

PROJECT REPORT ON
(16MBAPR407)

A STUDY ON BUDGETARY CONTROL AT KSPDCL,
BANGALORE

BY

TRAPTHI PAI
(1AZ16MBA72)

Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY,
BELGAUM



In partial fulfilment of the requirements for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION
Under the guidance of

INTERNAL GUIDE:

DR. PRAKASH. B. YARGOL

Professor

EXTERNAL GUIDE

Mrs. B. SUJATHA

DGM (FAA) at KSPDCL



Department of MBA

Acharya Institute of Technology

Soldevanahalli, Hesarghatta Main Road, Bangalore-90

MAY 2018

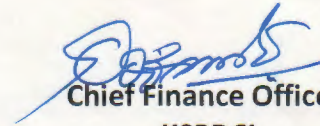


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**KARNATAKA SOLAR POWER DEVELOPMENT
CORPORATION LIMITED**
(JV Company of KREDL, GoK & SECI, GOI)

KSPDCL/CEO/CFO/DGM(F,A&A)/AGM(A&A)/2018-19/177 Date : 23 APR 2018

CERTIFICATE

This is to certify that the project work titled "**BUDGETORY CONTROL**" has been successfully completed by **MS. TRAPTHI PAI**, bearing Reg No. 1AZ16MBA72, MBA Student of Acharya Institute of technology, Bangalore, during the period January, 15th 2018 to March, 24th 2018 and the report is submitted in partial fulfilment for the award of Master's Degree in business Administration of Visvesvaraya Technological University, Belgaum.


Chief Finance Officer
KSPDCL

KARNATAKA SOLAR POWER
DEVELOPMENT CORPORATION LIMITED
2nd Floor, South Block,
Beeja Raja Seeds Complex Building,
Hebbal, Bellary Road,
BENGALURU-560024

2ನೇ ಮಹಡಿ, ಸೌತ್ ಬ್ಲಾಕ್ - 2, ಬೀಜರಾಜ ಸಂಕೀರ್ಣ, ಹೆಬ್ಬಾಳ, ಬೆಂಗಳೂರು - 560 024.

2nd Floor, South Block - 2, Beejaraja Seeds Complex, Hebbal, Bellary Road, Bengaluru - 560 024.

Phone : 080 - 2351 5517, Fax : 080 2351 5518, Web : www.kspdcl.in CIN : No. : U40107KA2015PLC079223



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Date: 17/05/2018

CERTIFICATE

This is to certify that **Ms. Trapthi Pai** bearing **USN 1AZ16MBA72** is a bonafide student of Master of Business Administration course of the Institute 2016-18 batch, affiliated to Visvesvaraya Technological University, Belagavi. Internship report on “**A Study on Budgetary Control**” at **KSPDCL, Bangalore** is prepared by her under the guidance of **Dr. Prakash B Yaragol**, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

Prakash B Yaragol 19/5/2018

Signature of Internal Guide

Y. Jagadeesh 19/5/18

Signature of HOD

Head of the Department
Department of MBA
Acharya Institute of Technology
Soldevanahalli, Bangalore-560 107

Dr. Prakash B Yaragol 23 May 18

Signature of Principal
PRINCIPAL

ACHARYA INSTITUTE OF TECHNOLOGY
Soldevanahalli Bangalore-560 107

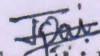
ACHARYA

DECLARATION

I **Trapthi Pai**, hereby declare that the Project report entitled A case study on Budgetary control at KSPDCL, Bangalore) prepared by me under the guidance of **Dr. Prakash. B.Yargol** faculty of M.B.A Department Acharya Institute of Technology and external assistance by **Mrs. Sujatha. B DGM** at KSPDCL. I also declare that this Project work is towards the partial fulfillment of the university regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belgaum. I have undergone a summer project for a period of 10 weeks. I further declare that this Project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University / Institution.

Place: Bangalore

Date: 22/05/2018


Trapthi Pai

ACKNOWLEDGEMENT

I wish to pledge and reward my deep sense of gratitude for all those who have made this project come alive.

My sincere thanks to **Dr. S.C Pilli** Principal, **Dr. Mahesh** Dean Academics and **Dr.Nijaguna G.** HOD of Department of MBA of Acharya Institute of Technology, Bangalore for the academic support and motivation given for pursuing this project.

I am gratefully indebted to my internal guide **Dr. Prakash. B. Yargol** Professor, Department of MBA, Acharya Institute of Technology, Bangalore for encouraging me and for his constant support throughout the course of the project and helping me to complete it successfully.

I would like to thank the Manager **Mrs. B. Sujatha** External Guide for allowing me to undertake this project work at Karnataka Solar Power Development Corporation Limited. Last but not the least; I would like to thank all the employees of KSPDCL, Bangalore for their immense support and cooperation given to me during working on this project.

Place: Bangalore

TRAPTHI PAI

Date:

USN:1AZ16MBA72

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EXECUTIVE SUMMARY

The research topic is “A study on Budgetary Control” which is conducted at Karnataka Solar Power Development Corporation Limited, Bangalore. This evaluate intended a deep plunge, and proposed how the imperative authorities is aware how the plan deals with the outflow of KSPDCL, what control finances techniques had been mounted, and how effective manage measures are.

Solar strength is a renewable power aid that is typically simply to be had and is basically non-polluting. The specialty of sun era lies in its huge variety of programs in Solar Photovoltaic (PV) and sun thermal technology, into which the heat generated, may be used for home and industrial programs and electricity generation.

To say about the company, Karnataka Solar Power Co., Ltd. (KSPDCL) was shaped through a joint project between SECI and KREDL on March 12, 2015 in accordance with the 2013 Company Law, and has actively evolved the first sun park in Tumour District with a cumulative capability of 2,000. MW.

Background of the study says that, Budgeting additionally give data and information of prior period execution and continue to consider critical correlation amongst "expected" and "actual" advance. It is a cost control method through the arrangement of spending plans. It is a systematized push to keep the organization educated of whether the execution of the association is as indicated by the arrangement.

The study is conducted with the objective to analyze the actual expenditures and revenue of the company during 2015-18 and to examine the variance between actual and estimated expenditures and revenue The examination is bound to the budgetary control investigation, which is centred on the hypothetical foundation of the planning of the yearly consumption and income spending estimation at the Karnataka Solar Power Development Corporation Limited.

The research methodology used here is primary and secondary data and the study is empirical in nature. The examination was completed for a time of 10 weeks. The task was attempted from 15-1-2018 to 24-3-2018. The information relating to a time of 3 monetary years (2015 – 2016, 2016-2017 and 2017-2018) was drawn from the yearly income and use spending estimation report of the organization.

The limitations of this study are, time limitation that is just couple of strategies was decided for examination and the study has been led for a reference time of 3 financial years as it were.

In data interpretation, all the expenditure met by the company is taken. Taking in to account the estimated amount and actual amount spent it is found that whether there is favourable variance or unfavourable variance. Graphs relating to the estimated, actual amount and variance have been drawn.

By conducting this research it is found that there is operational efficiency in the firm due to effective control over the office expenditure, the budgeting team has projected the overall expenses on books and periodicals appropriately in all the years which indicate favourable variance, budgeting team has done a very good budgeting in the year 2017-18 when compared to 2015-16 and 2016-17, Budget estimation has met the budget estimation most adequately without any adverse deviations in many of the cases.

After the completion of the research some negative points has been found so, it is suggested for the company to reduce sending on some expenditure and to increase estimation on some expenditure. It is suggested to reduce current liabilities and interest paid on borrowings and to invest in highly liquid assets.

To conclude, Overall performance of the company is up to the mark and budgeting team has done a very good estimation in many of the cases. The company is performing very well in every aspect, of its dealing. The working capital as well as profit of the bank has gone up tremendously. An efficient budgetary control helps in management of production, finance, personnel and marketing department effectively.

Even though budgetary control team consist of fewer members its achievements are more.

CHAPTER – 1

INTRODUCTION

1.1 INTRODUCTION

This evaluate intended a deep plunge, and proposed how the imperative authorities is aware how the plan deals with the outflow of KSPDCL, what control finances techniques had been mounted, and how effective manage measures are.

As we all understand, not like different management aid to budget is surrounded with the aid of important gadget for the enterprise; it is basically prepared by means of all the personnel within the corporation. The budget cannot simplest replica the management approach, however additionally help overview a few actions and begin the medium-time period remedial action. It reduces management desires to pure recipes and help as an expert device.

Therefore, it hopes to continue price range getting to know thru budgets and create tests and demonstrations. The price range allows management to concisely be expecting the impact and shape the predicted commercial enterprise association. The budget serves as a mentor for senior control and department heads. They determine performance because "budget bias" replicates the corporation's failure to meet the design's performance requirements or enhance their abilities. Therefore, the finances is a way of predicting and controlling the organizational wealth in an in large part fruitful and profitable use.

Budget is the way to communicate. The concept of senior management became given a shape of price range and given them a subordinate in real form. Since the overall performance of heads of departments is synchronized on a budget basis, its miles very beneficial when the improvement organization completes the specified team paintings. Therefore, the price range is mandatory, prepares for the future, motivates personnel to unite and swimming pools activities at all levels.

Overall, budget is a blueprint for a huge fulfilment plan expressed in both physical and monetary phrases. It includes plans for every of the company's operational obligation centres and affords hyperlinks between the agency's numerous departments' bodily and monetary plans. The finances approach must make it very critical for control to set desires and targets, formulate guidelines, formulate brief-time period and lengthy-time period plans, and decide overall performance similarly to desires.

1.2 INDUSTRY PROFILE

Solar strength is a renewable power aid that is typically simply to be had and is basically non-polluting. The specialty of sun era lies in its huge variety of programs in Solar Photovoltaic (PV) and sun thermal technology, into which the heat generated, may be used for home and industrial programs and electricity generation. China ranks first in phrases of sun established potential, with Japan, Germany, the US, and Italy ranking first.

As a tropical India has greater than three hundred sunny days at 12 months, growing positive surroundings for the usage of solar strength. According to the Ministry of New Energy and Renewable Energy (MNRE) of the Government of India (GoI), the country gets greater than 5,000 trillion kilowatt-hours of sun electricity every yr, and India's day by day average solar occasion ranges from 4.Zero to 7.0 kWh/m². . The solar electricity capacity in India is equivalent to about 600 billion kilowatt-hours of energy per yr.

Indian states have installed numerous plans through their respective sun electricity rules. Karnataka is a country in India that implements massive-scale megawatt-potential initiatives within the country consistent with its kingdom coverage as amended sometimes. In solar parks, the government will offer developers with the vital land and important infrastructure (connectivity, water and strength evacuation, etc.). In Karnataka, nation node employer Karnataka Renewable Energy Development Agency (KREDL) is concerned about its sun power policy and advocates progress of sun parks inside the nation.

Karnataka has about 5 solar parks and cooperates with the Indian Solar Energy Corporation (SECI) and the Indian authorities. There are about 25 such parks across the United States of America.

1.3 COMPANY PROFILE

Karnataka Solar Power Co., Ltd. (KSPDCL) was shaped through a joint project between SECI and KREDL on March 12, 2015 in accordance with the 2013 Company Law, and has actively evolved the first sun park in Tumkur District with a cumulative capability of 2,000. MW.

In this regard, KSPDCL selected 10,541 acres of land in five villages of Thirumani, Rayachuru, Balasamudra, Vallur, Kyathaganacherlu, Nagalamadike Hobli, Pavagada Taluk, Tumkur district, and Karnataka states to set up solar park of 2,000 MW.

Board of Directors

- **Sri. D. Nagaraj, Chairman - KSPDCL**
- **Sri. ChinniahKannan, Director (Finance) – Solar Energy Corporation of India**

1.31 PROMOTERS

- Karnataka Renewable Energy Development Limited (KREDL).
- Solar Energy Corporation of India Limited (SECI).

1.32 VISION, MISSION AND QUALITY POLICY

VISION

“Set up India as a global leader in solar energy, by creating the strategy circumstances for its large scale distribution across the country as rapidly as possible.”

MISSION

The mission drives for declining the cost of sun oriented power age in the nation and to accomplish network duty equality by year 2022 through,

- **Long term strategy measures**
- **Large scale organization objectives**
- **Aggressive Research and Development**
- **Domestic creation of basic crude materials, parts and items.**

QUALITY POLICY

- Improve the manufacturing of environmentally friendly solar power first-rate control.
- Develop fee-competitive, convenient, safe and dependable new and renewable power deliver alternatives inside the nation.

1.33 PRODUCT PROFILE

Solar energy

Sun based power is generally extreme extensive quality supply in nature. Sun oriented photovoltaic (PV) is a process for assembling power through the photovoltaic impact. Sunlight based boards could be utilized for PV innovation which comprise of various sun cells containing PV materials.

The sun board assimilates photons from daylight hours, and the electrons in the board create vitality. In a couple of occurrences, the produced quality can be utilized immediately from the board, however in masses of times, the framework related inverter changes over the immediate current (DC) created through the sun board into substituting present day (AC). For wellbeing, the front of the sun oriented board is exemplified with clear glass and the again is epitomized with a plastic film.

High-temperature sun leasers utilize mirrors to notoriety sunshine hours, are commonly used, to produce control. The business of sun warm vitality is superior to that of sunlight based photovoltaics.

Electricity generation using PV technologies

In photovoltaic innovation, the supply of electricity exchange is the strength of the mild thru the photovoltaic module. The sun-primarily based circuit board creates a coordinate modern-day (DC) energy supply, so a parking zone opposite to sun desires to transform the gears to convert it into rotating cutting-edge (AC), where body transmitted by the electricity matrix. This trade is performed by using the inverter. Create strength by converting daylight-based totally mild into a strength PV framework.

The PV body incorporates a PV panel masking the solar-primarily based cells. Solar-powered batteries are effective semiconductor gadgets that convert light into coordinate currents. The

internal layer that makes up maximum of the circuit board is a mixture of germanium and boron, giving it a nice rate.

The layers meet where they form an electric powered area referred as intersection.

Every time light (or photons) strikes a sun-based totally battery, it's going to effect on its passage via the glass cowl on the circuit board and antagonistic to the smart cowl before it reaches the gemstone, which prevents photons from being meditated from the circuit board. These photons are drawn to the intersections, expelling the electrons inside the crucible from the path. When it is not going that enough photons may be ate up, the electrons may be squeezed via the intersections and waft generously to the outside circuit.

The records say that, they may be handiest better types of batteries used as a part of Solar's incorporation into the system. The front surface of the solar substrate is a tough glass that has residences that aren't conducive to smart coverage, can benefit as much as viable from mild captured with the aid of a sun-orientated battery.

1.34 AREAS OF OPERATION- PAVAGADA SOLAR PARK

In Pavagada, the solar park is beneath improvement with 250 megawatts of electricity and eight seats consistent with seat. It is planned to afford 220kV collector substation for every 250MW sun ahead transmission block. The 250-megawatt block is further subdivided into five blocks, every with a capability of fifty megawatts. Each 50-megawatt block need to first is related to a 220kV / 66kV or 220 / 330V solar substation with a two-circuit underground cable of 66kV / 33kV. With a 66kV / 220kV mixed substation, the voltage will be raised once more to 220kV and will be in addition accelerated to 400kV at the proposed 400kV / 220k VPGCIL grid substation. Subsequently, the 400kV / 220kV PGCIL grid substation will be, a division of the 765kV / 400k VPGCIL grid substation in Tumkur district near Vasanthanarsipura.

The design of a Solar Park is basically to optimize the infrastructure fee of a sun photovoltaic task. In sun photovoltaic initiatives, the charge of infrastructure (land, connectivity, energy withdrawal, and so on.) varies from 15-25%.

The deferred expenses of this park will come partly from MNRE's grants and partially from prepayments from sun energy turbines.

In the cutting-edge state of affairs of power shortage, 90% of the energy era might be acquired thru the power distribution employer of Karnataka, namely the proposed Pavagada Solar Park's 1,800 MW strength, and the bundled strength charge will be three.50 INR to 4.50 INR in line with unit. Facing hall problems with transmission troubles. As this era is located inside and near the load centre, the use of transmission losses will also be decreased to a positive level. The challenge will create neighbourhood possibilities for the majority to a greater extent. This land rent model can assist farmers achieve an annual INR 21,000 INR in keeping with acre from April 1, 2016 for a duration of 28 years and is valid until March 31, 2044. It makes feel that, in each two (2) years, the once a year lease for land hire will increase by means of 5% for the subsequent 28 years.

1.35 INFRASTRUCTURE FACILITIES

Solar park facilities include support infrastructure for strength plant life and wells/drilling, waste management systems, energy lines, roads, warehouses and storage centers, administrative and operational homes, transient housing centers, production hard work camps and ancillary centers. Substation/alternate station.

To establish application-level sun park facilities, key necessities include: land, water, connectivity and accessibility, meteorology and energetic international irradiance, shadow less areas and vital infrastructure. The following basic necessities are in short described inside the following subsections.

- One area

The land region (approximately 12,000 acres) closed for this 2000 MW sun farm is assumed via private landowners for an extended-term rent (28-12 months period) of AUD 21,000 in keeping with yr, which increases by 5% each years. As proven within the proposed format, the website format has been subdivided into forty rectangular blocks (50MW every) for optimum performance.

- Water

The area is doubtful and unreliable, and routine semi-dry situations are not unusual. For the operation phases of the assignment, it's miles necessary to make certain sufficient water availability. For regions blanketed with dust like this, it's miles vital to make certain a regular

deliver of water at or near the web page to save you loss because of infection for the duration of the operational preservation section.

Most of the O&M level water necessities are deliberate for clean photovoltaic surfaces and field workplace necessities. The module is normally wiped clean manually by using spraying water and wiping off dust/birds at the floor.

- **Electricity evacuation**

In the solar challenge pool station, the voltage rises to 220 kV, and the strength grid once more rises to 440 kV inside the 440 kV grid substations. The solar challenge's 440kV substation is hooked up to Madhugiri's grid 765kV power station, that's located at a distance of 70 kilometers in the air.

- **Suggested Layout**

Blocks 1 to 26 are 27 to forty blocks east of settlements inside the village of Thirumani along the main access street connecting the villages (MDR roads).

Most of those landowners had formerly agreed to their 28-yr land hire to build a solar park.

The 250-megawatt block format at first divided into 8 blocks turned into reorganized into forty blocks of 50 megawatts in step with block. This layout trade is to keep away from that positive studies figures fall inside the range in which the slope of the old blocks 7 and 8 is higher than 15-20%.

1.36 COMPETITORS

- Assam Energy Developmental Agency.
- Goa Energy Developmental Agency.
- Mizoram Energy Developmental Agency.
- Jammu Kashmir Energy Developmental Agency.
- Gujarat Energy Developmental Agency.
- Maharashtra Energy Developmental Agency.
- Manipur and Nagaland Renewable Energy Developmental Agency
- Bihar Renewable Energy Developmental agency.
- Tamil Nadu energy developmental Agency.
- Kerala Non-Conventional Energy Agency and Rural Technology.

1.37 SWOT ANALYSIS

It is a tool that identifies the strength, weakness, opportunities and threats of an organisation. It determines practical factors which aid the company in knowing its possible and the challenges which it should defeat to achieve its objectives.

Strengths

- Adequate finances reservation.
- Provide excellence and suitable services.
- Very successful workforce.
- Use centralized debts for operations
- A strong liquidity scenario.
- Incentives to the private quarter.
- The look of neighbourhood producers and developers.
- Science and era modernism and projects.
- Develop eco-friendly tasks
- Broadcast and inspire energy conservation

Weakness

- Capital in depth.
- Lack of ok delivery infrastructure.
- Rely on third-birthday celebration networks.
- Tariff rates controlled by way of the power regulatory authorities in Karnataka
- Committee (KEREC).
- Technology lags in the back of.
- Unreliable decentralized electricity solutions
- Lack of consumer attention and suitability.

Opportunity

- Possibly rich resources.
- Rural energy entry
- Environmental troubles.

- The authorities are focusing its efforts at the enlargement of renewable strength.
- Possible selections for sustainable development.
- Short gestation length.
- Advantageous approach and regulatory shape.
- Get financial rewards

Threat

- natural disaster
- Lack of low-value financing.
- Lack of distribution and carrier gadget
- Local political intervention

1.38 FUTURE GROWTH AND PROSPECTS

Karnataka Solar Power Development Corporation Limited (KSPDCL) supports the socio - economic progress of the state. The major concern of Karnataka is to attain leadership in the manufacturing sector, due to which the per capita electricity demand is forecasted to increase substantially to 2000 kWh by 2018.

Therefore, the Karnataka Solar Power Development Corporation Limited (KSPDCL) plays a very important role in supplementing the efforts to convene this demand through promoting the Solar Power projects in the state.

1.39 FINANCIAL STATEMENTS

The money related explanation is prepared to perform outer revealing commitments and likewise utilize for basic leadership purpose. They assume a main part in building up a system for administration basic relationship. Be that as it may, the data gave in the money related proclamation is not an end itself. Since, it is not conceivable to reach important determination from these announcements. Be that as it may, the data gave in the money related explanations is of extraordinary use in settling of choices by examining and deciphering budgetary articulations.

CHAPTER 2

CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

2.1 Theoretical background of the study

Critical normal for firms everywhere throughout the world incorporates defining objectives to which cash are related or designated. From these objectives, exact goals are put forward and supports are subdivided among them. Budgeting additionally give data and information of prior period execution and continue to consider critical correlation amongst "expected" and "actual" advance. Alterations are on occasion made to the current budget or the forthcoming spending arrangement cycle to seal any execution holes that might be available. Taking all things together, the budgeting give an imperative instrument for venture assessment.

BUDGETARY CONTROL

Is a cost control method through the arrangement of spending plans. It is a systematized push to maintain the organization educated of whether the execution of the association indicate through arrangement. For this reason, an inspection of real execution, the monetary allowance is made which will empower company to discover errors and take therapeutic measures at an appropriate time. Control of budget, a framework which is extremely useful in getting economy selling.

As indicated by Brown and Howard, "Budgetary control is an understanding of domineering costs which incorporates spending plans, co-ordinating the division and building up duties, contrasting real execution and the planned and following up on results to finish most extreme benefit".

BUDGETARY CONTROL SYSTEM

This comprises of following for its effective implementation.

- **Management organization chart**

It tosses light on the utilitarian duties of every individual from the administration, so he can be familiar with his own situation in the association and furthermore his association with different individuals. The auxiliary example outline depends on size and nature of business. Chief Executive is the by and large accountable for budgetary framework. He

constitutes a spending council for getting ready reasonable spending plans. The directors of various offices are made in charge of their departmental spending plans.

- **Budget centre**

The spending focus is that piece of the company for which the financial backing is readied. A spending focus might be an area or division of an office. It is fundamental for cost control purposes. The execution assessment of various part of the company is less demanding when spending focuses are set up for every office individually.

- **Budget manual**

A spending manual is a report which speaks to the obligations and duties of the different officials worried about the financial plans. It determines the relationship among different functionaries. A spending manual covers the accompanying issues

- It characterizes the targets, advantages and standards of the budgetary framework and gives data about the authorizing of different spending plans and the money related forces of various administrators.
- The technique for bookkeeping to be utilized for different consumptions ought to likewise be expressed in the manual.

- **Budget officer**

The spending officer is engaged to examine the financial plans arranged by various useful heads. The genuine execution of various offices is imparted to Budget Officer who decides the deviations in financial plans and redress it. He functions as a co-ordinator among offices, screens the pertinent data. He likewise advises the best administration about the carrying out of various divisions. The spending officer will have the capability of completing his work well just in the event that he is familiar with the working of the considerable number of divisions.

- **Budget committee**

In expansive scale concerns a board known as Budget Committee is shaped. The leaders of all the imperative offices are made individuals from this council. The top managements in charge of arrangement and execution of spending plans. The individuals from this group set

up an example of their particular offices and help the top management to take aggregate choices.

- **Budget period**

A spending period is the time span for which a financial plan is readied. The spending time frame depends on accompanying variables.

- Type of business
- Types of budget
- Economic factors
- Time period
- Availability of back
- Control task

- **Determination of key factor**

The financial plans are set up for all the useful territories. The monetary allowance is between subordinate and between related. The strain on a few spending plans may affect different spending plans of the company. A factor which impacts every single other spending plan is known as the Key factor or the Principal factor.

2.2 LITERATURE REVIEW

- **Omolehinwa (1989):** Characterized a monetary plan, an arrangement of overwhelming people in an association communicated in fiscal terms and subject to the limitations forced by the members and the conditions, showing how the accessible assets might be used, to accomplish whatever the predominant people consented to be the association's needs.
- **Pandey (2003):** Characterizes spending plan as a fleeting monetary arrangement. It is an activity intends to control administrators in accomplishing the targets of the firm.
- **Lucey (2003):** In his formal definition characterizes spending plan as "a subjective explanation, for a characterized timeframe, which may incorporate arranged income, costs, resources, liabilities and money streams. A monetary plan gives a concentration to

association; helps coordination exercises and encourages control while control is by and large practiced through examination of genuine spending plan".

- **Lucey (2003):** In his current meaning of spending plan characterizes as a quantitative articulation of an arrangement of activity arranged for the business overall for offices, for capacities, for example, deals and generation or for money related asset things, for example, money, capital consumption, labor buy, and so on.
- **Welsh (2003):** Opines that planning, is the main exhaustive way to deal with overseeing so far built up that, if used with complexity and decision making ability and gives a system to executing such central parts of logical administration goals, successful correspondence, participative administration, dynamic control, ceaseless input, duty bookkeeping, administration by exemption and administration adaptability.
- **The Tennessee leading group of Regents (2006):** Characterizes spending plan as the procedure whereby the plans of an organizations are converted into a separated, approved and methodical arrangement of activity, communicated in any money during a period. Forecasting, in supervision level and in operational takes a gander in coming days and tells what must be accomplished.
- **Egan, 1997:** Egan stressed that without successful controls, a venture will be helpless before interior and outer powers that upset its productivity, and be ignorant; such undertaking will have the ability to battle such powers. Persistent examination is made between the genuine spending comes about, which are expected to either secure, through activity of chiefs, the targets of strategy or to try and give a premise to arrangement amendment.
- **Morgan (1997):** Opines that the monetary allowance had developed past a money related device. It is most importantly administrative device; basically, best instrument for ensuring that key assets, particularly execution asset are appointed to needs and to come about.

- **Hudson and Andrew (1996):** The settling on of choices is important data which prompts designs, activities that enhance the usage of beneficial resource accessible to associations. Viable control is founded on gauges which genuine execution can be thought about. Hudson and Andrew recognized and explained on five classifications into which gauges fall are: amount, quality, protestation and esteem.
- **Shield and Young (1993):** Characterize budgetary interest as, association of the administrator and their force over setting budget targets. They express that participative planning is a control reaction to the need by associations to pick up a comprehension of their condition, to aid critical thinking, all the more significantly to advance data sharing among authoritative levels lastly to improve execution.
- **Hingren and Foster (1988):** Concurred that the monetary allowance isn't a penny-squeezing gadget. They likewise concurred with the perspectives communicated by different creators that financial plan is a guide to co-appointment and implantation.
- **Welch, Hilton, Gordon (1998):** Characterized the planning procedure as benefit arranging and control process and in that way not just have distinguished the two most important element of spending plans, however likewise exhibited planning process in a more extensive setting than it is typically portrayed. It is an apparatus with which top organization falls procedure objectives to working levels. Spending plans are perfect for this reason since they are fundamentally the nitty gritty measurement of focuses for short – term selections of activities.
- **In the perspectives of Charles (1997)** a financial plan is a quantitative articulation of plan of activity and a guide to co-appointment and usage. This propose spending plans are intended to do an assortment of capacities; arranging, assessing performance, coordinating exercises, actualizing plans, imparting, propelling and approval, therefore interspersing the importantpart of an outcome situated budgetary framework.
- **Pandey (2001):** Sets that a financial plan is an extensive and co-ordinate design communicated in monetary expressions for the activities and assets of a venture and for

some particular period later on. As per him, the vital mechanism of a budget are would incorporate the accompanying:

- It is a complete and co-ordinate design.
 - It is communicated in budgetary terms.
 - It is an understanding for the organizations task.
 - It is a future arrangement for a predetermined period.
-
- **Olafusi (1998):** Aggregates up planning in a review for the "Nigerian Accountant", when he characterized planning as a key device for viable execution, by which costs are ruled out to particular happenings that is arranged inside a clear era.

 - **To Parker (1997):** Planning is a confidence accompli in monetary talk, since assets are rare requirement for them. Accordingly a general viewpoint of planning is with the end goal that, a mechanism that gives a benchmark to the estimation and control of execution, while it similarly gives input data, which encourages capacity to take restorative measures, based on its relativity to the nature and kinds of arranging.

 - **Ishola Rufus Akintoye (2008):** "Budget and Budgeting" are ideas noticeable to the book of scriptures days, accurately the times of Joseph in Egypt. Was accounted for that "nothing was set from fortune without a composed order". History has it that Joseph planned and put away grains which kept going the Egyptians all through the 7 year of starvation.

 - **Johnson (1996):** States that it was the 1960s that organizations started to utilize spending plans to direct what individuals expected to do. In the 1970s organizations at that point confront issue in the 1980s when they were not expecting to spend through cash in advancements so as to remain with the unbending.

 - **Glautier and Under (1987) express that:** The rise of logical administration logic with its accentuation on point by point info" as a reason for taking choice gave a huge driving force to the development of administration bookkeeping and for sure planning techniques".

CHAPTER-3

RESEARCH DESIGN

TITLE OF THE STUDY

The title of the study is, “**Budgetary Control**” (analysis) a study conducted at **Karnataka Solar Power Development Limited**.

3.1 STATEMENT OF THE PROBLEM

Research is, studying on Budgetary Control at KSPDCL for the year 2015-2016, 2016-2017 and 2017-2018. The study is limited only to the company premise. Information is gathered from company staffs only.

3.2 NEED OF THE STUDY

The survival and development of an association for the most part relies upon the compelling budgeting measures. This suggests if spending plans are adequately composed and actualized an association can accomplish its coveted outcomes. It assumes a main part in accomplishing the goals of the association, to study the issues related with the outlining and usage of spending plan in the association.

It is a path towards deciding different planned figures for the association for the potential time frame and afterward contrasting the planned figures and the genuine execution for computing fluctuation, and to guarantee making arrangements for future by setting targets. The necessities and the normal finishing of the firmware expected. Therefore, an analysis of spending plan of the company is always dynamic subject for research and development. So, to understand the implications this study has been undertaken.

Hence, the study titled “A study on budgetary Control at Karnataka Renewable Energy Development limited”.

3.3 OBJECTIVES OF THE STUDY

- To analyze the actual expenditures and revenue of the company during 2015-18
- To examine the variance between actual and estimated expenditures and revenue

3.4 SCOPE OF THE STUDY

The examination is about the budgetary control investigation, which is centred on the hypothetical foundation of the planning of the yearly consumption and income spending estimation at the Karnataka Solar Power Development Corporation Limited.

It likewise covers the similar investigation of the spending estimation and the genuine carrying out of the worry, utilizing change for a time of 2 years (2015-2017) alongside the explanations behind deviations.

OPERATIONAL DEFINITION OF CONCEPTS

- **Budget**

A Budget can be characterized as the quantitative articulation of the budgetary arrangement of an association arranged for the pending bookkeeping time frame. It communicates the vital plans of the specialty units in quantifiable terms. It helps the arranging of genuine activities by convincing the administration to foresee changes and take viable measures previously issues emerge.

- **Revenue budget**

This depends upon anticipated pay of the organization. It comprises of the evaluation of the income receipts of the business from various sources over a specific timeframe

- **Expenditure budget**

It is a spending which comprises of the estimation of instalment of money or money - proportionate for merchandise and enterprises.

- **Budgetary control**

It is a plan to control costs which utilizes spending plans as methods for arranging, assessing and controlling the everyday tasks as per the objectives indicated.

- **Estimation**

It is a procedure of guess of esteems to project the future expenses with precision and sureness in presence of the data accessible from past records and future conjectures. The

gauge surpasses the real esteem it is named as over estimation and if the real esteem surpasses the gauge it is named as underestimation of the financial plan.

- **Deviation**

A deviation is the measure of contrast between the watched esteem and genuine esteem. The extent of the deviation esteem shows the distinction. The deviation is certain when they watched esteem surpasses the genuine esteem. It is negative when the genuine esteem surpasses the watched esteem.

- **Variance**

Deviation of the real outcome from the pre-decided spending gauges. It fills in as a measuring stick against which the genuine execution can be looked at.

3.5 RESEARCH METHODOLOGY

Research strategy is an efficient method to take care of research issues. It is a study of concentrate how the exploration can be done. Basically, the strategy by which scientists approach their work of gathering, depicting, classifying and forecasting the marvel is called as research system.

Sources of data

The data has been collected through below mentioned sources. They are

- **Primary data**

The primary data is collected through discussions with the general manager, employees and other people belonging to the firm.

- **Secondary data**

Secondary data is collected from the company records, annual reports, magazines, brochures and websites.

- **Type of research**

The research adopted for the study is analytical and empirical in nature.

Tool and techniques of data collection

The budgetary control is used as a part of bookkeeping that incorporates the yearly use and income design and spending estimation report which is set up by the worry before each monetary year.

PLAN OF ANALYSIS

The information gathered is grouped and arranged. The measurable instruments utilized to break down the different systems are rates which are utilized to encourage the assessment of data gathered from the sources. The graphical portrayal of the information has additionally been given.

REFERENCE PERIOD

The examination was completed for a time of 10 weeks. The task was attempted from 15-1-2018 to 24-3-2018. The information relating to a time of 3 monetary years (2015 – 2016, 2016-2017 and 2017-2018) was taken from the yearly income and use spending estimation report of the organization.

3.6 LIMITATIONS OF THE STUDY

- The data identified with budgetary control on account of government associations is extremely touchy and consequently gathering of information was difficult.
- The examination relies on the dependability of the data accessible through the firm in this manner the outcome essentially relies upon the exactness of the reports of the organization.
- The study is connected just to the KSPDCL and subsequently the conclusion drawn from consider isn't material to other state government associations.
- Certain fundamental data of the company relating to the investigation was classified in nature and thus, it couldn't be acquired.
- Due to time limitations, just couple of strategies were decided for examination.
- This study has been led for a reference time of 3 financial years as it were.

3.6 CHAPTER SCHEME

- **Chapter 1: Introduction**

This section is starting in nature. It gives brief presentation about the business, history, development, improvement and prospects and it incorporates a short presentation about the pertinence of budgetary control and its suggestions to the investigation and gives a concise presentation of the firm's, vision, mission, history, targets, governing body, nature of business, association structure, item profile, accomplishments, contenders, SWOT examination and future prospects.

- **Chapter 2: Background of the study and Literature review.**

This section comprise of foundation of the budgetary control from that point to now and writing audit i.e. examine articles composed by different researchers on the subject.

- **Chapter 3: Research Design**

This section manages the centre ideas of the examination outline like, the title of the investigation, proclamation of issue, extent of the investigation, goals, operational meaning of ideas, and look into approach, reference period and constraints of the investigation.

- **Chapter 4: Data Analysis and Interpretation**

This section comprises of the insights with relation to the investigation and elucidation of the information. The information which is gathered is broke down as tables and diagrams.

- **Chapter 5: Summary of Findings, Suggestions and Conclusion**

This section contains the rundown of discoveries and conclusion taken from the examination from the information gathered toward the finishing of the investigation.

- **Bibliography**

This incorporates reference made to enhance the undertaking.

- **Annexure**

This is main to the venture, for example, figures, diagrams, photos and so forth.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

Investigation alludes to separating the multifaceted nature of the structure into basic components and assembling these components in new mix or example to find new connection. This could be accomplished through survey information from various edges and by speaking to the information enough. Examination assumes a noteworthy part in one way or the other from the earliest starting point. Knowing of the examined information requires extensive abilities and experience.

It is a simply subjective process; understanding requires a basic examination of the consequences of one's investigation in the light of all constraints of the information assembled. In this investigation the information is gathered from essential and optional sources. The adjustments in working capital and the accompanying proportions have been considered with the end objective of this investigation:

- **Variance**

The hugest commitment of budgetary control framework is the introduction of changes. Change is the assurance of the genuine qualities with the pre-decided qualities. Investigation of differences includes the evaluation of the deviation of real execution from the normal spending execution.

It is an imperative device of cost control to gauge implementation in point of the rule of administration by special case. It makes an environment of cost awareness in the association which helps the administration in augmentation of the benefits. Differences can be communicated in outright (financial) or relative (rate) terms.

Formula

1. $\text{Variance} = \text{Estimate} - \text{Actual}$
2. $\text{Percentage} = \frac{\text{Variance}}{\text{Estimate}} \times 100$

- **Favourable Variance**

At the point when the real cost brought about is not as much as the spending estimation, the deviation is known as ideal change. The result of a good fluctuation builds benefit. It is otherwise called positive or credit difference and is viewed as just as reserve funds. It is the indication of productivity of the firm.

- **Unfavourable Variance**

It is the point at which the genuine use acquired is very much than the spending estimation. This antagonistic change prompts deviations. It is otherwise called negative or charge fluctuation and considered as extra expenses or misfortunes. It is an indication of lavishness of the association.

- **Controllable Variance**

A fluctuation is said to be controllable when it can be recognized as the essential duty of a predefined individual or office. It is those deviations caused by elements, for example, overabundance use of materials, time taken by a specialist and which can be affect by the official activity. At the point when contrasted with the spending estimation it winds up controllable as the obligation can be settled on the in-control or foreman of the office.

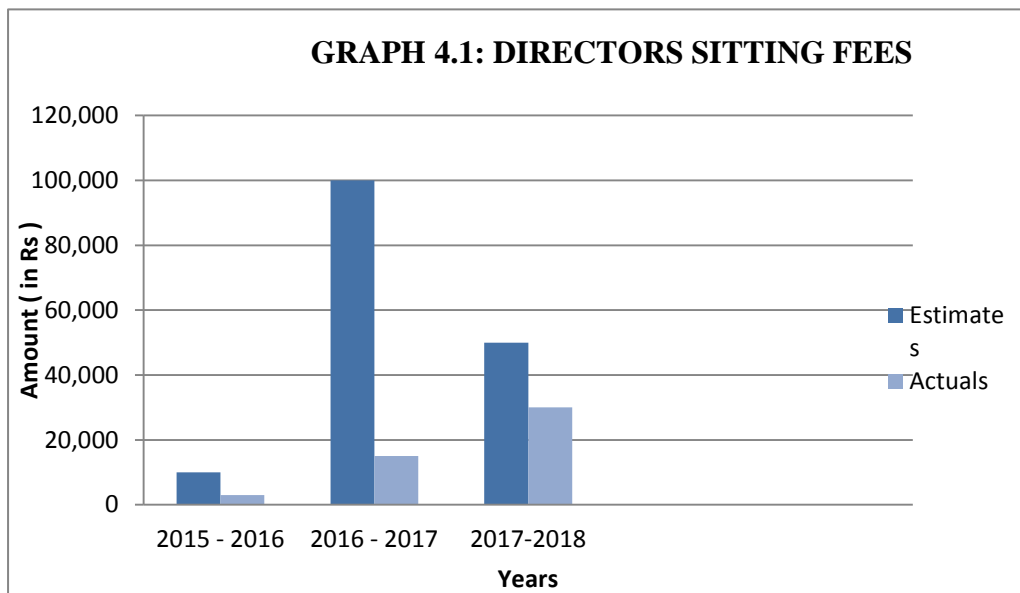
- **Uncontrollable Variance**

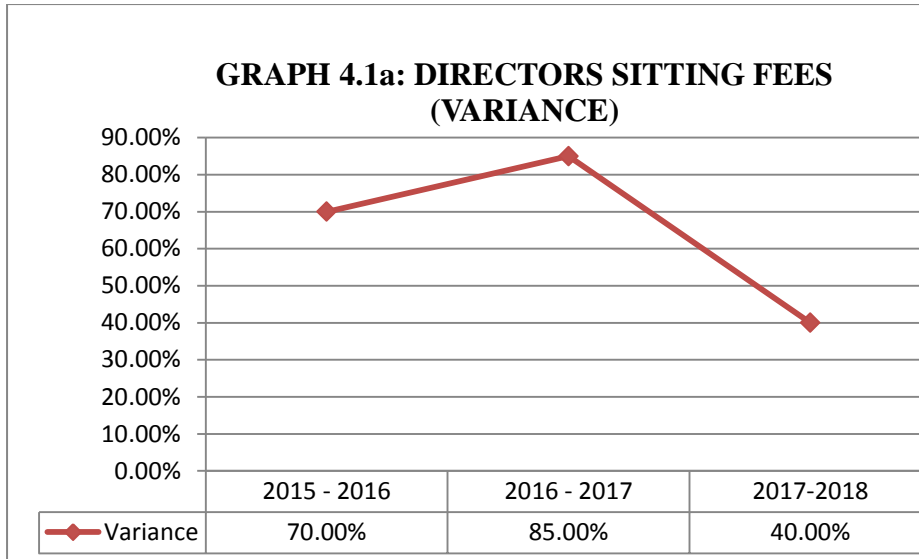
At the point when the fluctuation is due to the components, for example, government limitations, change in advertise value, which are outside the ability to manage of the concerned people or office, it is alluded to as wild differences. For this situation periodical review of the financial backing is required to diminish deviations

Table 4.1

DIRECTORS SITTING FEE

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	10,000	3,000	7,000	70%
2016 – 2017	1,00,000	15,000	85,000	85%
2017-2018	50,000	30,000	20,000	40%





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

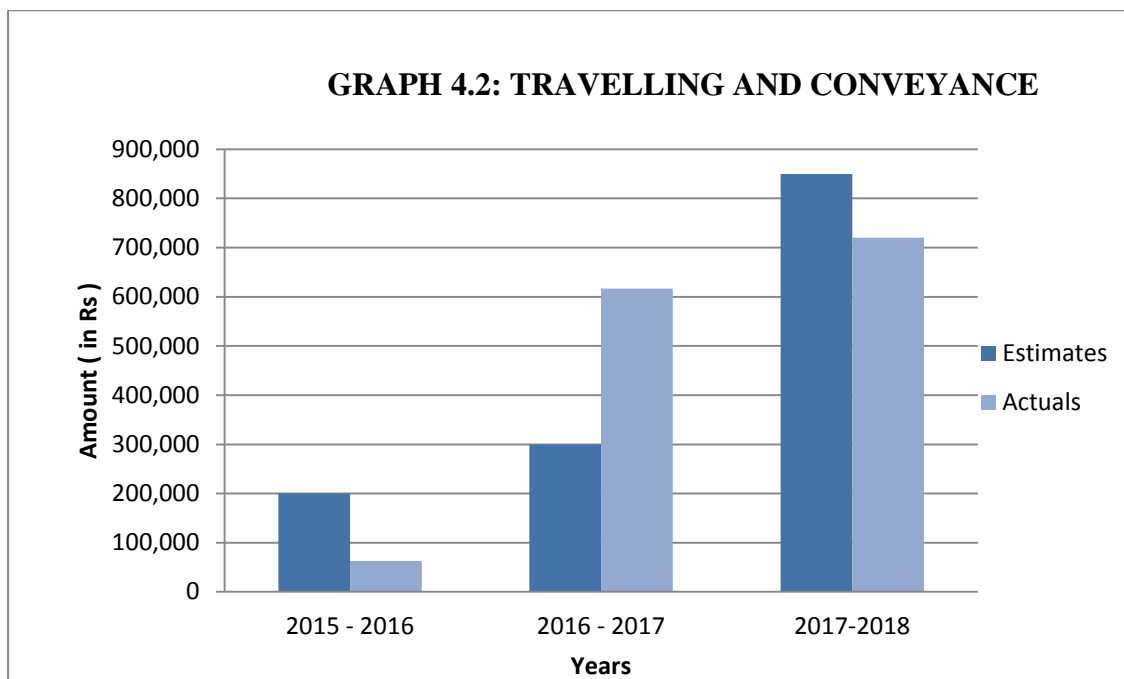
- The variance of the managing director remuneration in 2015 – 2016 is 70 %.
- The variance of the managing director remuneration in 2016 – 2017 is 85 %.
- The variance of the managing director remuneration in 2017- 2018 is 40 %.

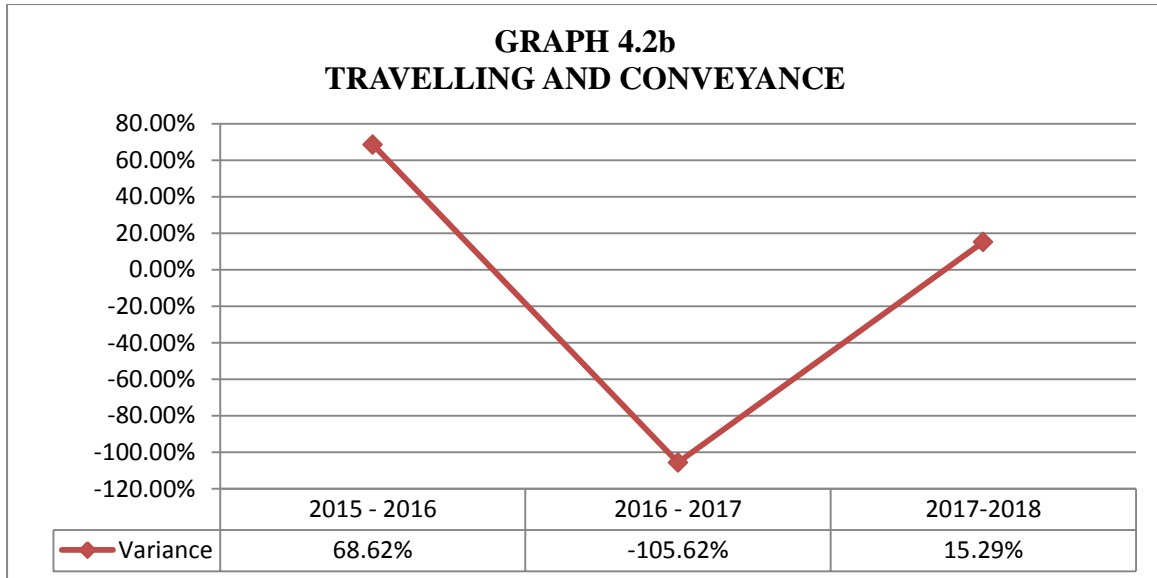
It is interpreted that there is favourable variance in every year from 2015-2018 in budget estimation. This implies that the overall performance of the budget is good. But in the year 2016-2017 the variance is huge when compared to 2015-16 and 2017-18.

TABLE 4.2

TRAVELLING AND CONVEYANCE

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	2,00,000	62,753	137247	68.62%
2016 – 2017	3,00,000	6,16,865	-(3,16,865)	-105.62%
2017-2018	8,50,000	7,20,000	1,30,000	15.29%





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

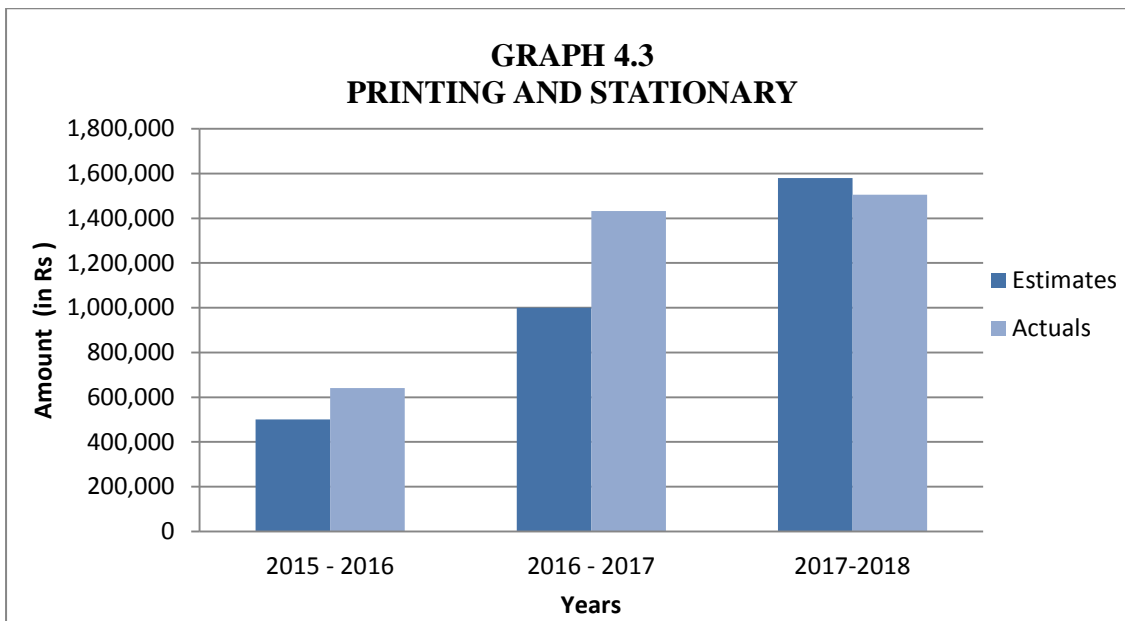
- The variance of travelling and conveyance expenditure in 2015 – 2016 is 68.62 %.
- The variance of travelling and conveyance expenditure in 2016- 2017 is -105.62%.
- The variance of the travelling and conveyance expenditure in 2017 – 2018 is 15.29%.

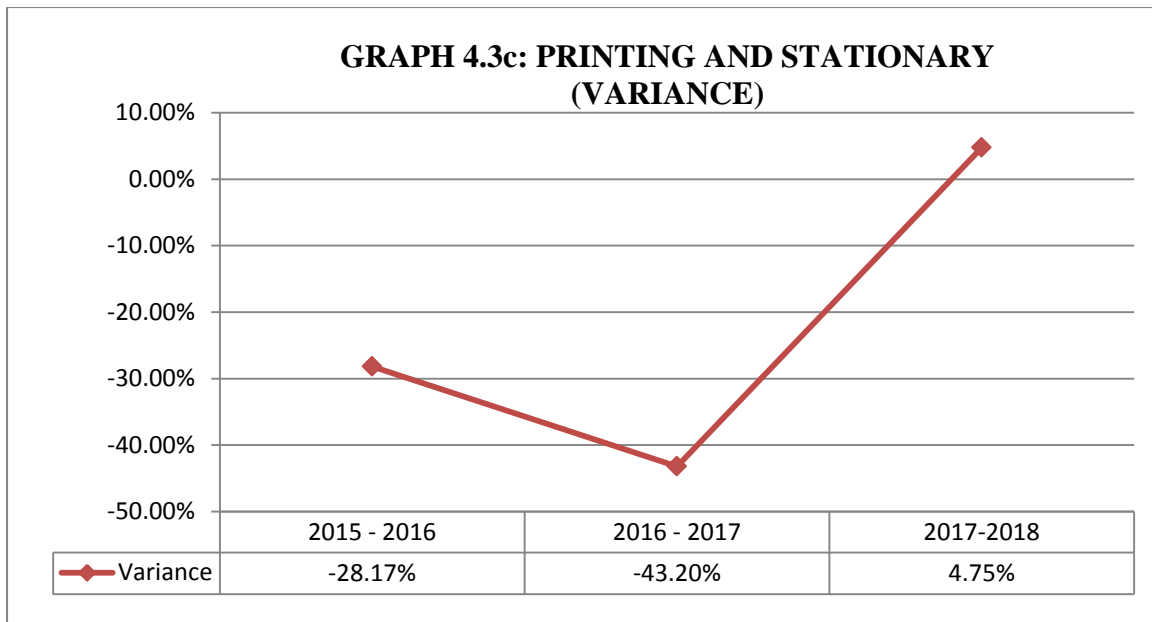
It is interpreted that in 2015-16, there is decline in the actual travelling and conveyance expenditure incurred as in opposition to the budget estimate. This implies favourable variance, though there was over estimation of the expenditure by the concern indicating unfavourable variance. During 2016-17, actual expenses met is more when compared to previous year. This shows that budget is not done better for the year 2016-17 which shows unfavourable variance. But during 2017-2018 a good estimation has done where actual amount spent is within the budget which shows a favourable variance.

TABLE 4.3

PRINTING AND STATIONARY

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	5,00,000	6,40,907	-(1,40,907)	-28.17
2016 – 2017	10,00,000	14,31,993	4,31,993	-43.20%
2017-2018	15,80,000	15,05,000	75,000	4.75%





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

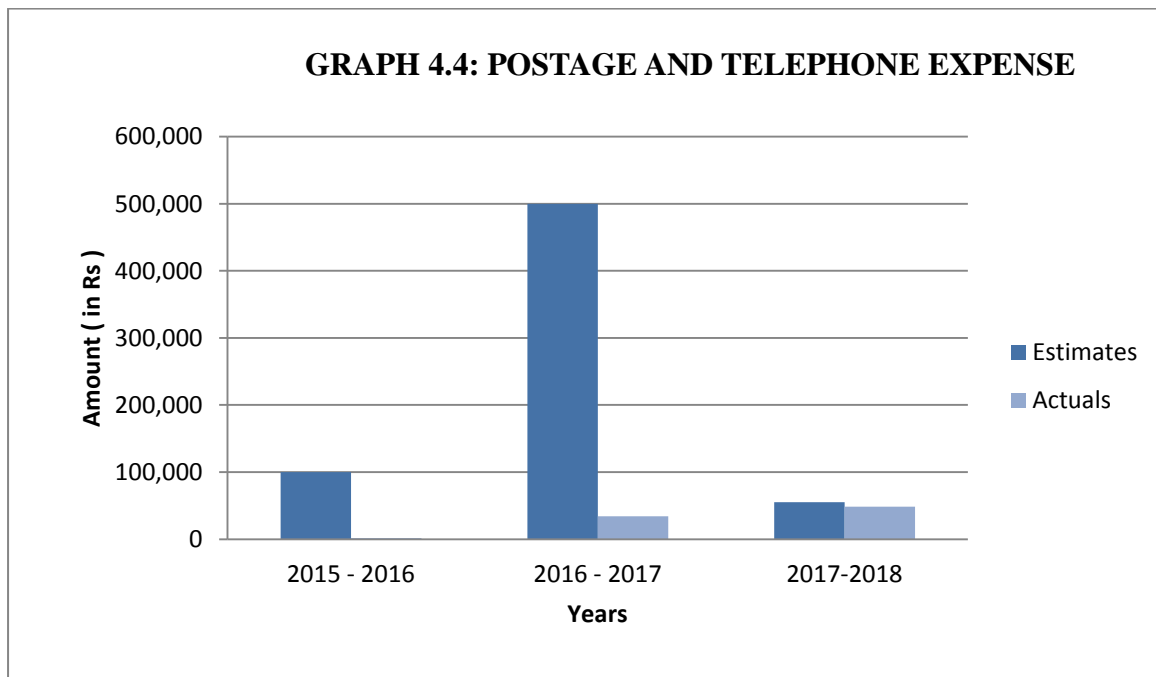
- The variance of the printing and stationary expenditure in 2015 – 2016 is -28.17 %
- The variance of the printing and stationary expenditure in 2016 – 2017 is -43.20%.
- The variance of the printing and stationary expenditure in 2017 – 2018 is 4.75%.

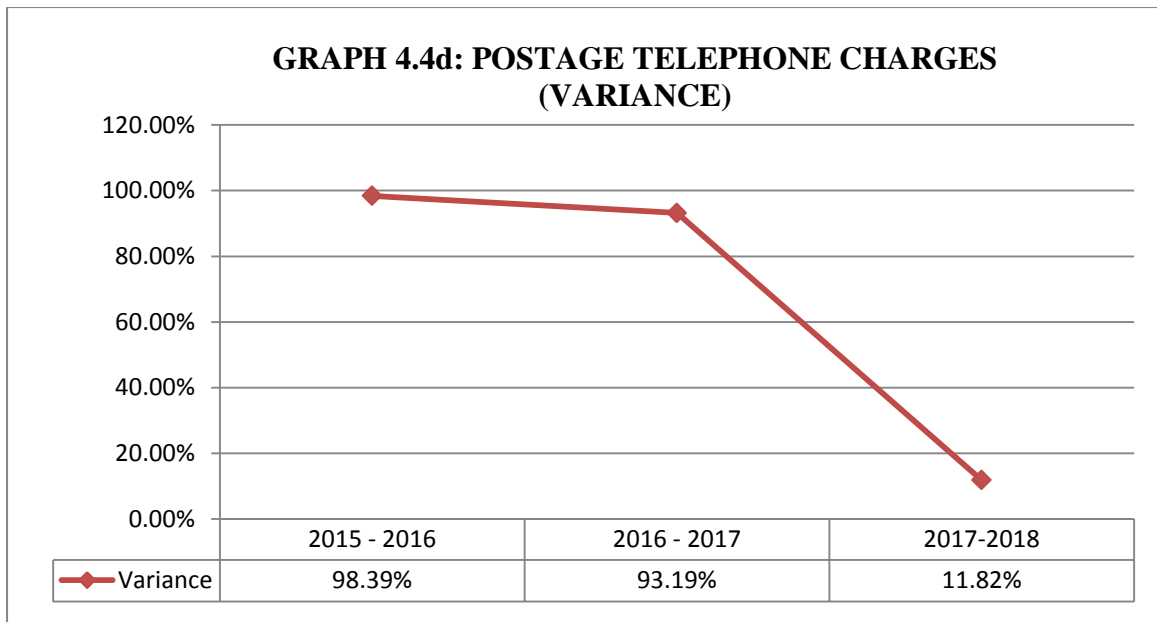
It is interpreted that ideal budget estimation is while actual meets the budget estimates but, In 2015-16 and 2016-2017, the real expenditure incurred exceeds the budget estimation by – (28.17) % and – (43.20) % respectively which indicates unfavourable variance. This implies that variance fluctuates over the years. In 2017-2018 there is favourable variance which means that proper measure has been taken by the budgeting team by comparing previous year budgeting to avoid actual exceeding estimates.

TABLE 4.4

POSTAGE AND TELEPHONE CHARGES

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	1,00,000	1,615	98,385	98.39%
2016 – 2017	5,00,000	34,071	4,65,929	93.19%
2017-2018	55,000	48,500	6,500	11.82%





ANALYSIS

From the above table, it is analysed that:

- The variance of the postage and telephone expenditure in 2015 – 2016 is 98.39%.
- The variance of the postage and telephone expenditure in 2016 – 2017 is 93.19 %.
- The variance of the postage and telephone expenditure in 2017 – 2018 is 11.82%.

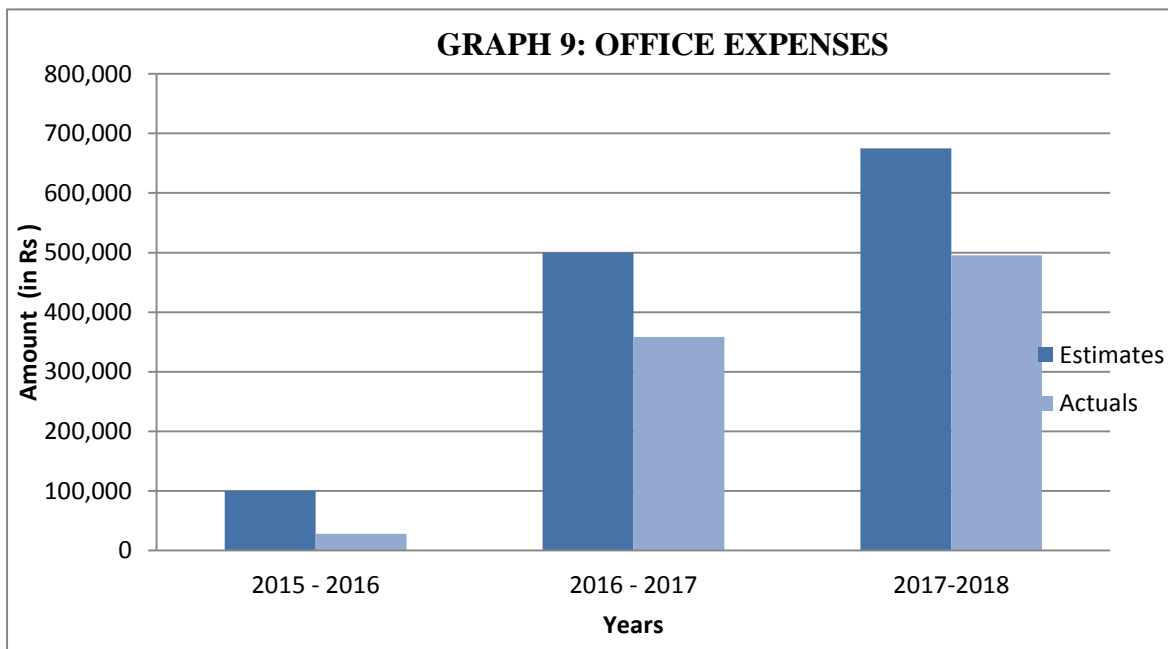
INTERPRETATION

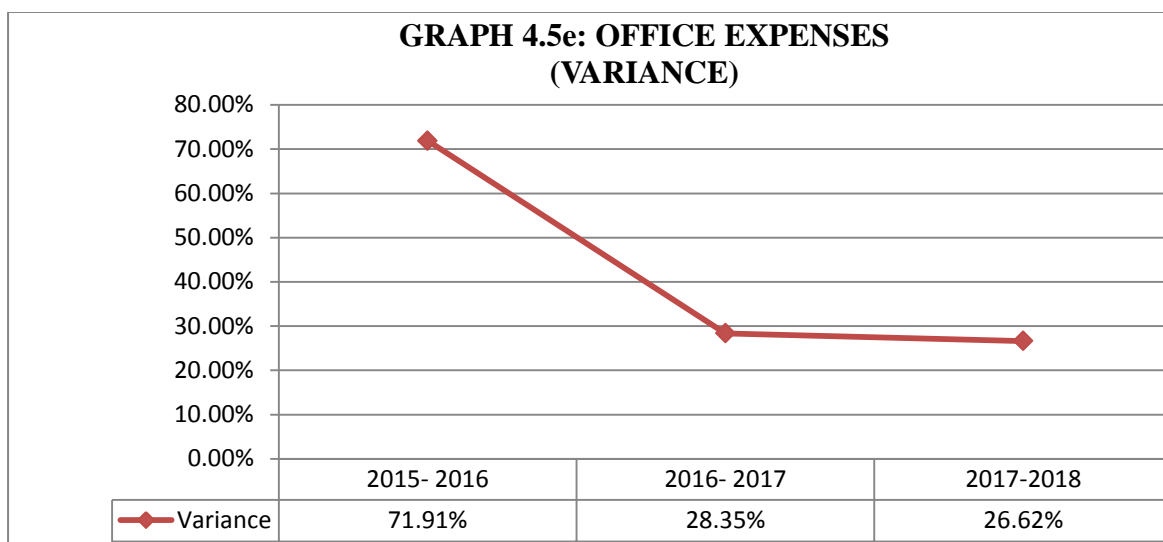
It is interpreted that in 2015-16 and 2017-2018 the postage and telephone expenditure reveals favourable variance because, there is diminish in the actual expenditure than budget estimate though the expenditure was overestimated by the concern. In 2017-18, the estimated expenditure exceeded the actual estimation by 11.82% which implies that over estimation has not here and shows favourable balance.

TABLE 4.5

OFFICE EXPENSES

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	1,00,000	28,031	71,969	71.97%
2016 – 2017	5,00,000	3,58,226	1,41,774	28.35%
2017-2018	6,75,000	4,95,300	1,79,700	26.62%





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

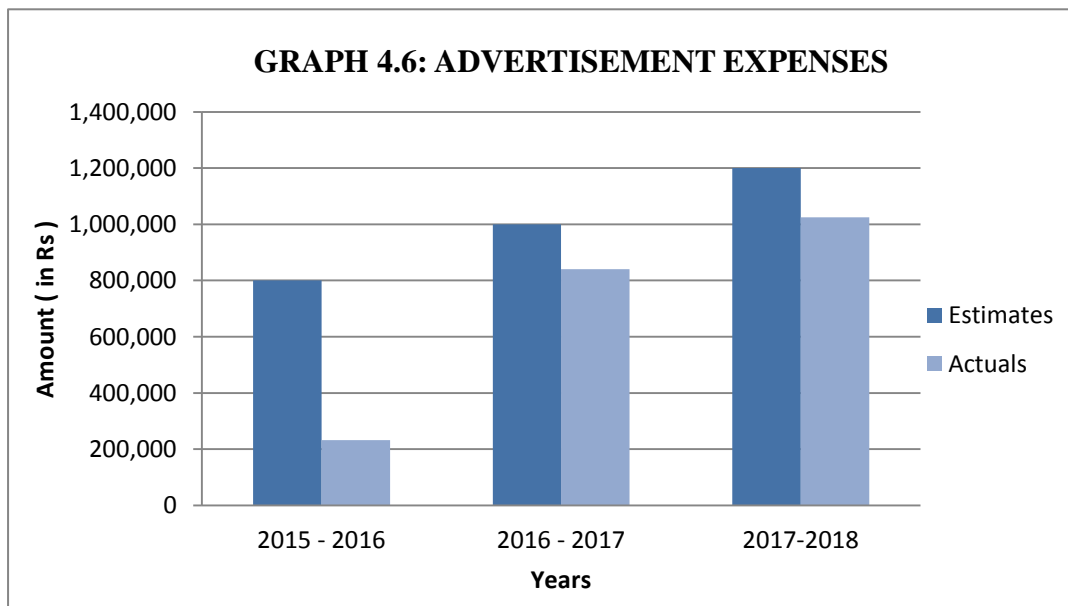
- The variance of the office expenditure in the year 2015 – 2016 is 71.91 %
- The variance of the office expenditure in the year 2016 – 2017 is 28.35 %.
- The variance of the office expenditure in 2017 – 2018 is 26.62%.

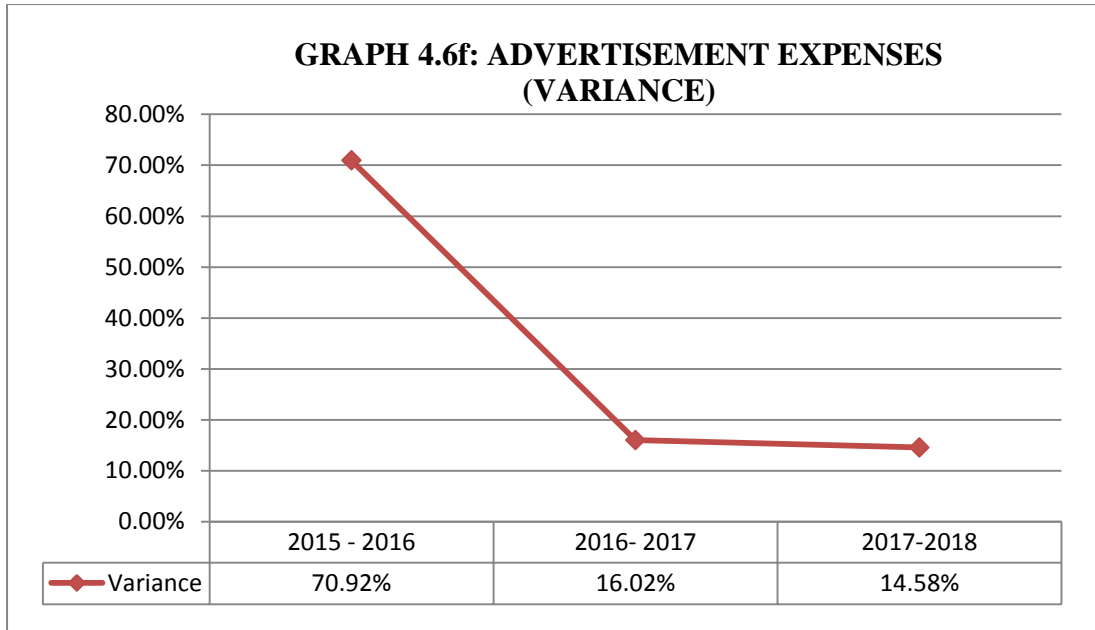
It is interpreted that office expenditure budget estimation represents favourable variance from 2015-16. This implies operational effectiveness of company due to successful manager of the office expenditure. Hence, the overall budgetary control of the concern is excellent.

TABLE 4.6

ADVERTISEMENT EXPENSES

Years (Rs)	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	8,00,000	2,32,660	5,67,340	70.92%
2016 – 2017	10,00,000	8,39,771	1,60,229	16.02%
2017-2018	12,00,000	10,25,000	1,75,000	14.58%





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

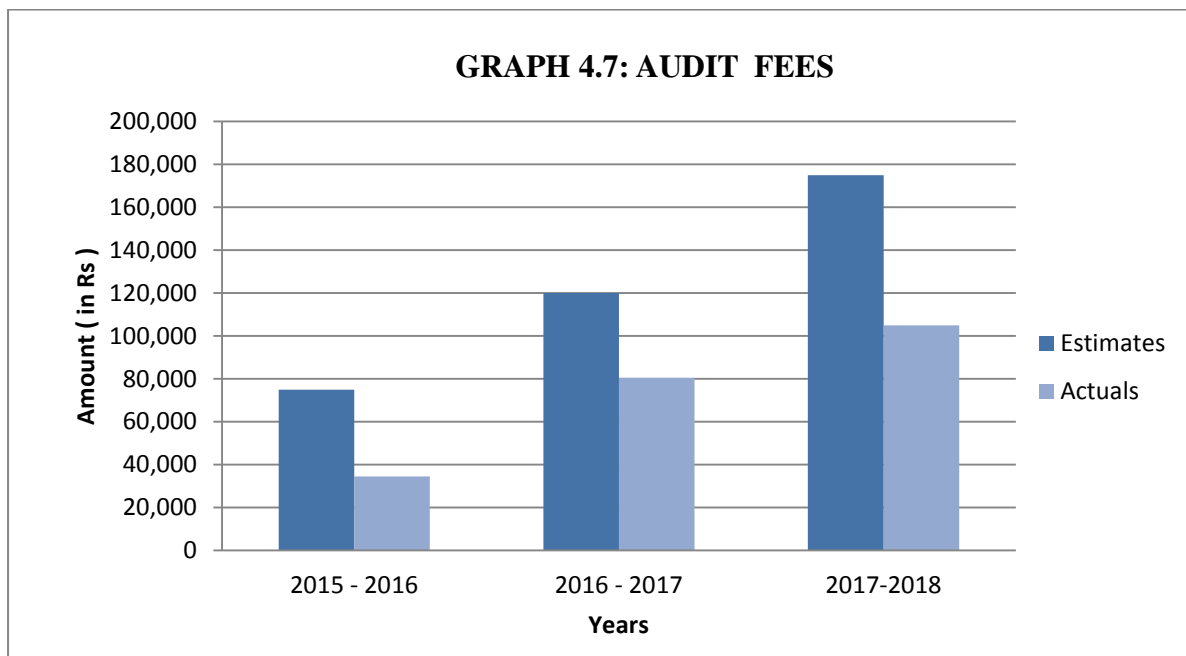
- The variance of the advertisement expenditure in the year 2015 – 2016 is 17.92 %.
- The variance of the advertisement expenditure in the year 2016 – 2017 is 16.02%.
- The variance of the printing and stationary expenditure in 2017 – 2018 is 14.58%.

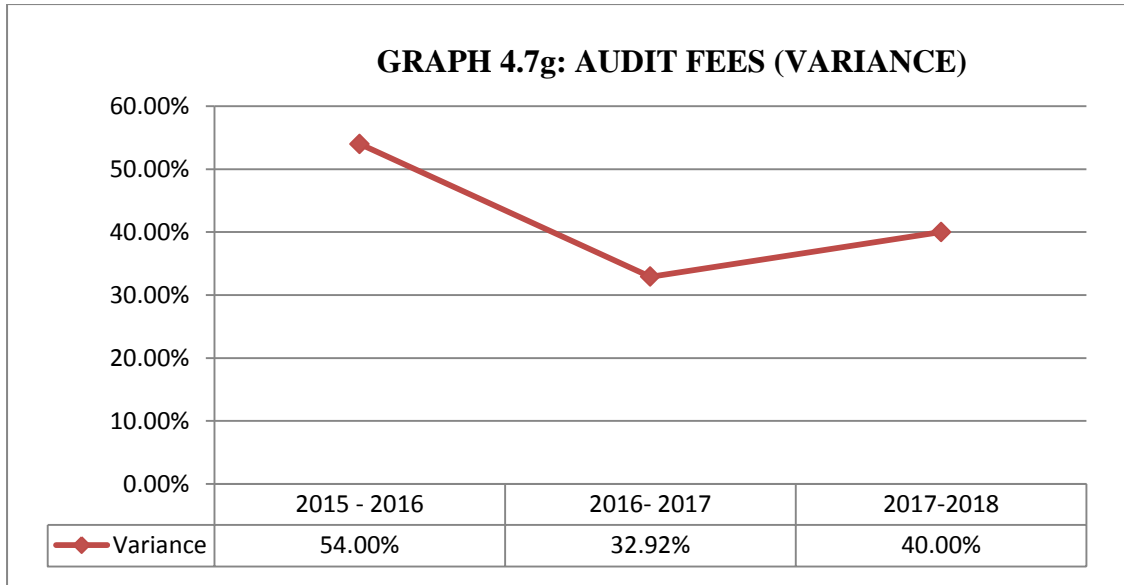
INTERPRETATION

It is interpreted that the overall budget estimation of the advertisement expenditure presents favourable variance every year as the actual expenses has met the budget estimation most adequately without any adverse deviations. This implies that the concern has optimally utilised its financial resources with effective control and review measures.

TABLE 4.7: AUDIT FEES

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	75,000	34,500	40500	54%
2016 – 2017	120000	80,500	39500	32.92%
2017-2018	1,75,000	1,05,000	70,000	40%





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

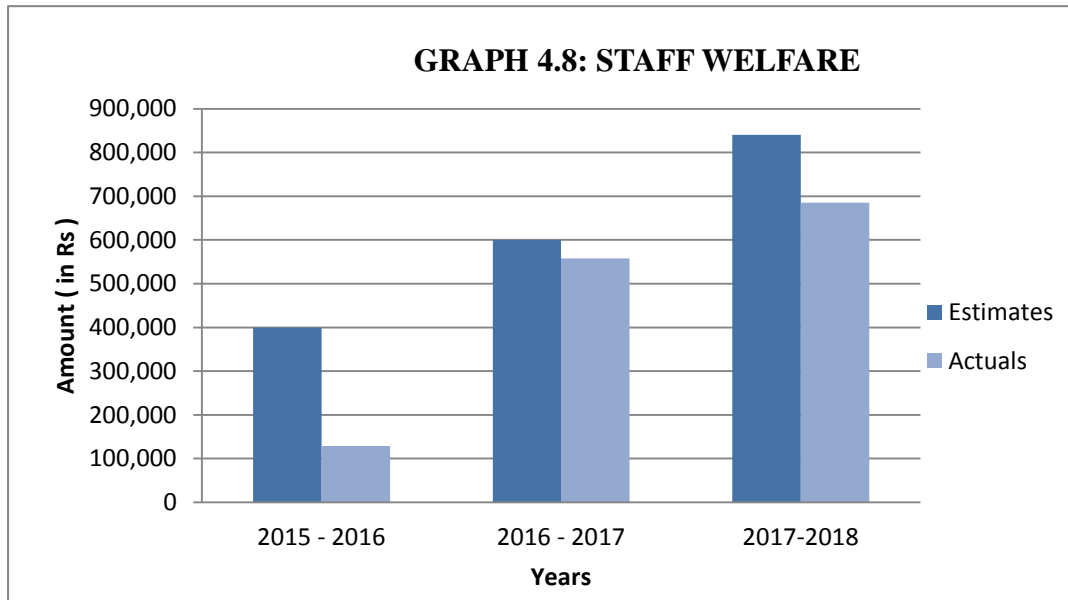
- The variance of the audit fees in the year 2015 – 2016 is 54.00 %.
- The variance of the audit fees in the year 2016 – 2017 is 32.92%.
- The variance of the audit fees in 2017 – 2018 is 26.62%.

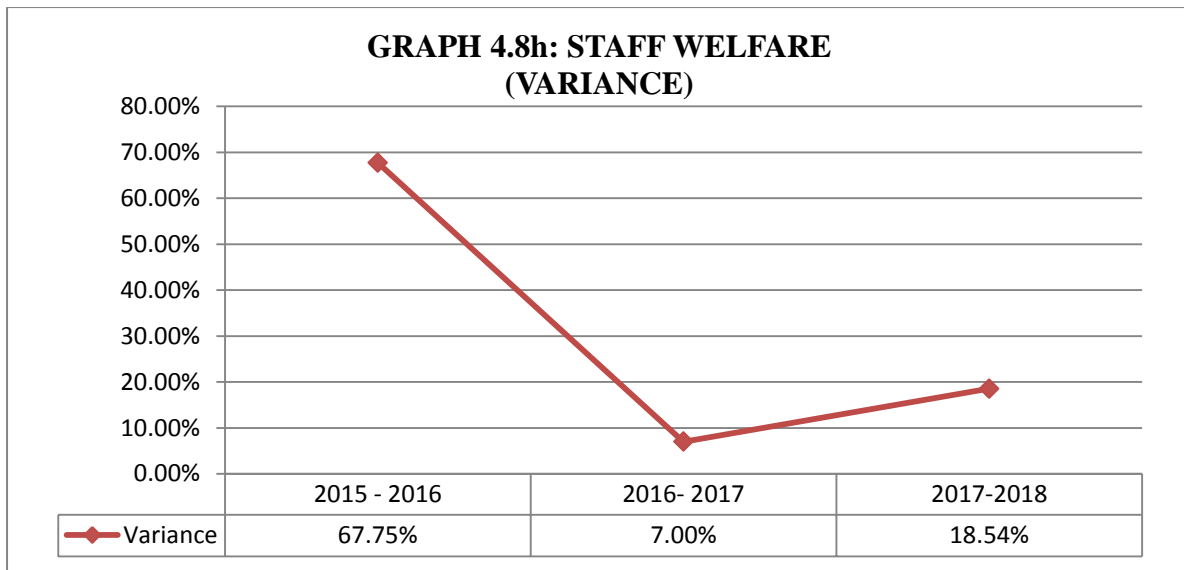
It is interpreted that allocation of funds for paying audit fees in the year 2015-2016 and 2016-17 is appropriate which indicates favourable variance. In year 2017-2018 the amount spent on audit fees is more when compared to previous years but also it shows favourable variance as it is within the estimated amount.

Table 4.8

STAFF WELFARE

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	400000	1,28,995	271005	67.75%
2016 – 2017	600000	5,57,990	42010	7.00%
2017-2018	8,40,000	685400	154600	18.40%





ANALYSIS

From the above table, it is analysed that:

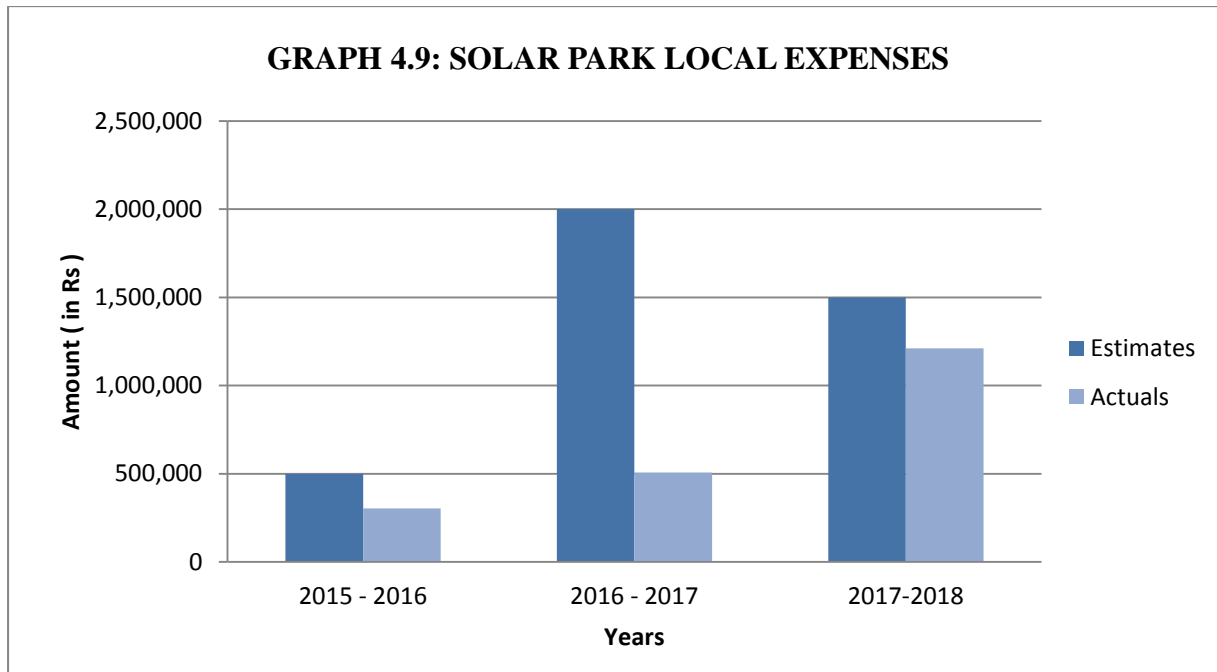
- The variance of the staff welfare in the year 2015 – 2016 is 17.92 %.
- The variance of the staff welfare in the year 2016 – 2017 is 16.02%.
- The variance of the staff welfare in the year 2017 – 2018 is 18.40%.

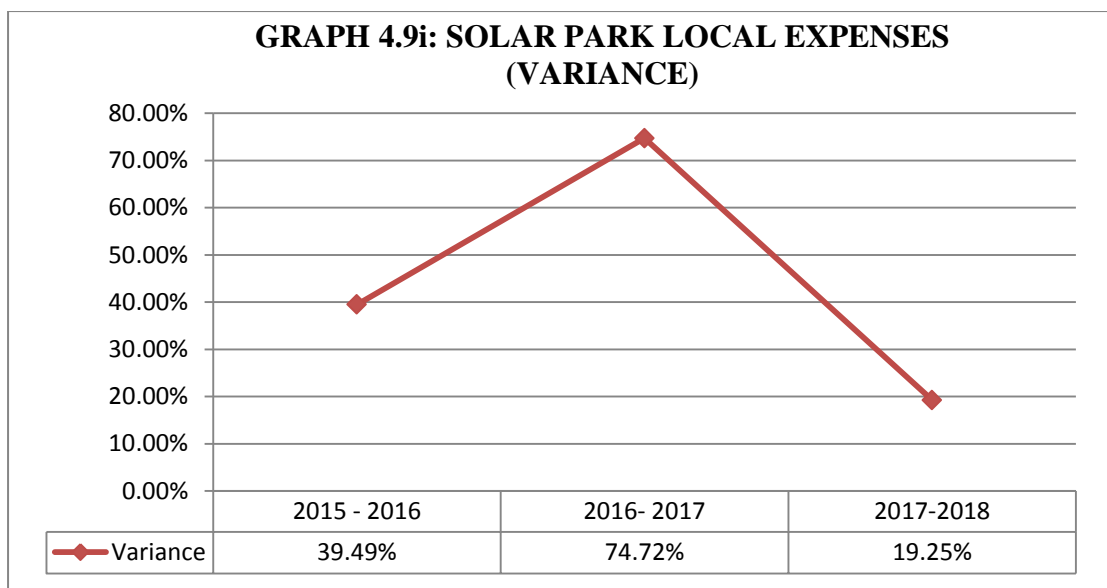
INTERPRETATION

It is interpreted that the concern has projected the overall expenditure on the books and periodicals appropriately every year which indicates favourable variance. Which shows that budgeting team has done excellent budgeting.

Table 4.9: SOLAR PARK LOCAL EXPENSES

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	5,00,000	3,02,544	197456	39.49%
2016 – 2017	2000000	5,05,559	1494441	74.72%
2017-2018	15,00,000	12,11,200	288800	19.25%





ANALYSIS AND INTERPRETATION

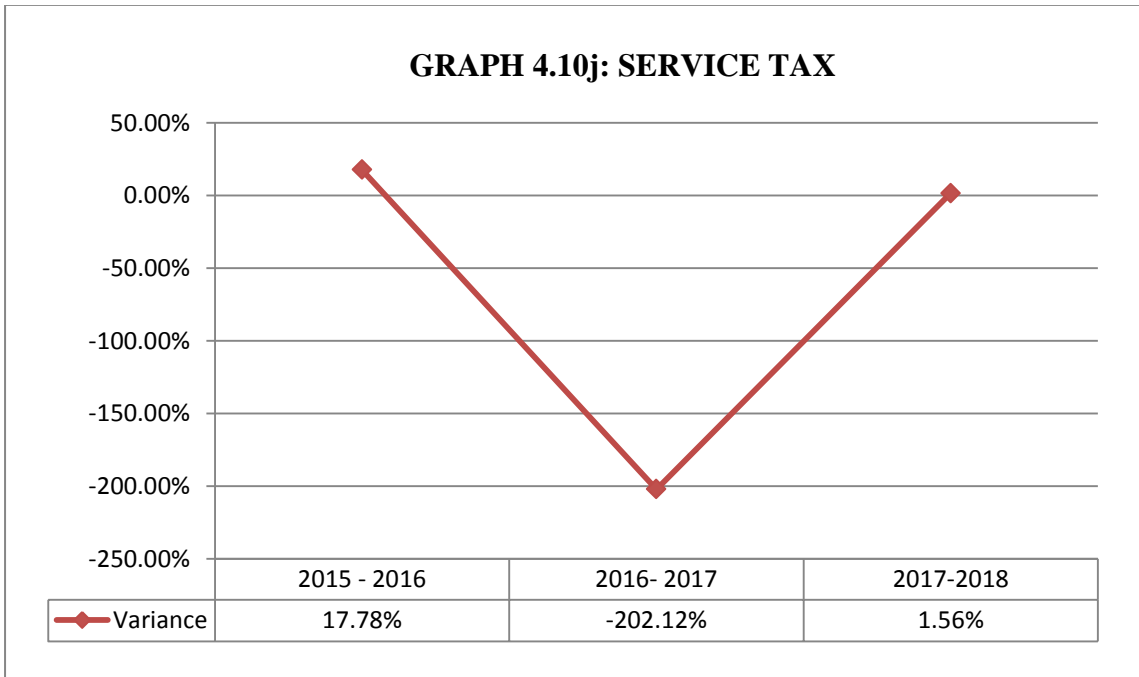
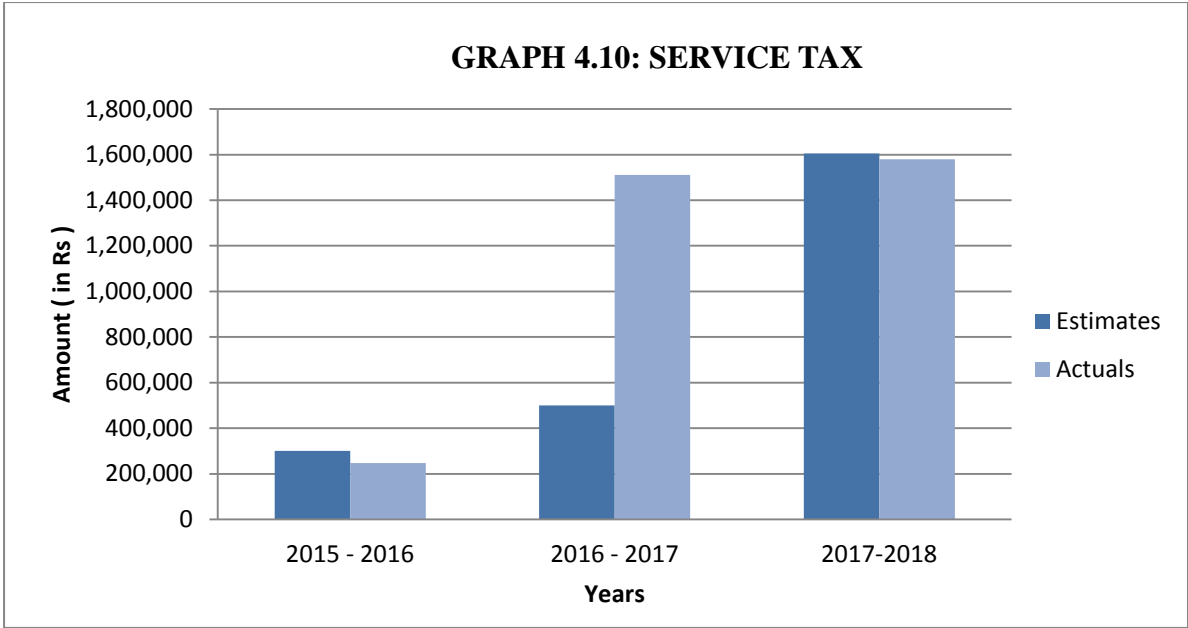
From the above table, it is analysed that:

- The variance of the solar park local expenses in the year 2015 – 2016 is 34.49%.
- The variance of the solar park local expenses in the year 2016 – 2017 is 74.72%.
- The variance of the solar park local expenses in the year 2016 – 2017 is 19.25%.

It is interpreted that the overall budget estimation of the site expenditure at solar park presents favourable variance during both the years as the budget estimation has met the budget estimation most adequately without any adverse deviations.

Table 4.10: SERVICE TAX

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	300000	2,46,665	53335	17.78%
2016 – 2017	500000	15,10,604	-(1010604)	-202.12%
2017-2018	16,05,000	15,80,000	25000	1.56%



ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

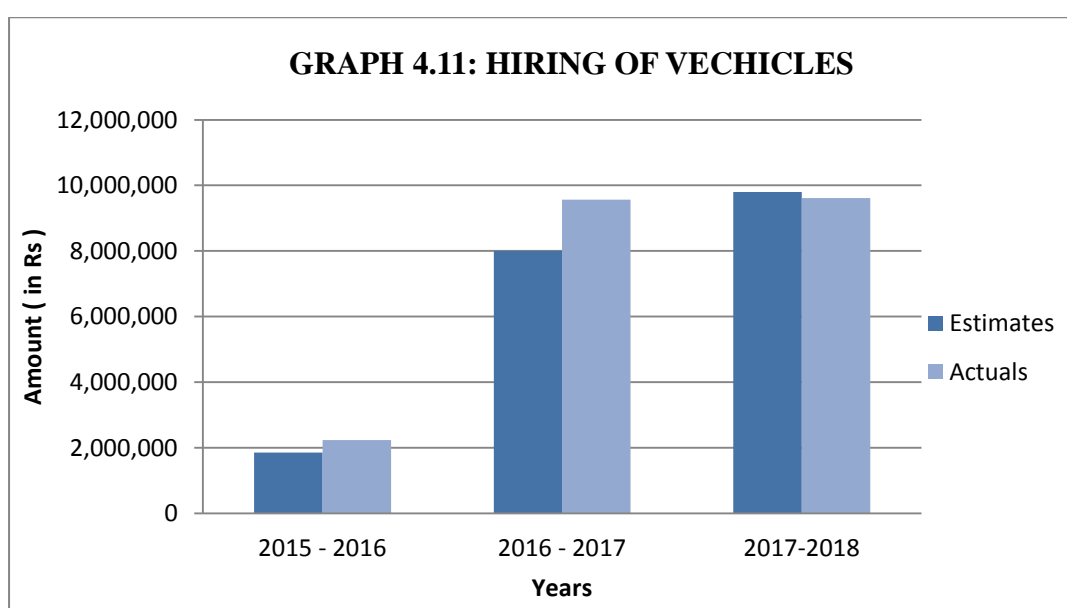
- The variance of the service tax in the year 2015 – 2016 is 17.78 %.
- The variance of the service tax in the year 2016 – 2017 is -202.12%.

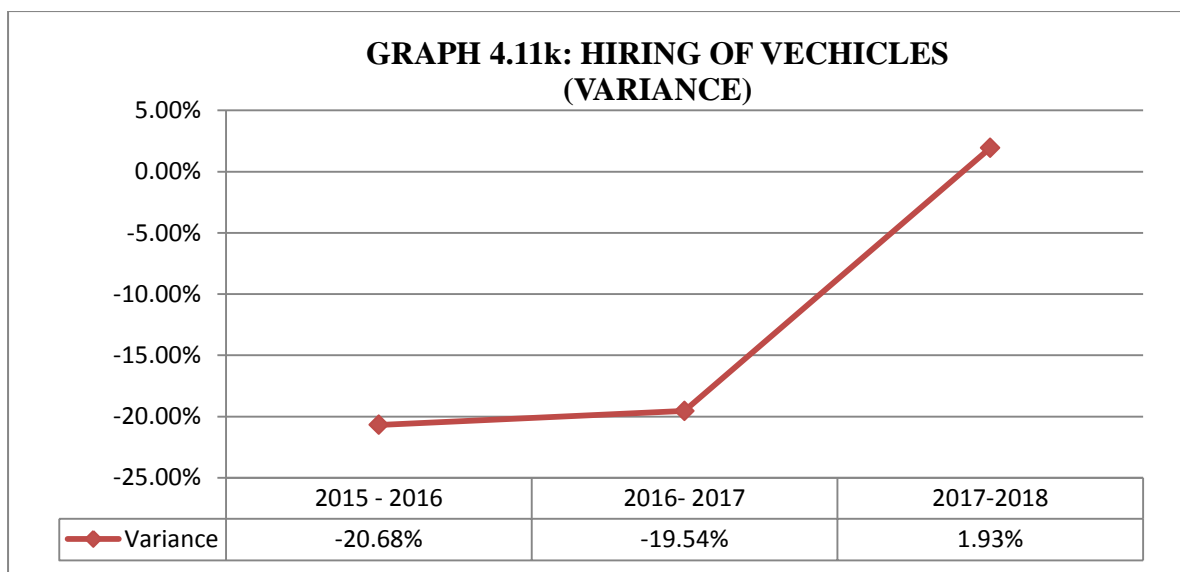
- The variance of the service tax in the year 2017 – 2018 is 1.56%.

In 2015-16 there is decline in actual expenditure which indicates favourable variance. In 2016-17, there is wide adverse variation among the actual expenditure met and the estimate. This results in increased expenditure which is unfavourable for the firm to meet its other priority obligations. But in the year 2017-2018 there is again favourable variance.

Table 4.11: HIRING OF VECHICLES

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	18,50,000	22,32,671	-(382671)	-20.68%
2016 – 2017	80,00,000	95,63,763	15,63,763	-19.54%
2017-2018	98,00,000	96,10,540	1,89,460	1.93%





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

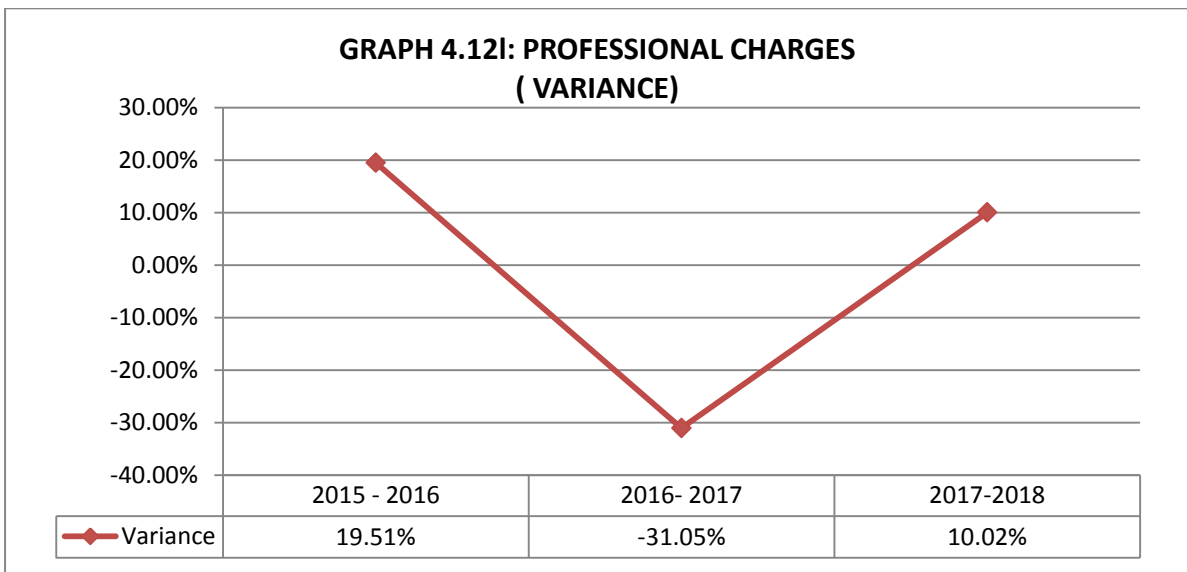
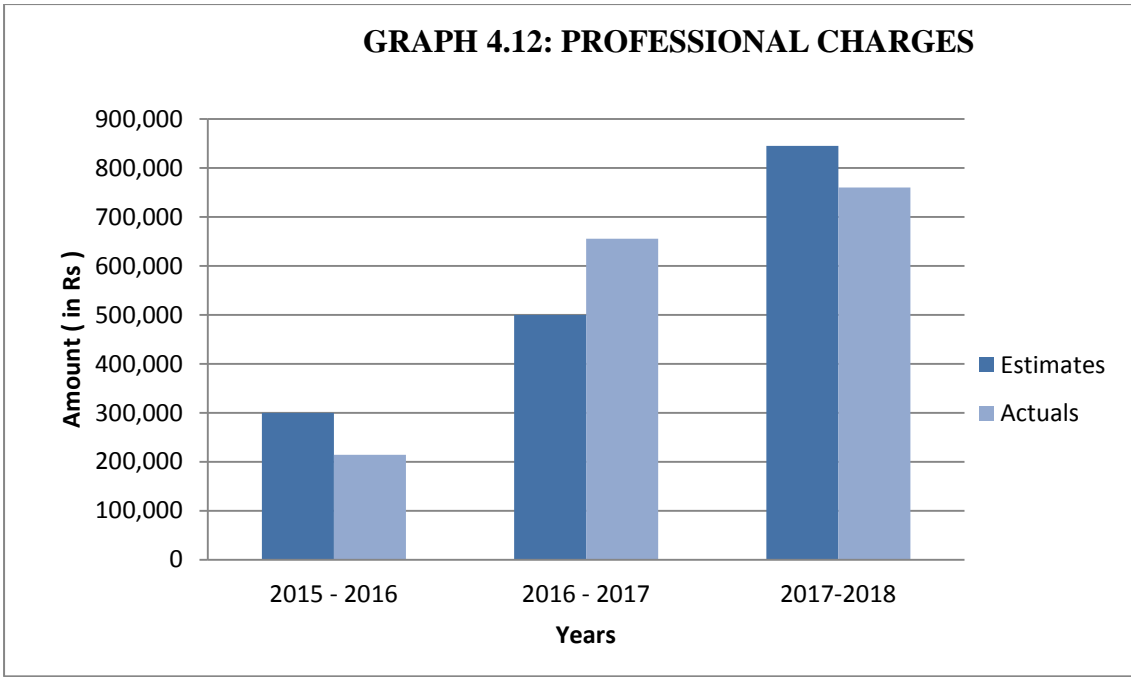
- The variance of the hiring of vehicles in 2015 – 2016 is -20.68%.
- The variance of the hiring of vehicles in 2016 – 2017 is -19.54%.
- The variance of the hiring of vehicles in 2017-2018 is 1.93%.

In 2015-16 and 2016-2017, the actual expenditure exceeded the budget estimation by – (20.68) % and -(19.54)% which implies unfavourable balance. However in the year 2017-2018 budget estimation has done with proper care and measures hence, there is favourable balance.

Table 4.12:

PROFESSIONAL CHARGES

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	3,00,000	214171	58529	19.51%
2016 – 2017	5,00,000	655276	-(1,55,276)	-31.05%
2017-2018	8,45,000	7,60,300	84700	10.02%



ANALYSIS AND INTEPRETATION

From the above table, it is analysed that:

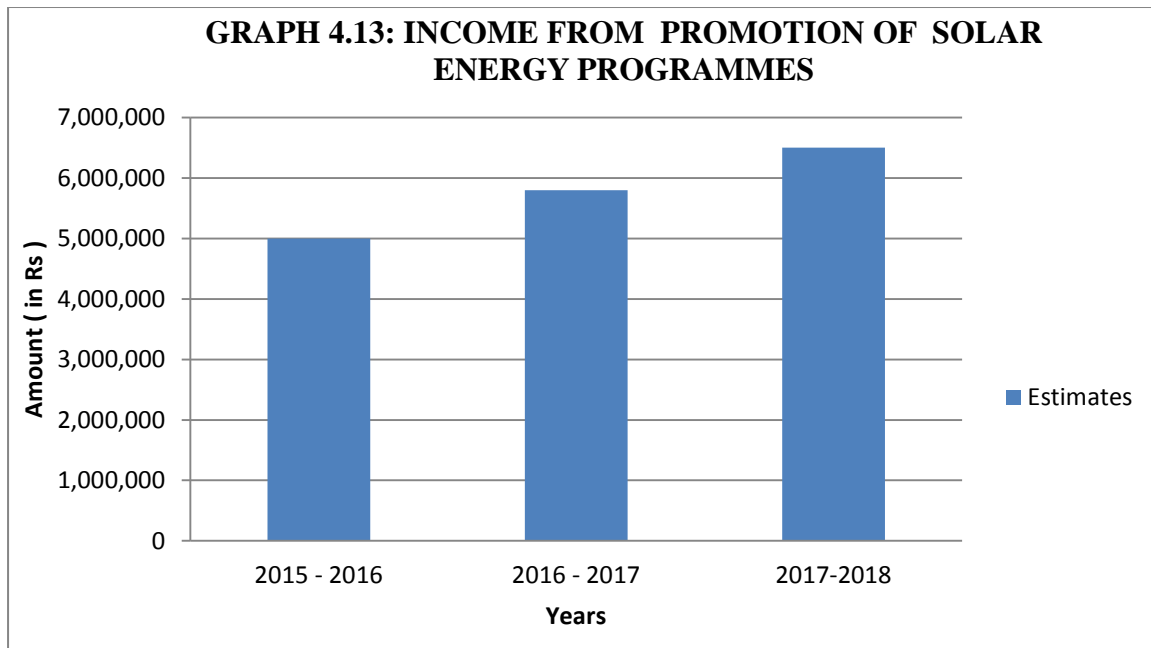
- The variance of the professional charges in 2015 – 2016 is 19.51%.
- The variance of the professional charges in 2016 – 2017 is - (31.05)%
- The variance of the professional charges in 2017– 2018 is 10.02 %.

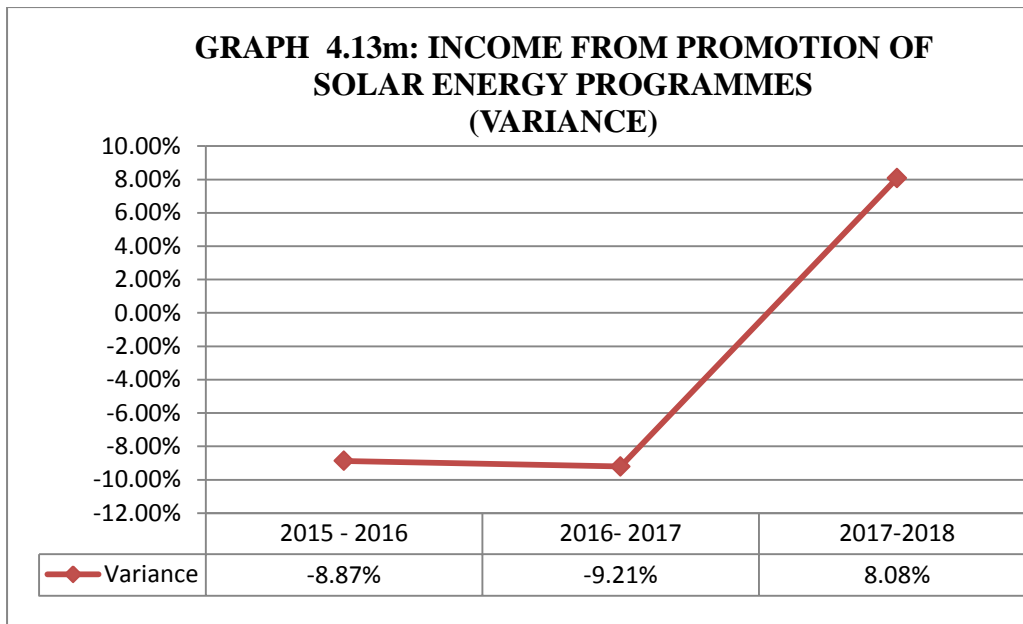
It is interpreted that in 2015-16 and 2017-2018 the professional charges reveals favourable balance as there is reduction in the actual expenditure met than the budget estimate In 2016-17, the actual expenses exceeded the budget estimation by $-(31.05)$ % which implies unfavourable balance.

Table 4.13

INCOME FROM PROMOTION OF SOLAR ENERGY PROGRAMMES

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	50,00,000	45,56,530	4,43,470	-8.87%
2016 – 2017	58,00,000	52,65,800	5,34,200	-9.21%
2017-2018	65,00,000	70,25,200	5,25,200	8.08





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

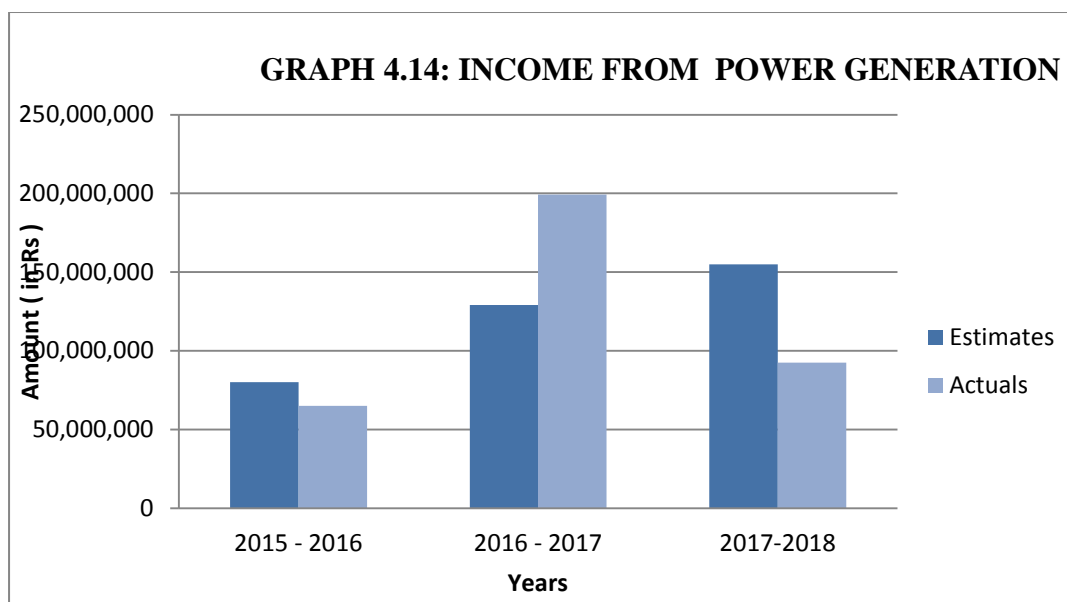
- The variance of income from solar energy promotion in 2015 – 2016 is -8.87%.
- The variance of the income from solar energy promotion in 2016 – 2017 is -9.21%.
- The variance of the income from solar energy promotion in 2017– 2018 is 8.08%.

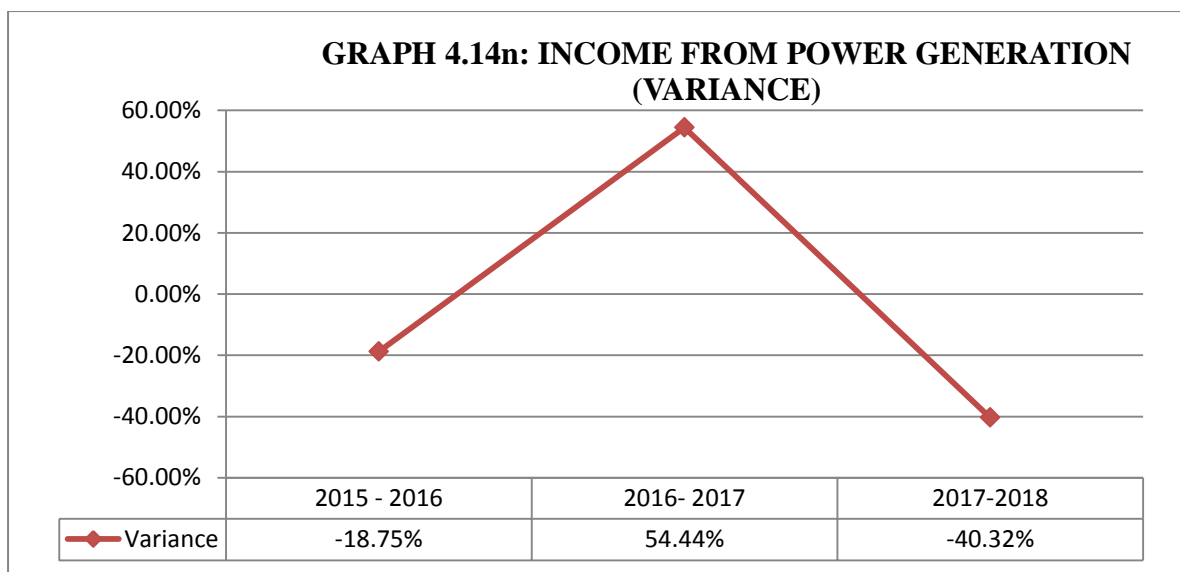
It is interpreted that in 2015-16 and 2016-2017 the income from solar energy promotion reveals favourable variance as there is decrease in actual amount received than estimates. However in 2017-2018 there is increase in income received then estimate by Rs5, 25,200 which shows unfavourable balance.

Table 4.14

INCOME FROM POWER GENERATION

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	8,00,50,000	6,50,38,500	1,50,11,500	-(18.75)%
2016 – 2017	12,90,20,300	19,92,65,000	7,02,44,700	54.44%
2017-2018	15,50,36,000	9,25,20,800	6,25,15,200	-(40.32)%





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

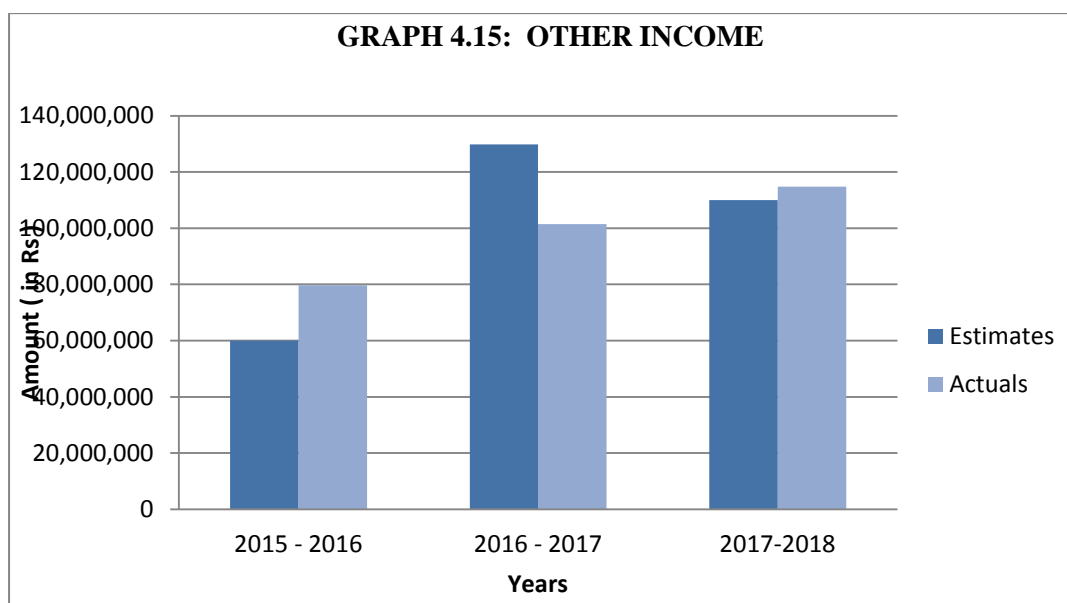
- The variance of income from solar energy promotion in 2015 – 2016 is -15.05%.
- The variance of the income from solar energy promotion in 2016 – 2017 is 7.00%.
- The variance of the income from solar energy promotion in 2017– 2018 is -33.61%.

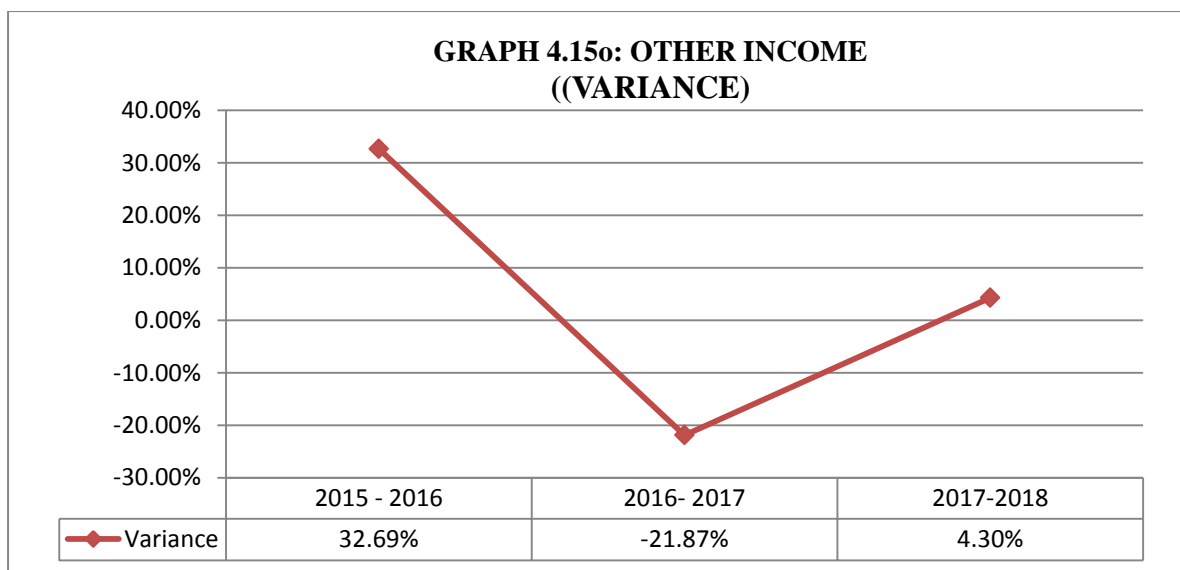
It is interpreted that in 2015-16 and 2017-18 the income from power generation reveals negative variance as there is reduction in actual income earned than the budget estimate. However during 2016-2017 there is increase in income received than estimate by Rs7, 02, 44,700 which implies positive variance.

TABLE 4.15

OTHER INCOME

Years	Estimates (Rs)	Actual (Rs)	Variance	
			Amount (Rs)	Percentage (%)
2015 – 2016	60,056,000	7,96,89,957	1,96,33,957	32.69%
2016 – 2017	12,98,40,000	10,14,37,995	2,84,02,045	-(21.87)%
2017-2018	11,00,00,000	11,47,27,298	47,27,298	4.30%





ANALYSIS AND INTERPRETATION

From the above table, it is analysed that:

- The variance of income from other income in 2015 – 2016 is 32.69%.
- The variance of the income from other income in 2016 – 2017 is (-21.87) %.
- The variance of the income from other income in 2017 – 2018 is 4.30 %.

It is interpreted that in 2015-16 and 2017-2018 the other incomes received reveals positive variance as there is increase in actual income than the budget estimate. But during 2016-2017 there is decrease in income received than estimate by Rs2, 84, 02,045 which shows negative variance.

CHAPTER 5

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

- In the year 2016-17 director sitting fees was estimated very high that is Rs 1,00,000 compared to actual 15,000 hence, in next year estimated amount 50,000 has been forecasted taking in to consideration previous year budgeting. So, variance is less when compared to previous year (40% <85%).
- Company has spent more on Travelling and conveyance expenditure that is 6,16,865 than estimated amount 3,00,000 which showed unfavourable balance of -(3,16,865) during the year 2016-17 this may be because of failure in estimating by the budgeting team.
- Expenditure on Printing and stationary were estimated more in 2015-16 and 16-17 that is Rs 5,00,000 and Rs 10,00,000 respectively. But was favourable in the year 2017-18 with a low variance of 4.75% which shows fluctuations over the years.
- Budgeting team failed to forecast the actual amount. Even though there is favourable balance on postage and telephone as there is a huge gap between estimated and actual amount spent that is 98.39% and 93.19% respectively.
- There is operational efficiency in the firm due to effective control over the office expenditure.
- The concern has optimally utilised its financial resources with effective control and review measures.
- It is found that the concern has projected the overall expenditure on the periodicals and books appropriately in all the years which indicate favourable variance.
- It is noticed that budgeting team has done excellent budgeting for the year 2017-18 when compared to previous two years.
- Budget estimation has met the budget estimation most adequately without any adverse deviations in more of the cases.
- On some expenditure like postage and telephone expenses, office expenses, Advertisement expenses for the year 2015-16 there is wide adverse variation between the actual expense met and the estimate. This results in increased expenditure which is unfavourable for the company to reach its other priority obligations.

- It is found that there is huge variation in expenditure spent on hiring of vehicles for the year 2016-17 than 2015-16 that is 80,00,000 > 18,50,000. This is because of unexpected increase in diesel, petrol rates and vehicle rent.
- The firm has earned more income of Rs 7,02,44,700 than expected from solar power generation in 2016-17 which implies positive variance.
- In the year 2015-16 and 2016-17 it earned less income than estimated from Promotion of Solar Energy programmes that is 45,56,530 < 50,00,000 and 52,65,800 < 58,00,000 this is because of failure in generating income by the company.
- Overall performance is upstate mark and budgeting team has done a good estimation in many of the cases.
- There were deviations in starting two years i.e. 2015-16 and 2016-17 as the company had just started its business. But in 2017-18 it has overcome all its deviations and has good control on its budget.

5.2 SUGGESTIONS

- The company is spending large amount on advertisement expenditure. Hence it is suggested to reduce slightly from 10, 25,000 to 8, and 00,000.
- Company is estimating more on some expenditure like director sitting fee and postage and telephone charges which is not actually necessary. It is suggested to reduce 25% of previous estimation.
- It is suggested to reduce estimating amount on some expenditure like director sitting fee to 40,000 and postage and telephone expenses to 45,000 and to spend within said amount.
- It is suggested to increase estimation on solar park expenditure from 15, 00,000 to 20, 00,000 in 2018-19 since there is adverse deviation on this expense from past two years.
- It is advisable for the company to reduce the current liabilities from 1,26,05,78,080 to 95,00,000.
- Company can improve further profitability by reducing management cost from **5,86,22,571 to 5,00,00,000.**
- The expenditure can be reduced by introducing high level technology.
- The company should take effective measures to improve effectiveness and profitability.
- Before it goes to group budget manager it is advisable for Regional fund manager to look upon the information.
- The interest paid on borrowings should be minimised by using other means of funds.
- The advised to company invest on high liquid assets namely money market instruments.

5.3 CONCLUSION

It can be concluded that finance is the lubricant, which help in running the wheeler of every economics activity, without budget no business can finish. Budgets are the backbone of the economy .The business needs budget to control outflow of finance .The KSPDCL is playing an important role in management of budget. The company is doing very well in every aspect, of its dealing. The working capital as well as profit of the bank has gone up tremendously.

The study on Budgetary Control at KSPDCL has given a great source of knowledge. The KSPDCL mobilized & deploys its budget in very efficient & systematic way giving a good scope for the growth & development. The company is showing a good financial performance.

- Budgetary control plays important role in every department of KSPDCL.
- Personnel belonging to budget controlling department scrutinize each department's expense.
- An efficient controlling of budget help in management of production, finance, personnel and marketing department effectively.
- Even though budgetary control team consist of fewer members its achievements are more.

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ANNEXURE

ANNEXURE 1: BALANCE SHEET

TABLE 1.16

KARNATAKA SOLAR POWER DEVELOPMENT CORPORATION LIMITED

BALANCE SHEET AS ON 31-03-2016, 2017 AND 2018.

Particulars	AS AT 31-03-2016	AS AT 31-03-2017	AS AT 31-03-2018
1. <u>Equity and liabilities</u>			
Shareholders fund			
Share capital	50,00,000	50,00,000	50,00,000
Reserves and surplus	73,25,24,483	92,06,98,600	1,07,49,00,757
Money received against Share warrant	-	-	-
2. <u>share application money pending allotment</u>			
3. <u>Non current liability</u>			
Long term borrowing	-	-	
Deferred tax liabilities	74,58,518	20,53,714	36,23,537
Other long term liabilities	28,40,81,424	16,40,39,662	15,60,59,433
Long term provisions	95,34,484	1,64,82,823	1,90,24,280
4. <u>current liabilities</u>			
Short term liabilities	-	-	-
Trade payables	65,94,564	78,33,847	4,44,19,222
Other current liabilities	44,12,70,961	71,90,66,203	1,11,77,36,616
Short term provision	5,76,87,884	12,47,93,520	9,84,22,242
TOTAL	<u>154,41,52,318</u>	<u>1,95,99,68,369</u>	<u>2,51,91,86,087</u>
2. <u>ASSETS</u>			
1. <u>Non current assets</u>			
Fixed assets			

Tangible assets			
Intangible assets	4,31,73,820	4,02,78,820	3,94,74,820
Capital work in progress	-	-	-
Intangible assets under development	45,50,779	45,50,698	45,50,262
b. Noncurrent investment	-	-	-
c. Deferred tax assets	-	-	-
d. Long term loans and advances	-	-	50,05,000
e. Other noncurrent assets	-	56,00,400	62,25,000
<u>2.CURRENT ASSETS</u>			
a. Current investment			
b. inventories			12,34,99,548
c. Trade receivables	20,61,748	17,58,000	14,85,230
d. Cash and cash equivalents	125,95,79,924	1,49,84,59,675	1,96,99,83,716
e. short term loans and advances	90707776	14,12,55,310	14,13,69,034 22,75,93,477
f. Other current assets	144078271	26,80,65,466	
TOTAL	<u>154,41,52,318</u>	<u>1,95,99,68,369</u>	<u>2,51,91,86,087</u>

ANNEXURE 2: PROFIT AND LOSS ACCOUNT**TABLE 4.17****KARNATAKA SOLAR POWER DEVELOPMENT CORPORATION LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT AS ON 31-03-2016, 2017 AND
2018.**

PARTICULARS	AS AT 31-03-2016	AS AT 31-03-2017	AS AT 31-03-2018
1.Revenue from operation	18,78,05,825	32,32,85,927	24,24,54,973
2.Other income	7,96,89,957	10,14,37,995	11,47,27,298
3.Tota revenue(1+2)	35,23,86,557	42,47,23,922	35,71,82,271
4.Expenses			
Cost of materials consumed			
Purchase of stock in trade			
Changes in inventories of finished goods, work in progress			
Employee benefit expenses		6,68,88,067	6,45,49,316
Financial costs	5930	13,238	7041
Depreciation and amortization expenses	1,62,39,200	65,20,686	52,25,529
other expenses	10,71,66,261	5,11,69,050	5,86,22,571
Total expenses	15,59,68,047	12,45,91,041	12,84,04,457
5.profit before exceptional and extraordinary item and tax (3-4)	15,03,74,025	30,01,32,881	22,87,77,814
6. exceptional item			
7. profit before extraordinary item and tax(5-6)	(3,08,30,0050)	-	-
8. Extraordinary item		-	2,35,418
9. Profit before tax(7-8)	18,12,04,075	30,01,32,881	22,59,42,396
Prior year income or	78,54,628	2,86,674	1,92,721

expenses	18,90,58,703	30,04,19,555	22,61,35,117
10. Tax expenses			
(a) Current tax	5,25,00,000	9,45,00,000	7,00,00,000
(b) deferred tax	(136,28,792)	(56,05,258)	14,70,591
(c) previous year tax			
FY 2008-09	-	1,73,00,000	-
11. profit or loss for the period			
From continuing operations (7-8)	14,01,87,495	19,42,24,813	15,46,64,526
12. profit or loss from discontinuing operation	-	-	-
13. Tax expenses of discontinuing operations	-	-	-
14. profit or loss from discontinuing operations (12-13)	-	-	-
Profit or loss for the period(11+14)	14,01,87,495	19,42,24,813	15,46,64,526
15.earning per equity share;	280.36	388.43	309.31
Basic	280.36	388.43	309.31
Diluted			



ACHARYA INSTITUTE OF TECHNOLOGY

DEPARTMENT OF MBA

INTERNSHIP WEEKLY REPORT (16MBAPR407)

NAME OF THE STUDENT: TRAPTHI PAI

INTERNAL GUIDE: DR. PRAKASH. B. YARGOL

USN: 1AZ16MBA72

SPECIALIZATION: CORE FINANCE

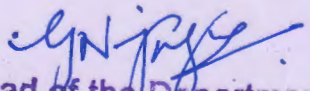
TITLE OF THE PROJECT: A CASE STUDY ON BUDGETORY CONTROL AT KSPDCL.

COMPANY NAME: KARNATAKA SOLAR POWER DEVELOPMENT
CORPORATION LIMITED.

WEEK	WORK UNDERTAKEN	EXTERNAL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
15/01/2018 - 26/01/2018	Understanding Structure, Culture and functioning of the organization.	B. Supatha	P. Yargol
29/01/2018 - 9/02/2018	Preparation of Research instrument for Data Collection.	B. Supatha	P. Yargol
12/02/2018 - 23/02/2018	Data collection.	B. Supatha	P. Yargol
26/02/2018 - 09/03/2018	Analysis and finalization of report.	B. Supatha	P. Yargol
12/03/2018 - 24/03/2018	Submission of Report.	B. Supatha	P. Yargol

DGM (FAA)
KSPDCL

Karnataka Solar Power Development
Corporation Limited
Beeja Raja Seeds Complex, 2nd floor
South Block, Bellary Road, Hebbala
Bengaluru - 560 024, Tin: 29391337573


Head of the Department
Department of MBA
Acharya Institute of Technology
Goldevanahli, Bangalore-560 10