Budgetary Control

- There are 3 types of planning :
    1. Strategic Planning (Long Term Planning)
    2. Budgetary Planning (Short to Medium Term Planning)
    3. Operational Planning (Short Term or day- to Day Planning
- There are 4 Different expression of Capacity

1	Maximum Capacity	Max Nos. of Days X No of Workers X Hrs./Days
2	Practical capacity	Maximum Capacity – Sunday & Statutory Holidays & Normal Maintenance & Idle Time
3	Normal Capacity	Avg of last 3 Yrs Normal performance without considering Abnormal data.
4	Actual Capacity	Determined only at the end of period not relevant for Budgeting

- Maximum Production in a dept. : Normal Capacity ÷ Time Per Unit
- The Minimum production is Known as the Bottleneck production

BUDGET RATIOS	
EFFICIENTY RATIO	(STANDARD HOUR ÷ ACTUAL HOURS) x 100
ACTIVITY RATIO	(STANDARD HOUR ÷ BUDGETED HOURS) x 100
CALENDER RATIO	(AVALABLE WORKING DAY ÷ BUDGTED WORKING DAY) x 100
STANDARD CAPACITY USAGE RATIO	(BUDGETED HOUR ÷ MAX POSSIBLE HRS IN THE BUDGETED PERIOD) x 100
ACTUAL CAPACITY USAGE RATIO	(ACTUAL HOUR WORKED ÷ MAX POSIBLE HRS IN A PERIOD) x 100
ACTUAL USAGE OF BUDGETED CAPACITY RATIO	(ACTUAL HOUR WORKED ÷ BUDGETED HOURS) x 100