

Budget and Manpower Planning In Industrial Sector



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What is Budget ?

Financial resources of every production concern are very limited and as such every management wants to keep the resources in check and use these for earning maximum profits. Budget is financial planning of resources for the future and as such a very useful instrument in preparing programs of every business undertaking. It can be said as a financial statement, which is prepared for a definite period of time for the execution of some policies and programs during that period. It concludes both the present and likely sources of income and expenditure during that period and if there are deficits how to meet these by raising additional resources of income. It is a device, which coordinates various departments of production and is an overall play for the operation of business both in terms of sales, production and expenditure.

Budgeting:- Budget is concerned with forecasting, planning and predetermining financial resources. Budgeting is concerned with planning function of management. The art of budget making is called budgeting.

What is a good Budget ?

A good budget should help in stabilizing production and harmonizing both sales and production programs, it should specify the units to be produced and should not be produced and should not be very rigid. It should have sufficient flexibility. It should control waste and unwanted expenditure. Before finalization, it should analyze all such factors, which affect the business as a whole.

Types of Budget:- Today each and every enterprise tries to prepare a budget. Not only this but even individuals and families too prepare the budget. Budget can briefly be categorized as (a) fixed budget (b) Variable budget (c) Functional budget, functional budget can again be studied under different heads like (i) Sale budget (ii) Production budget (iii) Labour budget (iv) Financial budget (v) Capital expenditure budget (vi) Administrative budget (vii) Material and purchase budget (viii) Master budget.

Labour Budget:- Every production work and manufacturing activity can be carried out with the help of labour, which is employed by a factory. A labour budget indicates how much manpower at different levels i.e. Unskilled, semiskilled and skilled labour will be needed for achieving production targets. It will also indicate whether the required labour is available or will have to be employed and if so to which extent. It will also show whether it is better to employ the labour by making recruitments or getting the work done through contractors. For this a good budget will use work-study method for calculating standard time for each operation, i.e. The operations involved and number of workmen needed for each department and for the factory as a whole.

Manpower planning – Defined:- It is wish and desire of every industrial undertaking that available manpower should be properly utilized so that there is no under utilization of available material and manual resources. Needless to say that where there is proper manpower utilization, there will be more production at lower cost and proper person shall be put on right type of job. This will obviously reduce idle hours of work and volume of work every worker is supposed to do and is actually doing on scientific lines can be assessed to some extent. When everyone will have equal workload, there will be no grudges and misunderstandings but spirit of cooperation among the workers will increase. There will be better understanding of each other. In brief, it can be said that manpower planning means scientific process of allocating the right quantity of work for right type of person without proper manpower planning estimates of human resources needed for accomplishing a job reduced to get work.

Guidelines for Manpower Planning:- It is thus by now amply clear that manpower planning is not an easy task. It is both time and energy consuming task and as such it is very essential that some guidelines should be followed and help of the data already available should be taken. It should be seen that time is not wasted in re-collecting the already collected data.

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Some of the important facts, which can be collected from the available records and can also provide good guidelines for future planning, are briefly discussed below: From the available records, it can be found out whether available machinery has in the past been fully utilized or it has been under-utilized and of so to what extent any why for. This will help in finding out the percentage of idle time of the machines in a particular department and in the factory as a whole. The records also show the past record of the workers. It is expected of an experienced worker to reach 85 percent efficiency standard and if a new worker in the beginning reaches 60 percent efficiency that can be tolerable. It can be illustrated from the example given below. In this it has been presumed that a worker in a week of 6 day works 8 hours in a day. Machine efficiency is 90 percent and worker efficiency is 80 percent. Thus in a year the actual working hours shall as under;

Total days in a year	365
Sundays	(-) 52

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Other holidays (like casual leave, medical (-) 35
Leave, earned leave)

Balance of working days **278**

Total available working hours:- $278 \text{ days} \times 8 / (\text{Hours Perday}) \times 90 / (100(\text{Machine efficiency}) \times 80 / (100(\text{workers efficiency})) = 278 \times 8 \times 9/10 \times 8/10 = 1601.28 \text{ Hours}$ This in a year machine and operation efficiency is 1601.28 hours and the rest of the time is wasted either because of inefficiency of the workers or that of the machine.

Techniques of Manpower Planning:- Two main techniques of manpower planning are (a) work measurement (b) work sampling. By work measurement, we mean measuring the time required to do each detailed element of an industrial operation to obtain standard

time required to complete the job and also to ascertain how many machines can an operator run. In this method, an analysis of the job, as a whole, is done and thus total output is obtained. For calculating manpower requirement total output is divided with the standard time needed to complete the job. Since this method is very simple. Therefore, it is very much in use. The other method is work sampling method which is also called activity sampling. It is based on being increasingly felt, therefore, some useful in repetitive operations. This theory is based on the principle that the percentage of observation recorded in an operation is reliable estimate of the percentage of the time needed or taken in the operation in that state provided sufficient numbers of observation are taken at random. As the number of sample increased with the percentage of error comes down.

Conclusion:- The process by which management determines how the organization should move from its current manpower position to its desired manpower position is the basis of manpower planning through, manpower, management strikes to have the right number and right kind of people at the right place, at right time, doing things which result both in the organization and the individual receiving maximum long run benefits. Thus he has also said that the sole aim of manpower planning is two-fold, i.e. The manpower which an industrial establishment has and it should have. Secondly, it aims at finding out right type of work for right type of persons at the right time. Thus it can be said that manpower planning helps in future assessing of manpower needs of an industrial establishment including internal and external economies taking into consideration social and nature of work and quality and quantity of its production

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