

A Study on Budgetary Control System at Bharat Sanchar Nigam Limited, Anantapuramu

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ABSTRACT

Budgetary Control System adopted by Bharat Sanchar Nigam Limited (BSNL) and its role in financial planning and control Using secondary data from recent annual reports, the study analyzes revenue, expenditure, and variance between budgeted and actual figures. The findings show that budgetary control supports financial discipline and managerial decision-making however, rising operational costs and declining revenues affect overall performance. The study concludes that improved monitoring, accurate forecasting, and better cost control can enhance financial stability, and efficiency.

Keywords: Budgetary control, Variance Analysis , Financial management , Cost Control

1. INTRODUCTION

Budgetary control is a systematic approach to planning, monitoring, and controlling an organization's financial resources. It involves preparing budgets, comparing actual performance with planned figures, and taking corrective actions to achieve organizational objectives. This process helps in improving financial discipline, ensuring efficient utilization of resources, and supporting effective decision-making. has become a key driver of transformation in modern financial management systems.

In large public sector organizations like Bharat Sanchar Nigam Limited (BSNL), budgetary control plays a crucial role due to the scale of operations and the need for cost efficiency. The telecom industry requires significant investment in infrastructure, technology, and human resources, making financial planning and control essential. Budgetary control enables BSNL to allocate resources effectively, monitor operational performance, and identify deviations between budgeted and actual results.

With increasing competition and rising operational costs in the telecom sector, maintaining financial

stability has become a major challenge In this context, an effective budgetary control system helps BSNL improve performance by controlling costs, enhancing efficiency, and supporting strategic planning. Thus, budgetary control acts as a key tool in achieving financial sustainability and organizational success.

2. NEED OF THE STUDY

Budgetary control helps in monitoring of the allocated funds for each department. The study on budgetary control system aims at the maximizing of profits of the company.

3. OBJECTIVES OF THE STUDY

1. To identify the impact of budgetary control system at Bharat Sanchar Nigam limited.
2. To compare the variation of revenue budget and operational expenditure budget of limited.
3. To study various Budgetary control system methods at Bharat Sanchara Nigam limited.

4. LITERATURE REVIEW

Budgetary control has emerged as an important tool in modern financial management systems. Researchers have widely examined how budgeting practices improve efficiency cost control, and financial discipline within organizations.

According to various studies, budgetary control helps organizations plan financial Their activities and monitor performance by comparing actual results with budgeted targets. It supports better resource allocation, enhances coordination and strengthens managerial decision-making.

Researchers also highlight that variance analysis plays a key role in identifying deviations and taking corrective actions. Effective budgetary control systems help reduce unnecessary costs, improve operational efficiency, and ensure financial stability.

However, studies indicate that challenges such as inaccurate forecasting, rigid budgeting systems, and lack of proper implementation can reduce effectiveness. Therefore, organizations must adopt flexible and efficient budgeting practices to improve overall financial performance.[1]

6. CONCEPTUAL Framework

Budgetary Control System → Budget Preparation → Budget Implementation → Variance Analysis → Cost Control → Financial Performance → Managerial Decision-Making → Organizational Efficiency

7. RESEARCH METHODOLOGY

The study is based on **secondary data** collected from:

- Annual reports of Bharat Sanchar Nigam Limited
- Financial statements (2020–2025)

TOOLS AND TECHNIQUES

- Variance
- Correlation
- Tables
- Bar charts
- Responsibility accounting

8. Budgetary control data Income Analysis

Budgetary control data Expenditure Analysis

Year	Budget Income (₹ Lakhs)	Actual Income (₹ Lakhs)	Variance
2020–21	19,50,000	19,51,000	+1,000
2021–22	20,80,000	21,16,259	+36,259
2022–23	21,70,000	22,26,890	+56,890
2023–24	22,40,000	23,03,238	+63,238
2024–25	23,10,000	23,73,941	+63,941

Year	Budget Expenditure (₹ Lakhs)	Actual Expenditure (₹ Lakhs)	Variance
2020–21	25,40,000	26,19,000	+79,000
2021–22	26,30,000	27,20,421	+90,421
2022–23	27,10,000	28,05,110	+95,110
2023–24	27,80,000	28,59,314	+79,314
2024–25	28,50,000	29,13,123	+63,123

9. GRAPHICAL REPRESENTATION

Income Analysis

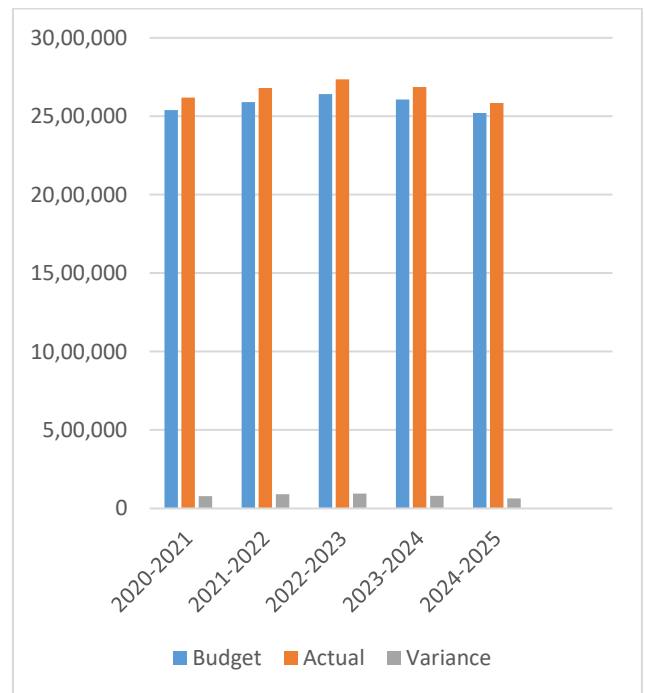


Fig 1 Illustration presents a comparison of BSNL’s budgeted income, actual income, and variance over the period 2020–21 to 2024–25. It shows that while the company experienced a significant shortfall in 2021–22, the actual income exceeded the budget in most other years, resulting in favourable variances. The trend highlights a recovery phase after 2021–22, with consistent improvement in financial performance in the subsequent years.

Interpretation:

The chart shows fluctuations in BSNL’s financial performance over the years, with a major negative deviation in 2021–22 where actual income fell significantly short of the budget. However, in the following years, the company achieved higher actual income than budgeted, leading to favourable variances. This reflects improved operational efficiency and better financial management after 2021–22. Overall, the trend suggests a recovery and stabilization in BSNL’s income performance.

Expenditure analysis

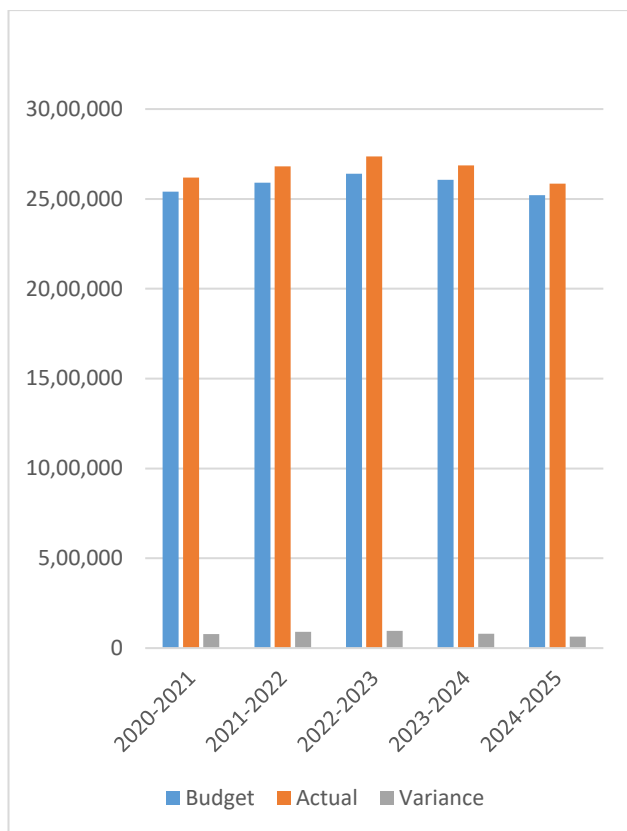


Fig 2 Illustration a comparison of BSNL’s budgeted expenditure, actual expenditure, and variance from 2020–21 to 2024–25. It highlights differences between planned and actual spending across the years, indicating periods of both over-expenditure and controlled spending.

Interpretation:

The chart suggests that BSNL’s expenditure slightly exceeded the budget in some years, indicating unfavourable variances, while in other years it remained close to or below the budget. Overall, the variations are moderate, reflecting relatively stable expenditure management with some fluctuations in cost control.

10. FINDINGS

1. Expenditure exceeded budget in most years.

The data shows that actual expenditure was higher than the budgeted figures throughout the study period, indicating inefficiencies in planning and control.

2. Continuous losses were recorded.

The analysis reveals that total expenses remained higher than total income, leading to consistent financial losses for BSNL.

3. Income showed fluctuations over the years.

There was a sharp decline in income in 2021–2022 followed by a gradual improvement in the subsequent years.

4. Operational costs affected profitability.

High expenses such as employee benefits, depreciation, and administrative costs reduced overall financial performance.

11. CONCLUSION

The analysis of BSNL’s financial performance indicates that the company has faced continuous financial challenges during the study period. Actual expenditures consistently exceeded budgeted estimates, reflecting weaknesses in cost control and financial planning. At the same time, income fluctuations and high operational costs further contributed to persistent losses. Although there were signs of gradual improvement in later years, overall performance remains under pressure. Strengthening budgetary control, reducing operational expenses, and improving revenue generation are essential for enhancing financial stability and long-term sustainability.

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