

Principles of Management
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Module - 12
Lecture - 58
Budgeting, concepts, importance process and benefits

Welcome to today's lecture session. Today, we will be learning about one of the very important ways of controlling the deviations from what is the expected and what is the actual performance or like expenditures based on like how good you like preplan for it and one of that topics which help us in understanding that is Budgeting.

So, today, we will be learning about budgeting, the concepts, importance, the process and benefits of budgeting. The session will be focusing on the budgeting as a function of management and its benefits in the organization's management.

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PRINCIPLES OF MANAGEMENT

This lecture session will be held to discuss on the Budgeting, concept, importance, process, as a function of management and its benefits in organisation management



The slide features a dark blue header with the title 'PRINCIPLES OF MANAGEMENT' in yellow. Below the header, the text is in blue. A video inset in the bottom right corner shows Prof. Susmita Mukhopadhyay. The NPTEL logo is in the bottom left corner.

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The slide features a title bar at the top with the text "What is Budgeting?". Below the title, there is a blue box containing three bullet points. The background of the slide is white with faint icons of gears, a hard hat, and a molecular structure. In the bottom right corner, there is a small video inset showing a woman with glasses and a colorful patterned top. At the bottom left, there are logos for NPTEL and a university.

What is Budgeting?

- The process of allocating a finite amount of resources to the prioritized needs of the organization.
- The continuous cycle of planning and evaluation used by an entity in order to achieve the stated goals and objectives of the organization
- A tool generally used to control spending decisions in organisation.

Now, before we move forward, we need to understand what is budgeting. It is the process of allocating a finite number of resources to the prioritized needs of the organization.

So, we will be discussing about budgeting from a very general perspective first because we have to understand like if we have limited resources and we have we know like what we will be doing, then we have to allocate those resources, so that to the respective heads under the like under or under for the different activities that are required to do for the goal, so that we have enough resources to do those activities, essential activities required to reach our goal. So, sometimes we think like budgeting is only about money; so, which is actually not.

So, budgeting could be about your any resources, it could be about your prioritizing, about your time allocation of your time, allocation of human resources. So, it could be any aspect like whenever you are talking of yes when we give a like monetary component to it, it helps us in understanding the like what we the rather the cost benefit analysis in a much better way or we understand like whether you are closer towards whatever you are assumed that it needs to be allocated and how many you have been able to utilize for it.

But generally, whenever you are talking of budgeting is there which is, we can talk it to be a pre planning, we can talk it to be a self-discipline of like finding out like doing things in a very systematic way. So, we will look at the concept of budgeting from a general perspective first and in that aspect, we will discuss some of the financial aspects of it also.

So, when we discuss about budgeting it is the process of allocating a finite number of resources to the prioritized needs of the organization right. It is a continuous cycle of planning and evaluations used by an entity in order to achieve the stated goals and objectives of the organization; it is a tool which is generally used to control decisions in the organization.

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What is Budgeting? (Contd..)

Budgeting is a concrete precise process of the total operation of an enterprise in monetary terms

It is also, an operation plan, for a definite period usually a year-expressed in financial terms and are based on an expected income and expenditure.

The slide features a cartoon illustration of a blue funnel labeled 'BUDGET' with a red bird on top. Below the funnel, a group of diverse people are shown, some holding buckets, representing resource allocation. The slide also includes the NPTEL logo in the bottom left corner and a small video inset of a woman in the bottom right corner.

So, we understand budgeting as a concrete precise process of the total operation of the enterprise and of course, in monetary terms. Like that is additional to it, but the primary of thing is it is a concrete precise process of allocating your resources into different heads which will help you to reach the goal properly. So, it is also an operational plan for a definite period, usually a year and it is expressed financial terms and they are based on an expected income and expenditure.

So, you can like broaden this definition also into like here the resources that you have at hand and the resources maybe that you can allocate under each of the headings of like work that you need to do, based on the prioritization of the work itself and number of resources required to do it in a better way. So, it is all about, it is that operational plan.

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The slide features a title box at the top: "Why is Budgeting Important to any Organisation?". Below it, a blue box contains three bullet points: "• A comprehensive planning process is vital due to the scope and diversity of operations.", "• Budgeting improves decision making by delegating spending authority and providing accountability.", and "• Budgeting allows management to monitor where the organization is by tracking and evaluating spending decisions.". In the bottom right corner, there is a video feed of a presenter. The slide also includes decorative icons of gears, a hard hat, and a molecular structure, and the NPTEL logo at the bottom left.

Now, why budgeting is important to any organization? It is budgeting is important because it is a comprehensive planning process, which is a very vital due to the scope and diversity of operations in a particular organization. The budgeting also improves decision making by delegating and the spending authority and providing the accountability.

Budgeting also allows management to monitor, where the organization is by tracking and evaluating the spending decisions. So, you have already understood about the controlling, we have also understood about the span of control, delegation of authority. So, whenever we are talking of budgeting, also we find like it is a delegation of the spending authority and the providing of accountability for that.

So, it really helps the tracking mechanism to find out like if a budget has been allocated and how it has been spent; in under what headings it has been spent. It helps to understand whether the organizational goal, where the organization wants to see itself through different activities which have been mapped to various divisional activities or departmental activities coming down to the group goals or the individual goals and allocation of resources and budgeting has been done for it.

So, if you have utilized that budget properly, then what happens like we know like properly for the work for which it is been allocated and achieved the desired outcome, then we know like we are moving closer to the desired or the expected goal and in that way, we can check for the deviations.

If you see like the budget is not being utilized properly, there has been gaps for it. Then, we need to like query about find out why the budget remained unutilized; was it due to the lack of planning, was it due to lack of like efforts taken, was it due to the lack of resources, was it due to the lack of communication or maybe that much of budget is not required.

Like one division may be having a deficiency and the other maybe is having a surplus. So, in next year, when we go for planning do, we need to reallocate the budget based on the amount spent on the last year and the like effectiveness and efficiency shown in the last year and what will be the projected like expenditure or outcome in this year and based on that, reallocates the whole budget.

So, this is very important from the functioning of the organization and also for comprehensive planning process, so that we find like there is more or less equitable distribution based on the priority of the work and a map to their competencies and how they are placed according to the order of importance and enriching the organizations goal. So, budgeting helps us to like plan and again, review and again, reallocate the resources in based on this feedback that we receive.

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Planning and Budgeting

1. Budgeting is useful because it enhances:
 - a. Communication.
 - b. Coordination.
2. The process of developing a budget forces managers to consider:
 - a. Goals.
 - b. Objectives.
 - c. Specify means of achieving them.

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So, that is why it is what we feel like planning and budgeting are very interlinked with each other. So, budgeting is useful because it enhances communication; it is linked with coordination. So, the process of developing a budget forces manager to consider the goals of the organization, objectives and the specify the means for achieving them.

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The slide features a blue header with the title "Budgeting and Controlling". Below the title is a blue box containing a numbered list of three points. In the bottom right corner, there is a small video feed of a woman with glasses and a colorful patterned top. The background of the slide is white with various icons related to business and technology, including gears, a hard hat, and a network diagram. The NPTEL logo is visible in the bottom left corner.

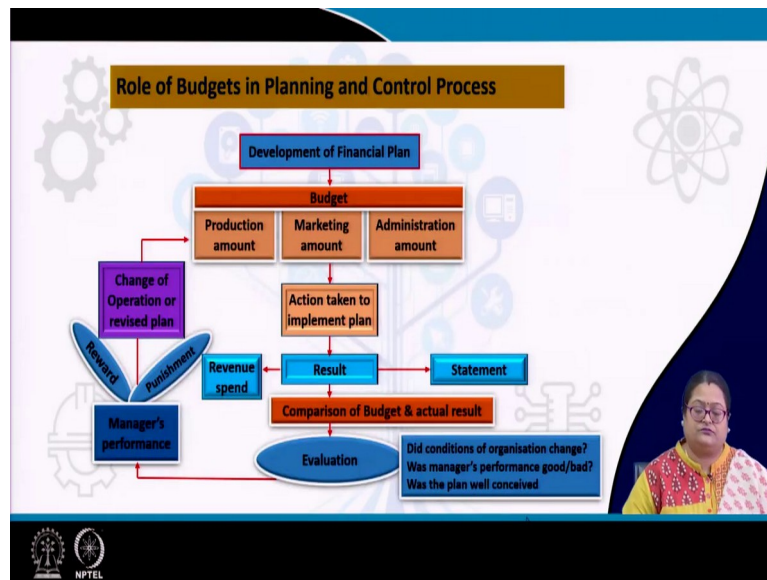
Budgeting and Controlling

1. Budgeting is useful because it provides a basis for evaluating performance.
2. Performance evaluation is carried out by comparing actual performance with planned or budgeted performance.
3. Significant deviations from planned performance are associated with three potential causes.

Budgeting is also linked with the controlling mechanism as we were discussing. It is useful because it provides a basis for evaluating the performance as we have discussed, like if you are not able to spend something the budget allocated to you, then what happened? If you have spent, you have you spent it in an effective and worthwhile manner.

So, budgeting provides a basis for evaluating performance. Performance evaluation is carried out by comparing actual performance with the planned and budgeted performance. Significant deviations from the planned performance are associated with three potential causes.

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So, what we see over here like the when you talk of budgeting or the financial plan, whether it is related to the production or marketing or with the administration and then, what is the action taken to implement the plan and then, what is the result; what is the revenue spent and what is the statement? So, and it leads to the comparison of the budget and the actual result in evaluation.

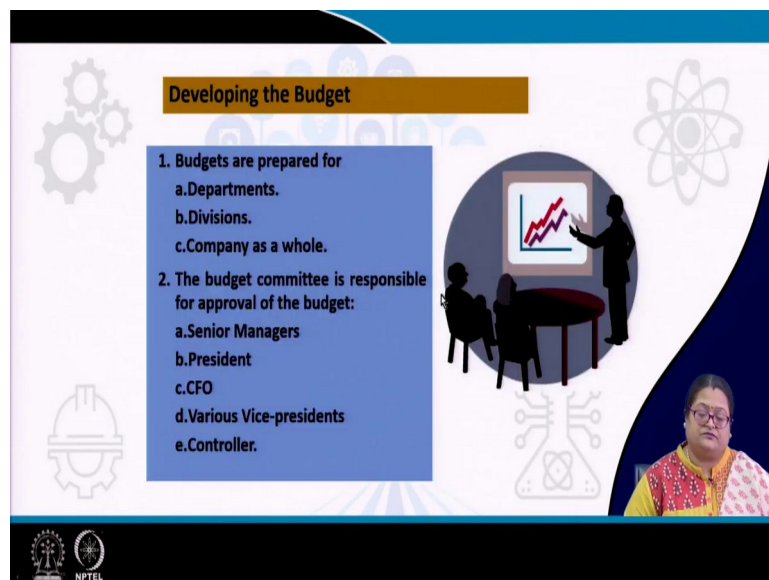
In evaluation, we generally ask questions about like did the organization that the conditions of the organization change, like as we are discussing like when there is a constraint which prevented in reaching the expected result, then was managers performance good or bad and also, like whether the plan was well conceived like whether the budgeting was actually done properly or not.

So, these are the three questions which were like asked in the like when you are talking of the evaluation of the performance. And this evaluation is also related to the managers performance like whether they are rewarded or they are reprimanded for it and then again, with this review it may go for the change of the operation or the review or the revised plan and again, which is which gives a feedback loop to the reallocation of the budget done under the production amount or the marketing amount or the administration amount.

These are the three pillars which helps into take the action and after the result and evaluation asking these three questions, we get to evaluate their performance which is again gives a feedback loop in reallocation of the budget.

So, we can see like this is a cyclical process which goes on and on and then, we have to see at each step like what is the deviation and how that deviation of the actual from the expected can be closed and whether it is again whether we should reevaluate the plan or we look into the constraints and again, revise the things that we have done.

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The slide is titled "Developing the Budget" in a blue box. It contains two main points:

1. Budgets are prepared for
 - a. Departments.
 - b. Divisions.
 - c. Company as a whole.
2. The budget committee is responsible for approval of the budget:
 - a. Senior Managers
 - b. President
 - c. CFO
 - d. Various Vice-presidents
 - e. Controller.

The slide features several icons: gears, a hard hat, a person pointing at a screen with a line graph, and a person sitting at a table. In the bottom right corner, there is a small video inset showing a woman speaking. The NPTEL logo is visible in the bottom left corner.

That is why planning budgeting and controlling are very interlinked processes with each other. Budgets when you talk of developing the budgets, it is prepared for departments, it is prepared for divisions and also, it is prepared for the company as a whole.

So, it is the budget committees responsible for approval of the budget by the senior managers, the presidents and then, the CFO and various vice presidents and the controller. So, there is a budget committee which discusses and it is a team which looks into the what are the expected results and what are the expected finance required for reaching the objectives that are defined and it as a team, all of them come to understand what is the budget that needs to be done.

So, it is a like it is a good brainstorming exercise rather where we need to look into the feedback taken from various levels. So, for that also you will find like if you want to relate it, budgeting is also very much intricately related not only with planning and controlling; but also, with reporting as we will be seeing in the next lecture sessions.

Because until and unless we are reporting things, how it is getting done in the organization properly; where the deviations are occurring; why the deviations are occurring; how much

maybe more resources we required to do any work properly. Then, without this feedback, we are not able to do our planning properly or the budgeting properly. So, budgeting is also very well related to the reporting processes in the organization.

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The slide is titled "Developing the Budget (Contd...)" and features a blue background with various icons like gears, a calculator, and Indian Rupee symbols. It lists two approaches:

3. Top-down approach is where goals are pushed down from top management.
4. Bottom-up approach is where lower-level managers are the primary source of information used in setting the budget.

An illustration shows a hand dropping a coin into a calculator, symbolizing the flow of information and resources. A small video inset in the bottom right corner shows a woman speaking.

So, budgeting as we see is a top-down approach, where the goals are pushed down from the top management. It is also a bottom-up approach, where lower-level managers are the primary source of information used in setting the budget.

This is where we were talking of the reporting relationships and reporting, the report submitted by the lower-level managers to those listed higher up in their organization, next higher up in the level of authority so that the people who are sitting at the top layer can understand how the money is utilized till the lower level of the organization and what are the requirements. So, that whether there is excess whether there is deficiency. So, that it can be thought of reallocating also.

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Budget Time Period

1. Budgets range from months to several years or more.
2. Key point is that there is an inverse relationship between
 - a. Length of the budget period.
 - b. Detail contained within the budget.

The slide features a yellow header with the title 'Budget Time Period'. Below the title is a blue box containing a numbered list. The first point states that budgets range from months to several years or more. The second point highlights an inverse relationship between the length of the budget period and the detail contained within it, with sub-points 'a' and 'b'. Below the text is a purple box with an illustration of a person standing next to a scale of justice, with a large gold coin on the scale and a document labeled 'TAX' on the other side. The slide is decorated with various icons like gears, a hard hat, and a molecular structure. At the bottom, there are logos for IIT Kharagpur and NPTEL.

So, the budget time periods may range from months to several years or even more. The key point is that there is an inverse relationship between the length of the budget period and the details contained within the budget. So, definitely, it will be like the it is lengthier, then it is very difficult to like report everything in details. So, maybe it is the in that it will be like focus will be or the like major headings maybe.

Another thing for this the information system, the MIS should be very strong there should be like storehouse where to store your data. So, IT system also needs to be very strong, if we have to like capture the detailed information for a greater length of time intricately for all the functions of the organization.

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Zero Base Budgeting

1. Zero base budgeting is a method of budget preparation which begins each period with a clean slate.
2. Managers must start from zero and justify budgets every period.
3. Used in government budgeting.
4. Not commonly used in business.

The slide features a blue header with the title 'Zero Base Budgeting'. Below the title is a blue box containing a numbered list of four points. The background is white with faint icons of gears, a hard hat, and a molecular structure. In the bottom right corner, there is a small video feed of a woman with glasses wearing a colorful patterned top. The NPTEL logo is visible in the bottom left corner.

Zero based budgeting; it is a method of budget preparation which begins each period with a clean slate. Managers must start from zero and justify budgets in every period. It is used in government budgeting and it is not commonly used in business.

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Master Budgeting

Master Budgeting(comprehensive) Includes:

1. Sales budget.
2. Production budget.
3. Direct materials budget.
4. Direct labor budget.
5. Manufacturing overhead budget.
6. Selling and administrative budget.

The slide features a blue header with the title 'Master Budgeting'. Below the title is a blue box containing the text 'Master Budgeting(comprehensive) Includes:' followed by a numbered list of six components. The background is white with faint icons of gears, a hard hat, and a molecular structure. In the bottom right corner, there is a small video feed of a woman with glasses wearing a colorful patterned top. The NPTEL logo is visible in the bottom left corner.

So, the master budgeting or the comprehensive budget include sales budget, production budget, direct materials budget, then direct labor budget, manufacturing overhead budget, selling and administrative budget.

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Master Budgeting (Contd..)

Master budgeting includes:

7. Capital acquisitions budget.
8. Cash receipts and disbursements budget.
9. Budgeted income statement.
10. Budgeted balance sheet.

The slide features a blue header with the title, a blue box with the list, a bar chart with blue and red bars, a cartoon character of a man in a suit, and a small video inset of a woman in a colorful patterned top. The background includes icons of gears, a hard hat, and a molecular structure. The NPTEL logo is at the bottom left.

It also includes capital acquisitions budget, cash receipts and disbursement budgets, budgeted income statement and budgeted balance sheet.

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Who is Involved in the Budgeting Process?

The diagram shows a blue pyramid with five levels, representing the hierarchy of roles involved in the budgeting process:

- Board of Directors
- Budget Committee
- Budget Director, Budget Office
- Vice Presidents, Deans
- Directors, Managers, Other Unit Leaders

Arrows point from the top level down to the bottom level, indicating the flow of the process. The slide includes the same icons and video inset as the previous slide, with the NPTEL logo at the bottom left.

So, this where we see like who are involved in the budget processes or the directors, managers and other unit leaders, vice deans like budget director, budget office, budget committee and the board of directors. So, in the when we are talking about the budget committee in the last slides, when we were talking about the team taking to be the decision.

So, though it is shown over here in this hierarchical manner, but it requires lot of discussions over here which is placed to this budget committee. Lot of like discussions brainstorming over here and which is then place to this committee for the final approval based on how well the needs of the various departments or divisions represented and how well it is linked with the goals of the organization.

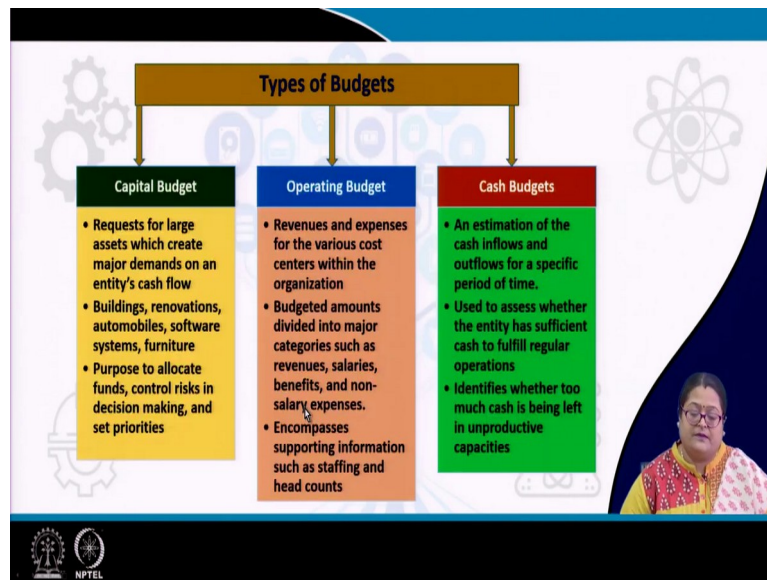
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The slide features a central diagram with three green boxes: 'Organization goals' on the left, 'Individual goals' on the right, and 'Goal congruence' in the middle. A double-headed arrow connects the 'Organization goals' and 'Individual goals' boxes, with the 'Goal congruence' box positioned in the center of the arrow. Above this diagram is a grey box with the text 'Understand the importance of people in the budgeting process.' Below the diagram is a blue box with the text 'Participative Budgeting' and 'Use of input from lower- and middle-management employees; It is also called grass roots budgeting'. The slide is decorated with icons of gears, a lightbulb, and a person. The NPTEL logo is visible in the bottom left corner.

Now, what is the importance of human resource in budgeting is that there is an organizational goal which are linked with the individual goals and these two goals needs to be congruent with each other and in doing so, the participative budgeting is very important. It is the use of input from lower and middle management employees, it is also called grassroots budgeting.

So, as we were talking of if you can see like we are talking of the like the reporting relationships are very important and reporting about like how the resources were utilize water required more to perform in a better way. So, these inputs from the lower and middle level employees are very important information which helps in mapping together the individual goals and the organizational goals together.

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Now, there are different types of budgets; one is the capital budget, another is operating budget and the third is the cash budget. In capital budget, it requests for large assets which create major demands on an entities cash flow. So, these are like buildings, renovations, automobile, software systems and furniture.

The purpose is to allocate funds, control risk in decision making and set the priorities. When in talking of operating budget, these are the revenues and expenses for the various cost centers within the organization. Budgeted amounts are divided into major categories such as revenues, salaries, benefits and non-salary expenses.

It encompasses supporting information such as staffing and head counts. In cash budget, it is an estimation of the cash inflows and outflow for a specific period of time. It is used to assess whether the entity has sufficient cash to fulfill regular operations. Identifies whether too much cash is being left in unproductive capacities; so, in that we can again reallocate it to the divisions, where it is really required.

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Some Other Types of Budgets

- Sales Budget
- Production Budget
- Direct Materials Budget
- Direct Labor Budget
- Overhead Budget
- Static Budget
- Cash Receipts and Disbursements Budget
- Flexible Budget

The slide features a blue background with a list of budget types. A woman is visible in the bottom right corner. The NPTEL logo is at the bottom left.

Some are the types of budgets are sales budget, production budget, direct materials budget, direct labor budget, overhead budget, static budget, cash receipts and disbursement budget and flexible budget.

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Cash Budget

Estimate cash flows.

The cash budget is a statement of cash on hand at the start of the budget period, expected cash receipts, expected cash disbursements, and the resulting cash balance at the end of the budget period.

- Cash receipts:
 - Collection of accounts receivable
 - Cash sales
 - Sales of assets
 - Borrowing
 - Issuing stock
 - Other

The slide includes a flowchart and a list of cash receipts. An illustration of a man in a suit is on the right. A woman is visible in the bottom right corner. The NPTEL logo is at the bottom left.

We will discuss some examples over here like cash budget, it estimates the cash flows. It is a statement of cash in hand at the start of the budget period; expected cash receipts, expected cash disbursements and the result cash balance at the end of the budget period. The cash

receipts under it, it is there the collection of accounts receivable, cash sales, sales of assets, borrowing, issuing stock and other things.

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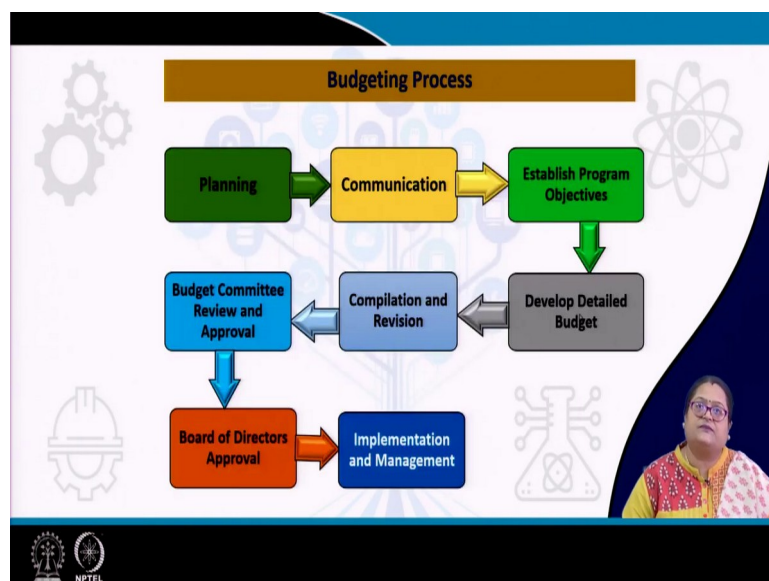
Cash Budget (Continued..)

- Some cash disbursements:
 - Materials purchases
 - Manufacturing costs
 - Operating activities
 - Debt repayment
 - Acquisition of new assets
 - Income taxes
 - Dividends
 - Other activities

The slide features a list of cash disbursements on the left and an illustration of a man in a white shirt and red tie carrying a bag and handing out money to children on the right. The NPTEL logo is visible in the bottom left corner.

Some cash disbursement examples are materials purchases, manufacturing cost, operating activities, debt repayment, acquisition of new assets, income taxes, dividends and other similar activities.

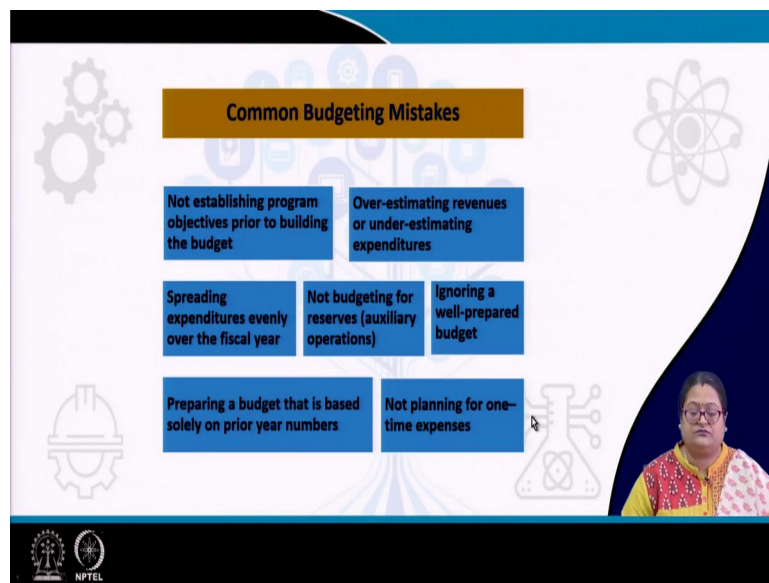
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Now, what is the budgeting process? There is a planning, then communication about it and establishing the program objectives. After that develop detailed budget based on the program

objectives, compilation and revision and which is sent to the budget committee for review and approval. It goes to the board of directors for approval and finally, it is implementation and management which will again, you will get a feedback loop towards the planning process.

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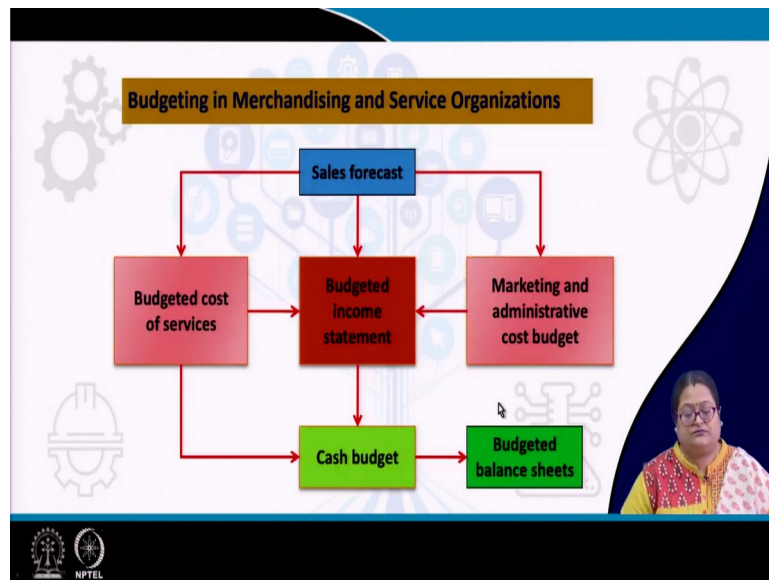


Now, some of the common budgeting mistakes are not establishing program objectives prior to building the budget. So, if you do not have the program objectives set, then how do you allocate resources for it? So, it is very important to establish your program objectives. Over-estimating revenues or under-estimating expenditures. Spreading expenditures evenly over the fiscal year.

So, this is also not very like sound method because you do not know when uncertainties may come up when, you do not know whether markets are going to fluctuate or not. Not budgeting for reserves; ignoring a well-prepared budget; preparing a budget that is based solely on prior year numbers.

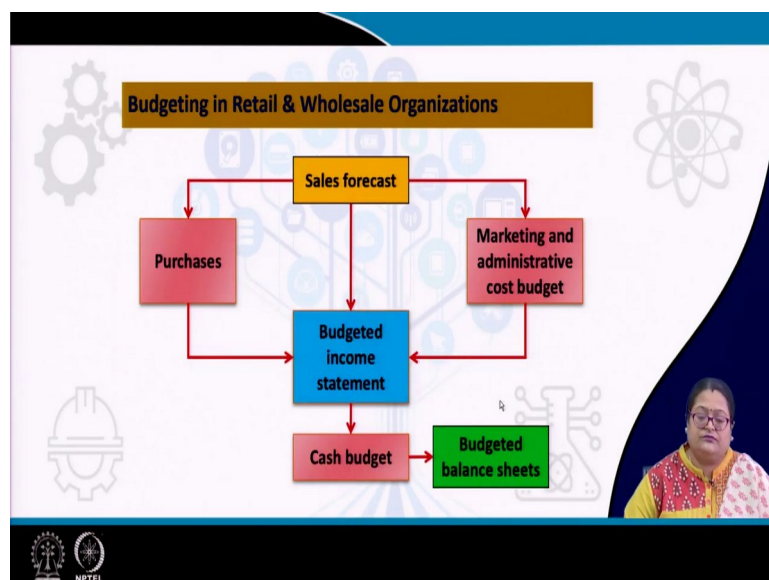
So, we have to take into consideration the present situations also. It is not only the prior numbers are just these are markers for us to start from a somewhere. But in case to be realistic, we need to have consideration into the present environmental situations also and not planning for onetime expenses.

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So, here we will show you like some examples like budgeting and merchandising and service organizations like what are the important points, like the sales forecast. Then, which is classified under the three headings like budgeted cost of services and then, marketing and administrative cost budget, which is going to have a relationship with the budgeted income statement that will lead to the cash budgets and then, will lead to the budgeted balance sheet.

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So, similarly in retail and wholesale organizations, then it is sales forecast related to the purchases and marketing and administrative cost budget. Then, it is related again to the budgeted income statement, cash budget and budgeted balance sheets.

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The slide features a title bar at the top with the text "Role of Managers in Budgeting". Below the title, a central text box lists the roles: "Managers usually play various types of role while budgeting for an organisation which include- Visionary role, Role as Planner, Role as Demonstrator, Role as Anticipator, Role as Role Model, Role as Commander, Role as facilitator". To the right of the text is a 3D illustration of a person standing on a switch labeled "ON" and "OFF". The slide is decorated with icons of gears, a hard hat, and a molecular structure. At the bottom, there are logos for IIT Kharagpur and NPTEL.

So, what we are trying to get over here is based on the nature of the organization, based on the type of work that you are doing, you have to like synchronize it with your nature of organization and type of work and prepare the major heads of the budget, try to see what are your major activities and program objectives and then, prepare budget accordingly, based on your nature of organization, your nature of work, your nature of priorities, your future planning also.

So, what are the role of managers in budgeting; is they play various types of roles while budgeting for an organization, which include that is what we are talking of role of a visionary, you need to foresee like what are the expected things which are coming up in your way and whether you are allocating resources properly for it.

Role as a planner, you have to plan well for it. Role as demonstrator, anticipator and as a role model, who can do all these things well and who is following the expected results and actually performing to meet those results; role as a commander and facilitator.

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The slide is titled "Ethical Problems in Budgeting" in a brown box at the top. Below the title, there are two text boxes: a blue one on the left stating "Budgets can create serious ethical issues for many people." and an orange one on the right stating "The company must recognize the trade-off between encouraging unbiased reporting by managers and the use of budget information in performance evaluation and rewards." To the right of the text boxes is a photograph of a person with their head buried in their hands, sitting at a desk with papers. In the bottom right corner of the slide, there is a small video inset showing a woman with glasses and a colorful patterned top. The slide also features several icons: gears, a hard hat, and a stylized atom symbol. At the bottom left, there are logos for NPTEL and other institutions.

Now, what we see while budgeting, there could be some ethical issues in budgeting which we are going to highlight over here. The ethical issues which are considered over here like in the it the company should realize the, recognize the tradeoff between encouraging unbiased reporting by managers and the use of budget information in performance evaluation and rewards.

So, if we see like the if we encourage people for unbiased reporting and giving you the true picture of how the performance is, then we have to understand like if people are honestly giving a particular feedback about whether the budget has been utilized properly or not. And if it is not being utilized properly, then and deviations have occurred, then deviations are resulting due to what causes.

If that honest feedback that you are encouraging people to give that feedback to you, so it should not be affecting adversely the performance evaluation and reward management of the particular employees, who are connected to it. So, these are the some of the ethical issues which needs to be taken into like cognizance whenever we are talking of budgeting.

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The slide features a title 'Budgeting Under Uncertainty' in a brown box. Below it, an orange box states 'Budgets allow management to explore many alternatives.' A green box contains the text: 'Spreadsheets are helpful in preparing budgets and quantifying "what-if" conditions. Questions like what if labor costs are 10 percent higher (or lower) than projected?'. To the right is an image of a spreadsheet with numerical data. The slide also includes decorative icons of gears, a hard hat, and an atom, and the NPTEL logo at the bottom left.

The budgeting under uncertainty. So, budgeting not only helps us to do things properly, while there is a stable situation, where while everything is like under your normal control. But budgeting also helps you to make your plans for your uncertainty.

So, budgeting as it allows management to explore many alternatives. The spreadsheets are helpful in preparing budgets and quantify what if type of conditions. Questions like what if labor costs are 10 percent higher or lower than the projected could be answered, if you do have a proper budgeting place.

But to have that the MIS system needs to be very strong, well-developed to capture all details, the all the activity should be stated very clearly like the objectives as broken down into measurable activities, with matrices developed to measure it and it needs to be audited properly also.

So, that we have all detailed data to come to this conclusion and try to prepare ourself for future. We have to understand these certain things are uncertain because we are not able to see what decisions, we need to take. We are not able to understand like what if because we feel like many things are unknown.

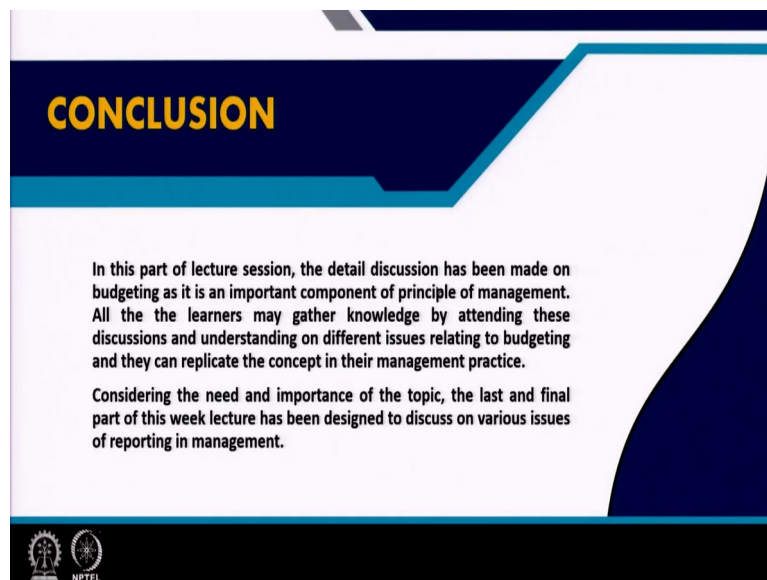
But if we can increase our domain of what is known to us and based on that, we can make some predictions based on like this what if type of analysis, maybe will try to get some confidence in facing the uncertainties and how to prepare our self, well ahead for it based on

the budgeting that we do. So, budgeting definitely helps us in much in depth in answering to those problems and getting ourselves prepared for the future.

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So, these are the some of the references that we have used over here. So, what we hope like this has given you certain ideas about like the how budgeting is a likely linking pin type of phenomena which is linked with the controlling activities, planning activities and also, with the reporting activities in the organization and only a proper budgeting is going to help you to

move closer towards your expected results and perform in a much better way with confidence.

Next week, we will be focusing on the reporting relationships and how to prepare reports.

Thank you till then.