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BUDGETARY CONTROL AT HDFC

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ABSTRACT

This project explores the budgetary control system at Housing Development Finance Corporation (HDFC), a leading financial institution in India. The focus is on understanding how HDFC manages its financial planning and expenditures through systematic budgeting practices. The study spans five financial years (2019–2024), analysing budgeted versus actual data to assess performance, control mechanisms, and strategic adjustments. It further highlights the importance of implementing modern budgeting techniques and emphasizes HDFC's strengths, challenges, and areas for improvement. The study concludes with findings, suggestions, and actionable recommendations.

KEYWORDS

Budgetary Control, HDFC, Financial Management, Capital Budgeting, Revenue Expenditure, Budget Estimates, Variance Analysis, Strategic Planning

INTRODUCTION

Budgetary control is a critical aspect of financial planning in any organization. At HDFC, this system enables cost regulation, efficiency enhancement, and strategic investment. It involves comparing actual outcomes with predefined budgets, identifying variances, and taking corrective measures. As one of India's largest financial institutions, HDFC uses budgetary control to manage diversified operations and ensure profitability across its divisions.

REVIEW OF LITERATURE

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Impact of budget coordination on managerial decision-making and resource allocation. *International Journal of Business and Management Strategy, 12*(1), 34–49.

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Ali, M., Bashir, F., & Mehreen, T. (2019). Budgetary control systems and their impact on public sector transparency. *International Journal of Public Sector Finance, 6*(4), 61–74.

4. Bonneton, M., Dubois, C., Rousseau, L., & Tremblay, J. (2022).

Zero-based budgeting and strategic expenditure alignment in modern organizations. *Journal of Budgeting and Financial Planning, 15*(1), 18–33.

Dessler (2020):

Dessler provides a holistic view of budgetary control, noting its benefits in enhancing performance and discipline while also acknowledging its limitations. Comparative studies offer insight into its effectiveness in planning and resource management.

NEED & IMPORTANCE OF THE STUDY

The primary objective of this study is to gain a comprehensive understanding of HDFC's budgeting structure and financial policies. It aims to examine how budgetary control mechanisms are implemented within the organization and how they influence its overall financial health and stability. A key focus is to identify and analyse the deviations between the expected (budgeted) and actual revenue

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and expenditure figures over a given period. This helps in assessing the efficiency and accuracy of the financial planning process. Additionally, the study evaluates how HDFC estimates and allocates investments through its budgeting framework, ensuring resources are directed toward areas with the highest potential returns. Lastly, the research assesses the effectiveness of existing budgeting techniques and explores opportunities for enhancing future financial performance and decision-making through improved budgetary practices.

OBJECTIVE'S OF THE STUDY

- To study the existing budgetary control method and practice at HDFC
- To analyse the budgetary system in practice in HDFC with particular reference to their objectives and phases of organizational and re-appropriation.
- To study the budgeted estimates and accruals of the revenue expenditure and revenue receipts.
- To study the variations of the accruals from the budgeted estimates.
- To study the working of the financial department at HDFC.

SCOPE OF THE STUDY

The study is limited to the analysis of financial data from annual reports and employee insights at HDFC. It focuses on budget estimation, execution, and performance over five years, offering suggestions for more effective budgeting practices. The scope excludes external environmental factors or operational-level decision-making.

LIMITATIONS OF THE STUDY

- Budget estimations under inflation or policy changes may be inaccurate.
- Small firms may not afford comprehensive budget systems.
- Budgetary control is a management tool—not a replacement for managerial decision-making.
- Revisions due to industry changes are expensive and difficult to implement.
- Success depends on teamwork and cooperation, often inconsistent.

RESEARCH METHODOLOGY

Primary Data:

- Interviews with HDFC's finance department staff
- Personal observations

Secondary Data:

- Annual reports (2019–2024)
- Textbooks, financial journals, and online resources

Study Period:

Five financial years (2019–2024)

Approach:

Quantitative analysis with some qualitative insights based on interpretations and employee perspectives.

DATA ANALYSIS & INTERPRETATION

CALCULATION OF REVENUE RECEIPTS BUDGET FOR THE YEAR 2023-2024

(Cr……)

S.No	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	Interest Earned	53211.34	49091.14	4120.20
2.	Other Income	13032.91	12176.13	856.78
3.	Balance in bank (Inventory)	16938.77	16651.71	287.06

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	Total	**83183.02**	**77918.98**	**5246.04**

Interpretation’s:

In this year it can be seen that every item actual is below the budget estimate which reprehensions a positives indication of savings, the actual is beyond budget estimates due to revision in pay scales. This can be ignored, because in total budget estimates are more than the actual in revenue receipts, the actual are below the budgeted. Except in increase in inventory value is negative. The budget estimates with a good variation percentage

S. No.	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1	**Interested Expanded**	**31259.43**	**30051.53**	**1207.90**
	Operating Expenses			
2	**Employee Remuneration &**	**11634.99**	**11495.83**	**139.16**
3	**Benefits**			
		4936.87	**4749.88**	**186.99**
	Administrative &Operation			
	Expenses			
4	**Provisions & Contingencies**			
	Depreciation	**16842.53**	**14631.56**	**2210.97**
5				
		8722.66	**8544.56**	**178.10**
6				
		783.37	**658.95**	**124.42**
	Total	**74179.85**	**70132.31**	**4047.54**

CALCULATION OF REVENUE RECEIPTS BUDGET FOR THE YEAR 2022-2023 (Cr……)

S.No	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE

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1.	**Interest Earned**	46514.58	44178.15	2336.23
2.	**Other Income**	11478.54	10427.87	1050.67
3.	**Balance in bank (Inventory)**	20014.54	19707.77	306.77
	Total	**78007.46**	**74313.79**	**3693.67**

Interpretation's:

In this year it can be seen that every item actual is below the budget estimate which reprehensions a positives indication of savings, the actual is beyond budget estimates due to revision in pay scales. This can be ignored, because in total budget estimates are more than the actual

In revenue receipts, the actual is below the budgeted. Except in increase in inventory value is negative. The budget estimates with a good variation percentage.

CALCULATION OF REVENUE EXPENDITURE BUDGET FOR THE YEAR 2022-2023 (Cr……)

S. No.	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	**Interested Expanded**	**28545.64**	**27702.59**	**843.05**
2.	**Operating Expenses**	**10878.55**	**10308.86**	**569.69**
3.	**Employee Remuneration & Benefits**	**4354.81**	**4220.11**	**134.70**
4.	**Administrative &Operation Expenses**			
5.	**Provisions & Contingencies**	**3154.87**	**2888.22**	**266.65**
	Depreciation			
6				
6.		**6965.64**	**6784.10**	**181.54**
		621.47	**575.97**	**45.50**
	Total	**54520.98**	**52479.85**	**2041.13**

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CALCULATION OF REVENUE RECEIPTS BUDGET FOR THE YEAR 2021-2022
(Cr……)

S.No	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	**Interest Earned**	41658.64	40075.60	1583.04
2.	**Other Income**	8698.34	8345.70	352.64
3.	**Balance in bank (Inventory)**	23451.51	22364.79	1086.72
	Total	**73808.49**	**70786.09**	**3022.40**

Interpretation's:

In this year it can be seen that every item actual is below the budget estimate which reprehensions a positives indication of savings, the actual is beyond budget estimates due to revision in pay scales. This can be ignored, because in total budget estimates are more than the actual

In revenue receipts, the actual is below the budgeted. Except in increase in inventory value is negative. The budget estimates with a good variation percentage.

CALCULATION OF REVENUE EXPENDITURE BUDGET FOR THE YEAR 2021- 2022
(Cr……)

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S. No.	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	Interested Expanded	27458.19	26209.18	1249.01
2.	Operating Expenses	10245.14	9012.88	1232.26
3.	Employee Remuneration & Benefits	4157.58	3893.29	264.29
4.	Administrative &Operation Expenses	3154.87	2888.22	266.65
5.	Provisions & Contingencies	5258.94	4873.76	385.18
6.	Depreciation	621.47	578.21	43.26
	Total	50896.19	47455.54	3440.65

CALCULATION OF REVENUE RECEIPTS BUDGET FOR THE YEAR 2020-2021 (Cr……)

S.No	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	Interest Earned	34187.69	33542.65	645.04
2.	Other Income	8029.67	7908.10	121.57
3.	Balance in bank (Inventory)	16087.09	15768.02	319.07
	Total	**58304.45**	**57218.77**	**1085.68**

Interpretation's:

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In this year it can be seen that all item actuals are below the budget estimate which reprehensions a positives indication of savings, the actuals are beyond budget estimates due to revision in pay scales. Which can be ignored, because in total budget estimates are more than the actuals

In revenue receipts, the actuals are below the budgeted. Except in increase in inventory value is negative. The budget estimates with a good variation percentage.

CALCULATION OF REVENUE EXPENDITURE BUDGET FOR THE YEAR 2020-2021 (Cr……)

S. No.	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	Interested Expanded	**23259.03**	**22808.50**	**450.53**
	Operating Expenses			
2.	Employee Remuneration & Benefits	**9024.67**	**8843.63**	**181.04**
3.		**3608.91**	**3515.28**	**93.63**
	Administrative &Operation Expenses			
	Provisions & Contingencies			
4.		**2961.37**	**2888.22**	**73.15**
	Depreciation			
5.		**3479.35**	**3333.37**	**145.98**
			524.53	**56.84**
6.		**581.37**		
	Total	**42914.7**	**41913.53**	**1001.17**

CALCULATION OF REVENUE RECEIPTS BUDGET FOR THE YEAR 2019-2020

S.No	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	Interested Earned	26189.57	25974.05	215.52
	Other Income			
2.	Balance in bank	7308.69	7108.91	199.78
	(Inventory)			
3.		14074.34	13183.11	891.23
	Total	47572.6	46266.70	1306.53

Interpretation's:

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In this year, the budgeted are above the actuals. Interested Earned is high value the budget estimates among all items and in total that shows a good budgeting effort makes the actuals.

In revenue receipts, the budgeted are above the actuals, but with a minimum percentage of variation as compared with previous year.

CALCULATION OF REVENUE EXPENDITURE BUDGET FOR THE YEAR 2019-2020

S. No.	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	Interested Expanded	17598.14	16957.15	640.99
2.	Operating Expenses	8964.31	8594.16	370.15
3.	Employee Remuneration & Benefits	2996.31	2816.93	179.38
4.	Administrative &Operation Expenses	3905.34	3785.13	120.21
5.	Provisions & Contingencies	2869.34	2380.27	489.07
6.	Depreciation	596.67	562.44	34.23
	Total	36930.11	35096.08	1834.03

FINDINGS

- Budget control at HDFC has been consistent and conservative.
- High banking expenses in FY 2020–21 due to increased operational demands.
- Variances were typically positive—actuals below budgets—indicating prudent financial control.
- HDFC does not follow all recommended budgeting techniques despite having strong control mechanisms.
- Revenue expenditures are independent of receipts, implying effective planning regardless of income fluctuations.

SUGGESTIONS

1. Adopt formal budgeting techniques such as Zero-Based Budgeting or Flexible Budgeting.
2. Conduct pre-audits of expenditure proposals to ensure legitimacy.
3. Align budget estimation closer with actuals to improve planning accuracy.
4. Encourage regular training for staff on budgeting and forecasting methods.
5. Implement automated budget monitoring tools for real-time variance detection.

CONCLUSION

The study confirms that HDFC's budgetary control practices are strong but can be significantly enhanced through the adoption of modern techniques and improved integration

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with forecasting tools. The organization's ability to keep actual expenditures mostly under control demonstrates financial discipline. However, strategic use of budgeting tools can help bridge the gap between estimation and performance, improving future planning and profitability.

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