

Budgets in physical terms are budgeted that budget in terms quantities only. They do not include corresponding rupee value. Long-term budgets are usually prepared in physical terms. Examples of such budgets are production budgets, material budget etc...

B) BUDGETS IN MONETARY TERMS:

Budgets in monetary terms are budgets that budget in terms of quantities as well as their corresponding rupee value, sales budget, purchase budget, etc are example of such budgets. Budgets such as cash budget, capital expenditure budget, etc that may not have physical quantities also from part of budgets in monetary terms.

CLASSIFICATION OF BUDGETS ACCORDING TO FUNCTION:

Budgets can be classified into:

1. operating budgets
2. financial budgets
3. master budgets

1) OPERATING BUDGET:

These budgets relate to different activities or operations of a firm. The number of such budgets depends upon the size and nature of the business, the commonly used operating budgets are:

- 1) Sales budgets
- 2) Purchase budgets
- 3) Raw material budgets
- 4) Labor budgets
- 5) Factory utilization budget
- 6) Manufacturing expenses or works overhead budget
- 7) Administrative and selling expenses budget etc.

The operating budget for a firm may be constructed in terms of programmers or responsibility areas, and hence may consist of:

Programmed budget

Responsibility budget

A) PROGRAMME BUDGET:

It consists of expected revenues and costs of various products or projects that are Termed as the major programmers of the firm, such a budget can be prepared for each product line or project showing revenues, cost and the relative profitability of the various in locating areas where efforts may be required to reduce costs and increase revenues. They are also useful in determining imbalance and inadequacies in programmers so that corrective action may be taken in future.

B) RESPONSIBILITY BUDGETS:

Where the operating budget of a firm is constructed in terms of responsibility Areas, such a budget show the plan in terms of persons responsible for achieving them. It is used by the management as a control them. It is used by the management as a control device to evaluate the performance of executives who are in charge of various cost centers. Their performance is compared to the targets (budgets), set for them and proper action is taken for adverse results.

Responsibility areas may be classified under three broad categories:

Cost /expense center

Profit center

Investment center

2) FINANACIAL BUDGETS:

Financial budgets are concerned with cash receipts and disbursements, working Capital, financial position and results of business operations. The commonly used financial budgets include cash budget, working capital budget and income statement budget, statement of retained earnings budget, budgeted balance sheet or position statement budget.

3) MASTER BUDGETS:

The master budget is the summary budget incorporating its functional budgets. All The operational and financial budgets are integrated into the master budget. The budget officer for the benefit of the top level management prepares this budget. This budget is used to coordinate the activities of various functional departments. It is also used as an effective control device.

CLASSIFICATION ON THE BASIS OF FLEXIBILITY:

A) FIXED BUDGET:

MONTHLY REVIEW:

At monthly intervals, the budgets should be reviewed by project review committee (PRC). Project budget should report actual expenditure against budget heads. Works heads and corporate budget by the 7th of the month following the reporting month. The monthly review should be examined by project review team (PRT), who should record reasons for any aviations and action proposed for expending works in the minutes of the meetings reasons for any variations in the case of budget heads exceeding 10% of the budget estimates revised estimates or whichever is lower Rs.5 lakhs should be analyzed and reported upon.

QUATERLY REVIEW:

PRT should conduct a quarterly budget review with a view to projecting anticipated expenditure during the year against approved budget estimates/ revised estimates. As time is essence of such review, only a quick estimate of anticipated expenditure for individual budget heads involving provisions exceeding for individual budget heads involving provisions exceeding Rs 50 lakhs in each case should be made and reported upon in minutes of PRT. For this purpose, project budget should furnish all the

relevant data to general manager (project) and planning and systems by the 10th of the month following the quarter project budget committee should review the actual expenditure and assess anticipated expenditure contract co ordination/engineers in charge the assessments of anticipated expenditure should be furnished by the project budget committee to general manager (project) by the 30th of the month following the quarter under review.

BUDGET OF SERVICE DIVISION / CORPORATE BUDGETS:

A review of budgets of service and corporate divisions should be conducted at quarterly intervals by corporate budget committee (CS'C). for this purpose, corporate accounts should report actual expenditure up to the end of the quarter by the 10th of the month following quarter to corporate budget and budget co-ordination of the remaining period of the year should be sent to corporate budget should be sent to corporate budget should put up a consolidated report division wise and project wise to corporate budget committee (CBC) by the 15th of the may, August, November and February every year.

OBJECTIVES OF THE CURRENT BUDGETARY CONTROL SYSTEM IN ICICI BANK (ICICI BANK) .

In current to corporate budgetary control system – operating phase has been compiled to achieve the following objectives.

- To control actual performance with reference to standards / norms adopted in the budget, ascertain the deviations analyze and establish the reasons.
- To identify constraints in generation and tamely action for estimation of constraints.
- To monitor the generation of internal resources so as to ensure availability of adequate funds.
- To prepare revenue budget so as to forecasting the periodical profitability of the organization.
- To develop standards / norms of performance in the various areas of operation and maintenance based on the experience.
- To involve managers at various in the process of developing performance budget so as to introduce the concept of responsibility accounting and participate management.
- To ensure effective co-ordinate planning of all activities so the all the inputs and services necessary for achieving the physical targets are available at appropriate time.
- To create cost consciousness among the managers responsible for decision making.
- To provide data regarding operational norms and costs for the purpose of formulating tariff.

- To provide data a basis for assessment of working capital requirements.
- To control the working capital particularly book debts, spears and other items or inventory.
- To improve profitability and internal resources generation.

SCOPE OF THE PERFORMANCE BUDGET:

The budget for operation and maintenance activities will be called performance budget operation. This, in effect means that all financial targets in the budget will be based on performance targets in physical terms.

STAGES IN THE FORMULATION OF PERFORMANCE BUDGET:

The system provides for a two stages formulation for “performance budget-operation” the stages are given below.

INITIAL PROPOSAL:

In the initial proposal, the project is required to indicate yearly targets. In he addition, to furnishing basic information like synchronization and commercial generation dates

Constraints on coal operation at less than the designed specification, calorific value of raw material and lime stone, material consumption in physical terms for items whose consumption value in Rs.5 lakhs or more, planned shut down for a maintenance and overhauling and norm for various operation parameters provided for design specification and in the tariff agreements to the corporate budget committee.

In the initial proposals is planned to be submitted after considering these factors and keeping in view the perspective plan of the organization, fixes as well as norms for various operating parameters. These targets and norms are then communicated to all stations and transmissions line offices in the last week of July to be used for formulating detailed budget in the firm of final proposal.

FINAL PROPOSAL:

Budgeted balance sheet, budgeted profit & loss account and budgets in the form of cash budget along with the proposal will consist of detailed supporting schedules for each of the investment center /

cost center. This final proposal needs to be submitted to corporate center within 3 weeks of receiving approval for initial proposal.

The final proposal, after approval by board, will become the basis of monitoring performance for cost centers and investment centers.

The frequency and extent review and monitoring will be done is under:

REPAIRS & MAINTANANCE:

In line, with costing system following three activities can represent major classification of repairs and maintenance.

1. Major overhaul
2. Preventive maintenance
3. Break down maintenance

Normally budgeting will be done for the former two: under each activity separate estimates will be prepared for consumption of materials and maintenance jobs. This estimation will be done at each of the sub cost center wise details are required to be mentioned.

The consumption material for repairs and maintenance will be classified into spares, lubricants, loose tools and plants, consumables and others.

The cost center wise total separately for three activities will be added to arrive at summary of material consumption and maintenance jobs, which will be reflected in the profit & loss account.

The material consumption especially of spares can be estimated based on the expected life of various consumption / spares in the installed equipment the frequency of breakdowns in the past and the requirement for prevented maintenance and major overhauls. The actual life of components may be different from that indicated in the manufacturer's specification. Therefore, it is very difficult t estimate requirements of spares. But this new station it will be advisable to collect such information from old stations that have gained experience in this field.

Normally maintenance of equipment through contractors should be avoided. But in certain areas, if the expertise and in house capability or sufficient man power is not available, maintenance jobs can be got done through contractors. Such contracts will need to be listed out separately. If any owner supply items are covered in such contracts the cost of these items will be included in the material cost.

FACTORY & GENERAL OVERHEADS:

All the items of expenditures under this head will be estimated based on past trend with due adjustment for policy changes. The estimates will be given by cost center needs for items identified with respective cost centers. The total administrative cost of service cost centers will be allocated between construction and O & M in the ration of capital expenditure and sales during the respective years.

DEPRECIATION:

This is to be charged as per ES act from the year following the year in which assets have been capitalized. This will be done separately by each of the cost centers on the basis of capitalized value and

CHAPTER 3

COMPANY PROFILE

A) INDUSTRIAL PROFILE

B) COMPANY PROFILE

INTRODUCTION OF BANKING

“Bank is an institution whose Debts widely accepted in settlement of other people’s debts to each other”.

The banking company in India defined the Bank, in the Companies Act, 1949, as the one “which transacts the business of banking which means the accepting for the purpose of lending or investing of deposits of money from the public. The deposits, which repayable on demand withdrawal by check, draft orders.

TYPES OF BANKING

Several types of banks have come into existence performing different specialized functions based upon the functions performed by them; banks may be classified into different types;

1) COMMERCIAL BANKS:

They are a joint stock bank which acts as different kinds of deposits from the public and grant short term loans. Their main aim is to provide security of funds to depositors and make

profits for their share holders. As their deposits are mainly for short periods, they cannot lend money for long periods. They mainly finance business and trade for short periods to meet their day – to – day transactions. They may provide finance in the form of cash credits our drafts or loans. They also provide finance by discounting bills of exchange

2) INDUSTRIAL BANKS

These banks are also called investment banks. They provide long terms finance to industries ranging over a few decades. They finance long term projects and developmental plans. T hey receives long term projects deposits from the public. They may also raise funds by the issue of shares debentures. They specialized in the undertake industrial finance the new issue of shares, debentures and securities of new enterprises.

3) AGRICULTURE BANKS:

The commercial industrial banks are not able to meet the financial requirements of agriculture. Agriculture requires both short term and long term finance. Frames requires short term finance to buy seeds, fertilizers, implements etc.

4) CO-OPERATIVE BANKS:

The banks are formed to supply credit to members on ea sy terms. They do not aim at profit in their operations. They attract depositors from the farmers and promote thrift by offering slightly higher rates of interests than commercial banks. They provide credit facility to needy framers and small scale industries.

5) EXCHANGE BANKS:

The specialized in financing the import and export trade of the country. They purchase bills from exporters and sell them to importers. They provide remittance facilities and trade information to their clients.

6) SAVEINH BANKS:

These banks collect small and scattered savings of the low and middle income group people. These banks receive small amounts, deposits and withdrawals are restricted. Bank offer minimum interest on these deposits.

7) CENTRAL BANK:

The central bank controls the entire banking system in the country. It operates the currency and credit system in the country. It acts as an agent and adviser to the government and works in the best interests of the nation without any profit motive in these operations.

Historically, a bank has been a place where depositors could park money and borrowers could borrow. The typical spread of the bank was raising money through deposits and leading it to corporate clients. This made the relationship with the retail

Constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), 223.18 lakhs the main sources of the funds were long-term deposits were

“Under section 3 of the banking companies (acquisition and transfer of undertakings) act, 1980 (40 of 1980), or any other bank being a bank included in the second schedule to the reserve bank of India act, 1934 (2 of 1934), but does not include of a co-operative bank”.

“Non-schedule bank in India” means a banking company as in clause (c) of section 5 of the banking regulation act, 1949 (10 of 1949). Which is not a schedule bank”

The following are the schedule public sector banks in India:

- **State bank of India**
- **State bank of Bikaner and Jaipur**
- **State bank of Hyderabad**
- **State bank of Indore**
- **State bank of Mysore**
- **State bank of Patiala**
- **State bank of Saurashtra**
- **State bank of Travancore**
- **Andhra bank**

- **Allahabad bank**
- **Bank of Baroda**
- **Bank of India**
- **Bank of Maharashtra**
- **Canara bank**
- **Central bank**
- **Central bank of India**
- **Corporation bank**
- **Dean Bank**
- **Indian overseas bank**
- **Indian Bank**
- **Oriental Bank of Commerce**
- **Punjab National Bank**
- **Punjab State and Sind Bank**
- **Syndicate Bank of India**
- **Unit Bank of India**
- **UCO Bank**
- **Vijaya Bank**

The Following are the scheduled private sector Banks in India:

- **Vysya Bank Ltd**
- **UTI Bank Ltd**
- **Indusind Bank Ltd**
- **ICICI Banking Corporation Bank Ltd**
- **Global trust Bank Ltd**

- **HDFC Bank Ltd**
- **Bank of Punjab Ltd**
- **IDBI Bank Ltd**

The following are the scheduled foreign banks in India:

- **American Express Bank Ltd**
- **ANZ Gridlays Bank Pole**
- **Bank of America NT&SA**
- **Bank of Tokyo Ltd**
- **Baque National Plc**
- **Citi Bank N.C**
- **Deutsche Bank A.G**
- **Hong Kong and Shanghai Banking Corporation**
- **Standard Chartered Bank**
- **The Chase Manhattan Bank Ltd**
- **Dresdner Bank A.G**

Top 10 large Banks in INDIA:

2021 Rank	2022 Rank	Bank
1	1	HDFC
2	7	HSBC
3	3	ANB Amro
4	6	Corporation bank
5	15	Andhra bank

6	2	City bank NA
7	21	Punjab national Bank
8	9	Standard charted
9	13	UTI Bank
10	12	Vysya bank

(Source: KPMG Annual Bank Survey)

Top 10 Banks By Growth In Business

BANK	%Growth
UTI Bank	53
ICICI Bank	47
ABN Amro	38
State Bank of Indore	34
Allahabad Bank	32
Oriental Bank Of Commerce	32
HDFC Bank	30
National Bank	29
Union Bank Of India	28
State Bank of Mysore	27

(KPMG Annual Survey)

ICICI Bank Executive Director CHANDRA KOCHHAR the royal challenge award in February 2022 for standing 2nd in growth in Business. She says “Ninety Seven Per cent of request of are fulfilled with in our promised period”

TOP 10 BANKS BY GROWTH IN PAT

BANK	%GROWTH
Centurion	459
BNP Paribas	215
American express Bank	170
HSBC	71
HDFC Bank	31
Indian overseas Bank	27
Punjab national Bank	27
ICICI Bank	22
UTI Bank	20
Union Bank of India	19

ICICI
Chairman

Bank in News:
Speaks

They say elephants dance. DUNDAPUR VAMAN KAMATH thinks otherwise. Since leading ICICI bank's first foray into the retail business five years ago. Managing Director and CEO Klamath has turned ICICI Bank into the fastest growing bank in the industry. At Rs.62, 063 corers, the bank has the largest retail portfolio and is the leader in home and car loans. The most diversified universal ankh, it boasts more than 15

Chapter-IV

DATA ANALYSIS AND INTERPRETATION

the study of best banks in India. ICICI bank's growth be affected by ICICI BANK (ICICI BANK)

REVENUE BUDGET

TABLE-I

SL.NO	PARTICULAR	Budgeted estimated for the 2021-22		Actual for the year 2021-22	
1	Sales				
	Fixed cost recovery	745	74.5	675	67.5
	Variable cost recovery	855	85.5	795	79.5
	Fuel price adjustment recovery	872	87.2	854	85.4
	Own consumption	151	15.1	148	14.8
	Total of 1	2623	262.3	2472	247.2
2	Average intensives	115	11.5	101	10.1
3	Other income	63	6.3	59	5.9
	GRAND TOTAL (1+2+3)	2801	280.1	2632	263.2

	Variable cost recovery	840	84.0	740	74.0
	Fuel price adjustment recovery	820	82.0	863	86.3
	Own consumption	132	13.2	148	14.8
	Total of 1	2516	251.6	2369	236.9
2	Average intensives	102	10.2	98	9.8
3	Other income	56	5.6	49	4.9
	GRAND TOTAL (1+2+3)	2674	267.4	2516	251.6

Analysis

The data pertaining to the generation and consumption have been obtained from the year 2021-22 and represented in table -2. The aspect included are total generation in (crores Rs) and utilization for auxiliary consumption respectively.

During the year 2021-22 the sales, fixed costs, variable cost , own Consumption was decreased. When the estimated budgeted so sales consumption is 267% respectively.

During the year 2021-22 the average intensive are decreased 9.8% the other Income also decreased 7% respectively.

Interpretation

REVENUE BUDGET

TABLE-III

(Rs in corers)

SL.NO	PARTICULAR	Budgeted estimated for the 2021-22		Actual for the year 2021-22	
1	Sales				
	Fixed cost recovery	702	70.2	598	59.8
	Variable cost recovery	802	80.2	680	68.0
	adjustment recovery	790	79.0	852	85.2
	Own consumption	121	12.1	122	12.2
	Total of 1	2398	239.8	2168	216.8
2	Average intensives	96	9.6	84	8.4
3	Other income	51	5.1	40	4.0
	GRAND TOTAL (1+2+3)	2545	254.5	2292	229.2

ANALYSIS

The data pertaining to the generation and consumption have been obtained from the year 2021-22 and represented in table -3. The aspect included are total generation in (crores Rs) and utilization for auxiliary consumption respectively.

During the year 2021-22 the sales, fixed costs, variable cost , own Consumption was decreased.

When the estimated budgeted so sales consumption is 254.5% respectively.

During the year 2021-22the average intensive are decreased 13% the other

Income also decreased 11% respectively.

INTERPRETATION

Finally with regard to the result in revenue budget of ICICI BANK (ICICI BANK) totally decreased 229.2% in the year 2021-22 because of the Increase in the fixed deposits in the previous year.

REVENUE BUDGET

TABLE-IV

(Rs in corers)

SL.NO	PARTICULAR	Budgeted estimated for the 2021-2022		Actual for the year 2021-22	
			%		%
1	Sales		%		%
	Fixed cost recovery	657	65.7	565	56.5
	Variable cost recovery	762	76.2	563	56.3
	adjustment recovery	750	75.0	798	79.8
	Own consumption	121	12.1	102	10.2
	Total of 1	2290	229.0	2028	202.8
2	Average intensives	89	8.9	84	8.4
3	Other income	51	5.1	40	4.0
	GRAND TOTAL (1+2+3)	2430	243.0	2152	215.2

ANALYSIS:

The data pertaining to the generation and consumption have been obtained from the year 2021-22 and represented in table -4. The aspect included are total generation in (crores Rs) and utilization for auxiliary consumption respectively.

During the year 2021-22 the sales, fixed costs, variable cost , own Consumption was decreased.

When the estimated budgeted so sales consumption is 243.0% respectively.

During the year 2021-22 the average intensive are decreased 5% the other

Income also decreased 11% respectively.

INTERPRETATION

Finally with regard to the result in revenue budget of ICICI BANK (ICICI BANK) totally decreased 215.2% in the year 2020-21 because of the Increase in the fixed deposits in the previous year.

REVENUE BUDGET

TABLE-V

(Rs in corers)

SL.NO	PARTICULAR	Budgeted estimated for the 2021-22		Actual for the year 2021-22	
			%		%
1	Sales				
	Fixed cost recovery	680	68.0	569	56.9
	Variable cost recovery	789	78.9	623	62.3
	adjustment recovery	695	69.5	812	81.2
	Own consumption	121	12.1	122	12.2
	Total of 1	2285	228.5	2126	212.6
2	Average intensives	96	9.6	84	8.4
3	Other income	51	5.1	40	4.0
	GRAND TOTAL (1+2+3)	2432	243.2	2250	225.0

ANALYSIS

The data pertaining to the generation and consumption have been obtained from the year 2021-22 and represented in table -5. The aspect included are total generation in (crores Rs) and utilization for auxiliary consumption respectively.

During the year 2021-22 the sales, fixed costs, variable cost , own Consumption was decreased.

When the estimated budgeted so sales consumption is 243.2% respectively.

During the year 2021-22 the average intensive are decreased 13% the other Income also decreased 11% respectively.

Finally with regard to the result in revenue budget of ICICI BANK (ICICI BANK) totally decreased 225.0% in the year 2021-22 because of the Increase in the fixed deposits and sale of fixed assets in the previous yea

ICICI BANK (ICICI BANK)

Operational Expenditure Budget for the Year 2021-22

TABLE – I

Rs in corers

SL. NO	PARTICULAR	BUDGETED ESTIMATED FOR THE 2021-22		ACTUAL FOR THE YEAR 2021-22	
		AMOUNT	RS/MT	AMOUNT	S/MT
1	VARIABLE COST	855	85.5	795	79.5
2	OPERATIVE MAINTENANCE COST	264	26.4	254	25.4
3	FINANCE CHARGES				
	Deprecation	45	4.5	18	1.8
	Interest on fixed capital	19	1.9	24	2.4
	Total of – 3	64	6.4	42	4.2
	GRAND TOTAL (1+2+3)	1183	118.3	1091	109.1

ANALYSIS

Observed from the above table that the operational expenditure budget of ICICI BANK (ICICI BANK) in the year 2021-22

Maintenance, employee cost, stationary & general expenses, rebate and share of other expenses is all are fluctuating with the expenses of the year 2021-22. However the total operating maintenance costs are 26.4% decreasing respectively.

In finance charges depreciation and interest on fixed capital, has been included The total finance charges recording decreasing of 9.7% in the year 2018-19 respectively.

INTERPRETATION

The overall budgets results of ICICI BANK (ICICI BANK) are earning more profits because of the Increase in the fixed deposits in the previous year.

TABLE – II

Rs in corers

SL. NO	PARTICULAR	BUDGETED ESTIMATED FOR THE 2021-22		ACTUAL FOR THE YEAR 2021-22	
		AMOUNT	RS/MT	AMOUNT	S/MT
1	VARIABLE COST	897	89.7	856	85.6
2	OPERATIVE MAINTENANCE COST	254	25.4	215	21.5
3	FINANCE CHARGES				
	Deprecation	42	4.2	15	1.5
	Interest on fixed capital	18	1.8	20	2.0
	Total of – 3	60	6.0	35	3.5
	GRAND TOTAL (1+2+3)	1211	121.1	1106	110.6

ANALYSIS

Observed from the above table that the operational expenditure budget of ICICI BANK (ICICI BANK) in the year 2021-22 Maintenance, employee cost, stationary & general expenses, rebate and share of other expenses is all are fluctuating with the expenses of the year 2021-22. However the total operating maintenance costs are 25.4% decreasing respectively.

In finance charges depreciation and interest on fixed capital, has been included The total finance charges recording decreasing of 9.5% in the year 2021-22 respectively.

INTERPRETATION

The overall budgets results of ICICI BANK (ICICI BANK) is earning More profits because of the Increase in the fixed deposits and current accounts in the previous year.

ICICI BANK (ICICI BANK)

Operational Expenditure Budget for the Year 2021-22

TABLE –III

Rs in corers

SL. NO	PARTICULAR	BUDGETED ESTIMATED FOR THE 2021-2022		ACTUAL FOR THE YEAR 2021-2022	
		AMOUNT	RS/MT	AMOUNT	S/MT
1	VARIABLE COST	841	84.1	822	82.2
2	OPERATIVE MAINTENANCE COST	247	24.7	201	20.1
3	FINANCE CHARGES				
	Deprecation	39	3.9	12	1.2
	Interest on fixed capital	15	1.5	18	1.8
	Total of – 3	54	5.4	30	3.0
	GRAND TOTAL (1+2+3)	1142	114.2	1053	105.3

In finance charges depreciation and interest on fixed capital, has been included

The total finance charges recording decreasing of 2.2% in the year 2021-22 respectively.

INTERPRETATION

The overall budgets results of ICICI BANK (ICICI BANK) is earning More profits because of the Increase in the fixed deposits in the previous year.

Operational Expenditure Budget for the Year 2021-22

TABLE – IV

Rs in corers

SL. NO	PARTICULAR	BUDGETED ESTIMATED FOR THE 2021-22		2021-22	
		AMOUNT	RS/MT	AMOUNT	S/MT
1	VARIABLE COST	754	75.4	658	65.8
2	OPERATIVE MAINTENANCE COST	198	19.8	135	13.5
3	FINANCE CHARGES				
	Deprecation	29	2.9	9	0.9
	Interest on fixed capital	15	1.5	18	1.8
	Total of – 3	44	4.4	27	2.7
	GRAND TOTAL (1+2+3)	996	99.6	820	82.0

Chapter-V

CONCLUSION

AND

SUGGESTIONS

CONCLUSION

Every organization has pre-determined set of objectives and goals, but reaching those objectives and goals only by proper planning and executing of the plans economically.

The ICICI BANK (ICICI BANK) is objectives of planning promoting and organizing an integrated development of Company.

The corporation mission of ICICI BANK (ICICI BANK)is to make available and quality service in increasingly large quantities, the company will spear head the process of accelerated development of banking sector by expeditiously.

The organization needs the capable personalities as management to lead the organization successfully, the management makes the plans and implement of these plan are expressed in terms of budget and budgetary control.

The ICICI BANK (ICICI BANK) has budget process in two stages. One is the capital expenditure budget and another is operating maintenance budget, the capital expenditure budget shows the list of capital projects selected for investment along with their estimated cost, operating & maintenance budget refers to the repairs & maintenance budgets, the special budgets are rarely used in the organization like long-term budgets, research & development budget and budget for consultancy.

SUGGESTIONS

Planning has become the primary function of management most of the planning relates to individual and individual proposals. Budgets are nothing but his expressions, largely in financial terms, budgetary control has, therefore become an essential tool of management for controlling and maximizing profits.

- The company objectives of the organization and how they can be achieved through budgetary control
- Time tables for all stages of budgeting follow
- Reports, statements, forms and other records to be maintained
- Continuous comparison of actual performance with budgeted performance.
- It is recommended to the company that every item to be considered when categorizing the items into budgets.
- As company is not using any budget techniques we can suggest the company to follow budget techniques for better and effective budget and budgetary control.
- Pre audit of all expenditure proposals before issue of order and to check whether the expenditure is legitimate, approved by appropriate authority and availability of funds for the above items.
- The budget estimations should be made that they will reach with the actual for every year with very less variation.

