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**NAME OF PAPER: ACCOUNTING FOR PLANNING &
CONTROL**

TOPIC: PERFORMANCE BUDGET

UNIT : 1st

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- Manoj Kumar

Performance Budgeting

The world 'Performance Budgeting' was constituted under the Chairmanship of late ex- president of America Mr. Herbert in 1949. It was stated in his report that the aim of budget should not be only to purchase goods and services but the Budgeting system should be such that it draws attention as to why amount has to be spent on these goods and services?

Performance Budgeting is looked upon as a budget based on functions, programmers, activities and projects and is linked to the Budgeting system based on objective classification of expenditure

Meaning of performance Budgeting

The performance Budgeting is based on Results or outputs. So it is a output oriented Budgeting system. Performance Budgeting means a Budgeting which is focused attention upon the work to be done, services to be rendered rather than things to be spent for or acquired.

According to National Institute of Bank Management

Performance Budgeting is, "the process of analyzing, identifying simplifying and crystallizing specific performance objectives of a job to be achieved over a period in the framework of the organizational objectives, the purpose and objectives of the job. The technique is characterized by its specific direction towards the business objectives of the organization."

Thus, performance Budgeting presents estimate for expenditure and earnings in terms of functions, programmers, Activities and projects.

Objectives of performance Budgeting

A performance Budgeting has following purposes:

- To facilitate more effective performance audit.
- To improve the budget formulation review and decision making at all levels of management.
- To co-ordinate physical and financial aspect of every programmed project or activity.
- To facilitate better appreciation and review by controlling authorities.
- To present a comprehensive operational document showing the complete planning fabric of the programmers and prospects.

Scope of performance Budgeting

Performance Budgeting is suitable in the following cases:

- Creation of infrastructure by Government Departments like:
 - (A) Development of roads
 - (B) Road transportation.
 - (C) Domestic water transportation
 - (D) Ship-manufacturing
 - (E) Ship-up keep and maintenance
 - (F) Health, education, etc

- Capital expenditure monitoring.

- Departments which do not produce any output (e.g., stores, maintenance, accounts and finance)

Stages or steps for performance Budgeting

- ❖ Objectives
- ❖ Analysis
- ❖ Classification
- ❖ Organization
- ❖ Evaluation

REFERENCE

Dr. Kamna Dhawan
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THANK YOU