Budgetary Control

Advantages and Limitations of Budgetary Control
Advantages of Budgetary Control

1) It locates the inefficient areas and persons in the business.

2) It helps to increase the
Advantages of Budgetary Control

3] It helps to co-ordinate the activities of various employees, departments and thus helps to achieve the goal of the management.

4] With the help of budgeting, the responsibilities of the managers can be fixed for planning, so that they can think ahead, anticipate and be prepared to meet the challenges ahead.
Advantages of Budgetary Control

5] Maximization of profits is possible through budgeting.

6] Budgetary control helps to introduce the standard costing technique in the business.
Advantages of Budgetary Control

7] Budgeting helps to ensure cash flow and hence bank credit can be obtained.

8] Budgetary control creates cost consciousness in the minds of all the employees in the organisation.
Advantages of Budgetary Control

9] Authority can be delegated and responsibilities can be fixed.

10] Vital decisions can be taken by the management, based on the budgets.

11] It helps to study the changes in the business conditions.
Advantages of Budgetary Control

12] It rewards the efficient workers and the managers can show their efficiency by achieving the goals fixed by the management through the budgets.

13] It ensures that the capital of the firm is utilised in a proper way and that there is no misutilisation of funds.
LIMITATIONS OF BUDGETARY CONTROL

• Budgetary control does not replace management.

• Budgets are based on estimated figures

• Installation of budgetary control system is costly.
LIMITATIONS OF BUDGETARY CONTROL

• Budgetary control deals with quantitative data only

• The system of budgetary control lacks flexibility
Thank you.......