

Chapter 1

Introduction

1.1 Background of the Study

Nepal is a very beautiful country surrounded by India on east, west and south, and China on north. It is a small but diverse in geographical structure and climate. It has a total area of 147,181 sq. meters. It has three types of physical features; Himalayan, Hilly and Terai regions. The natural vegetation and the other resources are also unique in different part of this country. The northern part is covered by snow throughout the year. The snow- capped mountains are the origin of perennial rivers. These rivers are very useful for various purposes like household uses, agricultural purposes, transportation, hydro-power, rafting, etc.

The Hilly region is also very rich in natural resources. This is covered by a green hilly region with beautiful valleys. Around 80% of the total area of Nepal is covered by the Hills. Upper Hilly region is very suitable to produce very precious medicinal herbs.

The southern part of Nepal is a plain and fertile region. It is very suitable for farming. The warm and monsoon climate helps this region to be appropriate for the agro-products. Due to the availability of different pre-requisites the business enterprises and industries are also established in this region.

The economic status of Nepal is not so good. More than 45% population lies below poverty line. The backward living-style of the different community people and the primitive thinking on the various aspects of day to day activities has not changed.

Public awareness is in the country like health information, education about the society, nation and the priority – based development activities etc. are found to be taken into consideration for the further improvement. Many countries have made tremendous progress in social, cultural, economic, and political and other fields of development.

At present the nation is in a very sensitive condition. Constitution has not been formulated. The force of Maoist has not been properly settled. Political parties are

always having conflicts for power sharing. The civil society and its activities seem passive.

1.2 Historical Background of Radio Nepal

Radio Nepal had started its service as a first radio broadcasting in Nepal. Only after the establishment of democracy, Radio Broadcasting could be possible in the country. During the people's movement of 2007 BS, it had also broadcasted radio from Bhojpur and then it started radio broadcasting with the help of same transmitter from Biratnagar Jute Mill after the success of revolution. It was done by the rebellions of then people's movement-2007 BS Later, the transmitter was brought to Singh Durbar in Kathmandu and Radio Nepal started broadcasting since 2007 BS, Chaitra 20th, so the formal date of the establishment of Radio Nepal is considered on the same day.

After the establishment of Radio Nepal, the people of the country have not been deprived of getting information about political, social and economic change, difficult geographical structure, poverty, backwardness, electricity supply, urbanization and the present poor condition in these things. Radio Nepal gave light of knowledge about these happening all over Nepal. It has increased the horizon of thinking in people of Nepal. Due to the programmes lunched by then Radio Nepal, it has filled the peoples' mind and heart with feelings of freedom, hope of potentiality, bright future etc.

It has also helped to preserve and promote the cultural heritage of different communities, institutionalization of democracy and its promotion has also been possible only because of proper transmission of various programmes. Similarly national unity could also be promoted due to the planned service in broadcasting of national concern matters.

In the history of Radio Nepal, it is found being operated under the ministry of communication from 2007 BS to 2041 BS, but since 2041 BS, it has been operating under Radio Nepal Development Committee (RNDC) almost for 25 years till now.

1.3 Manpower of Radio Nepal

In any organization, one of the most important resources is human resources for the achievement of its goal within a prescribed time period. Human resource management plays a vital role in the performance of organization; either it is a private or public

firm. From operating level staff to central level employees, all are categorized under the human resource. They have inherent abilities, acquired knowledge and skills which are seen in the form of talents, attitudes of the employees during the performance of jobs by them. Manpower is both means and ends. It can be studied in a descriptive way as well as to the point. Organizational development and progressive change can be introduced by the manpower. Ultimately, development of manpower is obtained through the development activities of an organization or a nation, so its end too. Every new thought comes from the people and its implementation is also possible with the efforts of them as well.

Radio Nepal employs nearly 600 or above people in the country right now. According to the record of employees in 2061, nearly 757 staffs were there in this organization. Only volume is not the important thing for performing the tasks of an organization. Quality is needed in them. CREAM type of employees is needed in the organization that means C-clear, R-relevant, E-economic, A-adequate and M-monitor able.

1.4 Board of Directors

Chairman, Radio Broadcasting Service Development Committee and Secretary, Ministry of Information & Communication
Member and Joint Secretary, Ministry of Finance
Member
Member
Member Secretary and Executive Director, Radio Nepal

Source: www.radionepal.org

1.5 Staff of Radio Nepal

Executive Director
Deputy Executive Director
Deputy Executive Director
Chief Engineer, Engg. Division
Director, Finance Administration Division
Director, Administration and Program Division
(Deputy Director)
Chief, News Division(Deputy Director)

Director
Deputy Director, Programme Division
Chief, Aaya Lekha Section
Chief, Accounts Section
Chief, Engineering maintenance(Divisional Engineer)
Chief, Music Section
(Chief Technical Officer)
Station (Chief Admin Officer)
Chief, Dipayal Regional Station (Chief Reporter)
Chief, Kathmandu Transmitting Station, Bhainsepati (Senior Technical Officer)
Chief, Khumaltar Transmitting Station (Senior Technical Officer)
Chief, Dharan Transmitting Station (Senior Technical Officer)
Chief, Pokhara Regional Station (Senior Technical Officer)
Chief, Bardibas Transmitting Station (Engineer)

Total Number of staff of Radio Nepal= 600.

Source:- www.radionepal.org

1.6 Radio Nepal at Present

Radio Nepal was established on 1st April 1951. Initially, the transmission covered duration of 4 hours and 30 minutes through a 250 Watt SW transmitter. Over the years, Radio Nepal has strengthened its institutional capacity considerably and diversified itself in terms of programmes format, technical efficiency and coverage. Radio Nepal airs programmes on Short Wave, Medium Wave and FM frequencies. Regular broadcasts cover duration of 18 hours every day which includes 3 hours and 15 minutes of regional broadcasts 09:45 hrs to 11:00 hrs in the morning and 16:00 hrs to 18:00 hrs in the evening. FM Kathmandu, the first FM-Channel covering Kathmandu valley and adjoining areas was started in 1995 from its premises at Singh Durbar, Kathmandu.

1.7 Role of Radio Broadcasting in Nepal

Radio broadcasting is the cheapest and quickest means of mass communications in Nepal. In a mountainous country like Nepal, radio broadcasting has proved to be a very effective medium for disseminating information, educating people and entertaining the masses. Radio Nepal recognizes that its primary obligation is to serve its listeners. It has been providing various programs aimed at creating mass awareness

in its attempt to reflect the views of all sections of the society. The people in the hilly areas and many of the remote villages have little or no access neither to motor able roads nor to any communication and entertainment facilities. Illiteracy being a common feature among the people, little use is made of the newspapers, which have very limited and delayed circulation. Therefore, Radio has been the most suitable means of disseminating information and providing entertainment to masses in Nepal.

Radio Broadcasting in Nepal

Region	Station	Service Type	Transmitter		Frequency	Standby Transmitter		Studio Facilities
			Nos.	Cap.		Nos.	Cap.	
Eastern	Dhankuta Studio Centre, Dhankuta	-	-	-	-	-	-	1 Studio
	Dharan Transmitting Station, Sunsari	MW	1	100 KW	648 KHz	1	10 KW	-
	Ilam FM Station	FM	1	1 KW	100 MHz			-
Central	Khumaltar Transmitting Station	SW	3	100 KW	Summer : 5.005 MHz 6.100 MHz 7.165 MHz Winter: 3.230 MHz 5.005 MHz	-	-	-
	Kathmandu Transmitting Station, Bhainsepati	MW	1	100 KW	792 KHz	1	10 KW	-
	Bardibas Transmitting Station Mahottari	MW	1	10 KW	1143 KHz	1	10 KW	-
	Central Studio Building, Singh Durbar	-	-	-	-	-	-	13 Studios
	Kathmandu FM Station	FM	1	1 KW	100 MHz			
	Birgunj FM Station	FM	1	1 KW	100 MHz			
	Hetauda FM Station	FM	1	100 W	98 MHz			
	Bharatpur FM Station	FM	1	1 KW	103 MHz			

Western	Pokhara Transmitting Station Malepatan, Pokhara	MW	1	100 KW	684 KHz	1	10 KW	1 Studio
	Daunne FM Station	FM	1	1 KW	100 MHz			
	Jomsom FM Station	FM	1	10 W	100 MHz			
	Resunga FM Station (Test Transmission)	FM	1	300 W	100 MHz			
Mid- Western	Surkhet Transmitting Station, Surkhet	MW	1	100 KW	576 KHz	1	10 KW	1 Studio
	Humla FM Station	FM	1	50 W	100 MHz			
	Jumla FM Station	FM	1	100 W	100 MHz			
	Manma FM Station	FM	1	250 W	100 MHz			
	Mugu FM Station	FM	1	250 W	100 MHz			
	Dolpa FM Station	FM	1	250 W	100 MHz			
	Dang FM Station	FM	1	1 KW	98 MHz			
Far- Western	Dipayal Transmitting Station, Doti	MW	1	10 KW	810 KHz	1	10 KW	1 Studio
	Buditola FM Station	FM	1	1 KW	103 MHz			
	Darchula FM Station (Test Transmission)	FM	1	500 W	98 MHz			
	Bajhang FM Station (Test Transmission)	FM	1	500 W	98 MHz			

Source: - www.radionepal.org

1.8 Transmission Coverage

Coverage area of Radio Nepal

The short Wave transmission of Radio Nepal is estimated to reach listeners throughout the country.

Medium Wave transmission covers 70% to 80% of the population.

1.9 Radio Nepal's frequency schedule:

Region	Station	Service Type	Transmitter		Frequency	On-air time[GMT]
			Nos.	Cap.		
Eastern	Dharan Transmitting Station, Sunsari	MW	1	100 KW	648 KHz	23:15-17:15
	Illam FM Station	FM	1	1 KW	100 MHz	"
Central	Khumaltar Transmitting Station	SW	3	100 KW	Summer: 5.005 MHz 6.100 MHz 7.165 MHz Winter: 3.230MHz 5.005 MHz	"
	Kathmandu Transmitting Station, Bhainsepati	MW	1	100 KW	792 KHz	"
	Bardibas Transmitting Station Mahottari	MW	1	10 KW	1143 KHz	"
	Kathmandu FM Station	FM	1	1 KW	100 MHz	24 Hours
	Birgunj FM Station	FM	1	1 KW	100 MHz	23:15-17:15
	Hetauda FM Station	FM	1	100 W	98 MHz	"
	Bharatpur FM Station		1	1 KW	103 MHz	"
Western	Pokhara Transmitting Station Malepatan, Pokhara	MW	1	100 KW	684 KHz	"
	Jomsom FM Station	FM	1	10 W	100 MHz	"
	Daunne FM Station	FM	1	1 KW	100 MHz	"
	Resunga FM Station (Test Transmission)	FM	1	300 W	100 MHz	"
Mid - Western	Surkhet Transmitting Station, Surkhet	MW	1	100 KW	576 KHz	"
	Humla FM Station	FM	1	50 W	100 MHz	"
	Jumla FM Station	FM	1	100 W	100 MHz	"
	Manma FM Station, kalikot	FM	1	250 W	100 MHz	"
	Mugu FM Station, Murma Top	FM	1	250 W	100 MHz	"

	Dolpa FM Station	FM	1	250 W	100 MHz	"
	Dang FM Station	FM	1	1 KW	98 MHz	"
Far - Western	Dipayal Transmitting Station, Doti	MW	1	10 KW	810 KHz	"
	Buditola FM Station	FM	1	1 KW	103 MHz	"
	Darchula FM Station (Test Transmission)	FM	1	500 W	98 MHz	"
	Bajhang FM Station (Test Transmission)	FM	1	500 W	98 MHz	"

Source: - www.radionepal.org

1.10 Programming

1. Regional Programme:

Regional programme for audience in different regions is transmitted from regional stations simultaneously from 09:45 hrs to 11:00 hrs and 16:00 hrs to 18:00 hrs every day.

2. National Programmes:

National programme is broadcasted for duration of about 15 hours every day (05:00-23:00 hrs.) excluding the regional programme transmission period. Special entertainment programme goes on air in the day time during 11:00-13:00.

Radio Nepal uses a wide range of formats including features, documentaries, docu-dramas, dramas, talk shows, interviews, music shows, live commentaries etc. Recognizing the citizen's right to be informed under a multi-party democracy, Radio Nepal attempts to provide informative, educational as well as entertainment programmes.

1.11 The major programme highlights include:

1. Educational:

Programmes on religion, literature, science and technology, agriculture, distance learning, women, health and sanitation, public health, children and youth

2. Entertainment:

Music: Nepali songs, Hindi songs and Gazals and Western music

Songs in the different national languages

Radio dramas and comedy shows

3. Information:

» News and Current Affairs

» Phone-in for Parliamentarians

» Radio Reports

» Review of the press

» Developmental Programmes

1.12 Radio Nepal: FM-Kathmandu

In consonance with the policy of forging ahead in tune with the changing broadcasting scenario, Radio Nepal launched the first FM Channel in Nepal on the 30th of Kartik 2052 B.S.(16th Nov.1995). The FM Channel airs programmes on 100 MHz on the FM band through a 1 KW stereo transmitter installed at Khumaltar, Lalitpur. A fairly well equipped studio with stereo facilities has been established at Singh Durbar. This studio along with the provision of a standby studio has made it possible to broadcast programmes live. Radio Nepal has a policy of leasing out its air time to private parties to broadcast programmes on its FM channel by permitting private operators to use their own staff. These programmes have proved to be very popular among the urban youth of Kathmandu.

1.13 News and Current Affairs

Radio Nepal broadcasts news bulletins at regular intervals (hourly) from 06:00 hrs until the close of the transmission. News bulletins in English are broadcasted at 08:00 hrs, 14:00 hrs and 20:00 hrs everyday. In addition to the news in Nepali and English, there are bulletins in other languages at various timings. They are Magar, Gurung, Tamang, Rai Bantawa, Limbu, Newari, Bhojpuri, Hindi, Urdu, Tharu East and Tharu West, Avadhi, Sherpa, Maithili, Sanskrit, Kham Magar and Doteli. Special news bulletins on SAARC related contents (SAARC News) and news for Children (Bal

Samachar) have been broadcast as well. Radio Nepal attempts to provide prompt and accurate coverage of all national and international news including political, economic and social highlights in a balanced and objective manner. It attempts to safeguard the basic principle of public interest and the public's right to be informed as the prime public broadcaster of the country. The station has designated stringer reporters in more than 50 districts for coverage of news and information.

1.14 Computerization of News Room

In its effort to utilize the advances in modern technology and introduce useful changes in its broadcast environment, Radio Nepal has recently launched a project called "Newsroom Computerization Project". The overall concept of the project is to eventually make a paperless newsroom. A special broadcast software, News Boss, developed by Desktop technologies; Australia has been initially licensed to seven workstations linked-up within a local area networking system. With the support from UNESCO, Radio Nepal is proud to be among the few radio stations in Asia trying to turn the news system digital. The main features of the system are:

- » Text Editing
- » Audio Editing
- » Auto recording
- » Wire Service
- » Prompter for the news delivery
- » Archiving

It is a pilot project and is implemented in the central newsroom. Upon the satisfactory performance of this system, Radio Nepal has a plan to computerize its regional stations' newsrooms and interconnect them to the central grid.

1.15 Radio Programme Distribution Through V-SAT Network by Radio Nepal

Radio Nepal started its program distribution through V-SAT Network from 26th August 1999. Earlier it was distributing its program to the different broadcast stations through the telephone lines of Nepal Telecom (NT). In the system introduced recently, the main hub station is at Singha Durbar, Kathmandu and the programme can be received in all the receiving stations. With the introduction of new system, an

AM high quality monaural program channel is now available through the V-SAT. The system has the facility of upgrading to provide multichannel capability for further use.

1.16 Audience Survey Conduct

There is an in house Audience Survey Unit, which undertakes surveys periodically to find out patterns of listenership and effectiveness of the programs, broadcast by Radio Nepal. Reports of such surveys are available for reference at Radio Nepal.

1.17 International Relation

Radio Nepal enjoys cordial relations with all friendly countries and broadcasting organizations. It is a member of the Asia Pacific Broadcasting Union (ABU) and liaises closely with the regional broadcasting centre and Asia-Pacific Institute for Broadcasting Development (AIBD). Training programmes at Radio Nepal are conducted on a regular basis either by in-house trainers or in cooperation with other friendly institutions. Several training courses have been conducted in cooperation with the Deutsche Welle (The Voice of Germany) and the BBC. Programmes under the SAARC Audio Visual Exchange SAVE are broadcast every month. Organizations like JICA, USIS and UNICEF have extended generous assistance in the past and continue to show renewed interests in our activities. Occasionally Radio Nepal joins hands with International broadcasting stations to co-produce programs of mutual interest.

1.18 Other Services

Radio Nepal has its own studios for programme production, music recording, drama recording, talk shows and news broadcasts. A music library at its premises in Singha Durbar has a collection of about 40,000 songs. Foreign broadcasting Stations also make use of our Studio facilities and transmitters for live and other broadcasts on a rental basis.

The Broadcasting Headquarters at Singha Durbar in Kathmandu has two broadcasting houses consisting of one drama studio, two music studios, one reporting studio, three continuity studios, one news studio and seven programme production studios. One of the music studios is equipped with a 24 track recording facility. This studio is open

for hiring purposes for anyone desirous of recording music digitally whether solo track or for albums after payment of studio charges which are very relatively reasonable compared to other private studios.

The complex also has one open air live theatre facility for functions and musical performances.

Like other transmitting stations, the Head quarters also has a 100 KVA stand by diesel generator to cope with occasional power failure.

1.19 Recording and Library Maintenance

The mainstream of broadcasting business these days is moving towards digitization. Radio Nepal is making a modest effort to make use of the latest development in computer and digital radio. The task of digitizing old songs and mastering on digital format (COMPACT DISC) has been initiated. Today, CD has become the dominant digital storage medium due to its large storage capacity, high fidelity and low cost. Now our valuable songs of the good old days, which were recorded on analog reel tape, are getting new life.

1.20 Business Division in Radio Nepal

After the change in its structure in 1984A.D. as a self-sustaining board, Radio Nepal has been more aware in marketing. It has been adopting the policy of selling commercial air-time to interested parties. Promotional advertisements in the form of jingles and other formats as well as sponsored programmes are aired. The time division categories are as follows:

1.21 National Transmission

Super time : 05:15 to 13:30 hours Saturday

'A' time : 05:15 to 09:30 hours Sunday to Friday

'B' time : 17:00 to 22:00 hours Sunday to Saturday

'C' time : 13:00 to 17:00 hours 13:30 to 17:00 hours Saturday

: 10:05 to 22:55 hours Sunday to Saturday

1.22 Internet Service of Radio Nepal

In an attempt to reach interested listeners worldwide, Radio Nepal has entered the Internet since April 1997. Since the start of this service, increasing numbers worldwide have visited the home page. The growing popularity of Radio Nepal in cyberspace is encouraging and there are plans in the offing to expand this service to include some programmes and music in addition to the existing Nepali and English news bulletins and Ghatna Ra Bichar, program in the evening and Paribesh in the morning (news and current affairs).

Information about Radio Nepal and its contents can be accessed through its portal www.radionepal.org. In order to broaden its coverage and reach worldwide, Radio Nepal has also commenced Online Radio Service since December 2006. One can access live Radio Nepal contents through the same portal. The service on internet broadcasting has continued with joint efforts of Radio Nepal, World link Communication and New IT venture Corporation, Japan.

1.23 Objectives of Radio Nepal

From its modest beginning, Radio Nepal has expanded considerably over the years. With over 600 staff members in different divisions and the acquisition of equipment in tune with the technological innovations, Radio Nepal aims to emerge as the media for the millions in Nepal as well as across national frontiers.

There are plans for fill in stations at different parts of uncovered areas and the operation of a second channel in the existing premises to cope with the increasing demand for more air time from different INGOs and NGOs.

Few small FM stations to be operated with the partnership of local agencies like the Municipalities and District Development Committees are being established in the remote districts.

Radio Nepal faces the challenges of moving with the changing times in the light of the new innovations in broadcast technology. Most of its outdated transmission

equipment needs to be replaced or refurbished. In program production, the digitization process has already been started, but a lot needs to be done. With the good wishes of all its listeners Radio Nepal aims to offer quality and distinctiveness in addition to its responsibility to inform, educate and entertain.

1.24 Radio Nepal Acts as Media for Peace Project:

Objectives

This project is being implemented for enhancing media capabilities with the objective of promoting peace building and democratization through provision of accurate, impartial and fair information to the people. Even after the Comprehensive Peace Agreement in 2006, there have been many problems with accuracy of reports on the peace process, the rivalries among parties, the progress of the constitutional debates and other political issues. Media people are not always aware of the urgent issues of the country and constitution making process as well. This project is positioned within Japan's program to support democracy in Nepal and aims to create an accurate, impartial and fair media for the democratization process through the revision of media policy and developing the capacity of media. During the project, the role of Radio Nepal will be enhanced as a model of accurate, impartial and fair medium.

1.25 Radio Nepal's Audio Programmes

Sunday		
Time	Program Name	Broadcastors
04:56 - 05:00	Opening Signature Tune	radio nepal
05:00 - 05:07	opening announcement/hindu religious music	radio nepal
05:07 - 05:25	religious program	radio nepal
05:25 - 05:55	Addhyatma Sandesh	Radio Nepal
05:55 - 06:00	news in sanskrit	radio nepal
06:00 - 06:05	news in nepali	radio nepal
06:05 - 06:25	newspaper	radio nepal
06:25 - 06:30	muluk ma aaja	radio nepal

06:30 - 06:50	inter coversation	radio nepal
06:50 - 07:00	slogan/information/advertisement	radio nepal
07:00 - 07:25	news in nepali	radio nepal
07:25 - 07:30	ads/songs	radio nepal
07:30 - 07:40	nepal oil	radio nepal
07:40 - 07:55	Mahila Adhikar	Radio Nepal
07:55 - 08:00	national song	radio nepal
08:00 - 08:12	news in english	radio nepal
08:12 - 08:15	information/promo	radio nepal
08:15 - 08:30	sanskar ra sanskriti	Radio Nepal
08:30 - 08:40	songs	radio nepal
08:40 - 08:55	simantakrit awaaj	radio nepal
08:55 - 09:00	ads/songs	radio nepal
09:00 - 09:10	news in nepali	radio nepal
09:10 - 09:15	news in newari	radio nepal
09:15 - 09:45	Samata	Radio Nepal
09:45 - 10:00	regional broadcast	radio nepal
10:00 - 10:05	news highlights	radio nepal
10:05 - 11:00	program in maithili language	radio nepal
11:00 - 11:05	news in nepali	radio nepal
Time	Program Name	Broadcastors
11:05 - 12:00	Swar Sambad	Radio Nepal
12:00 - 12:15	news highlights	radio nepal
12:15 - 13:00	cine gaph	Radio Nepal
13:00 - 13:05	news in nepali	radio nepal
13:20 - 14:00	Abhimat	radio nepal
14:00 - 14:12	news in english	radio nepal
14:12 - 15:00	sangitanjali	radio nepal
15:00 - 15:10	news in nepali	radio nepal

15:10 - 15:15	information/promo	radio nepal
15:15 - 15:30	Geet	Radio Nepal
15:30 - 16:00	pardesi ko sandesh	radio nepal
16:00 - 16:02	news highlight/regional broadcast	radio nepal
16:02 - 16:30	pardesi ko sandesh	radio nepal
16:30 - 17:00	Pop Songs	Radio Nepal
Time	Program Name	Broadcastors
17:00 - 17:10	Samachar+Bal Samachar	Radio Nepal
17:10 - 18:00	sports world	radio nepal
18:00 - 18:05	news highlights	radio nepal
18:05 - 18:20	khulla vidhyalaya	radio nepal
18:20 - 18:35	jana swasthya program,chetana ka swor haru,surakchit matritwa	radio nepal
18:35 - 18:40	ads/songs	radio nepal
18:40 - 18:55	agriculture program	radio nepal
18:55 - 19:00	information/promo	radio nepal
19:00 - 19:20	news in nepali	radio nepal
19:20 - 19:25	information/promo	radio nepal
19:35 - 19:45	shikcha ko chautari	radio nepal
19:45 - 20:00	police program	radio nepal
20:00 - 20:12	news in english	radio nepal
20:12 - 20:45	Shanti Abhiyan(10min)/Geet	Radio Nepal
20:45 - 21:00	sports world	radio nepal
21:00 - 21:20	news in nepali	radio nepal
21:20 - 21:30	ads/songs	radio nepal
21:30 - 22:00	asha ko sandesh	radio nepal
22:00 - 22:12	news in hindi	radio nepal
22:12 - 23:00	nawoyelene fulharu	radio nepal
23:00 - 23:05	news in nepali	radio nepal

23:05 - 04:56	regional broadcast ends but different nepali songs continues on FM 100 MHz till 4:56	radio nepal
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Monday		
Time	Program Name	Broadcastors
04:56 - 05:00	Opening Signature Tune	radio nepal
05:00 - 05:07	opening announcement/hindu religious music	radio nepal
05:07 - 05:25	religious program	radio nepal
05:25 - 05:55	Addhyatma Sandesh	Radio Nepal
05:55 - 06:00	news in sanskrit	radio nepal
06:00 - 06:05	news in nepali	radio nepal
06:05 - 06:25	newspaper	radio nepal
06:25 - 06:30	muluk ma aaja	radio nepal
06:30 - 06:50	inter coversation	radio nepal
06:50 - 07:00	slogan/information/advertisement	radio nepal
07:00 - 07:25	news in nepali	radio nepal
07:25 - 07:40	wakalat	Radio Nepal
07:55 - 08:00	slogan/information/advertisement	radio nepal
08:00 - 08:12	news in english	radio nepal
08:12 - 08:15	slogan/information/advertisement	radio nepal
08:15 - 08:55	songs	radio nepal
08:55 - 09:00	ads/songs	radio nepal
09:00 - 09:10	news in nepali	radio nepal
09:10 - 09:15	news in newari	radio nepal
09:15 - 09:45	songs	radio nepal
09:45 - 10:00	regional broadcast	radio nepal
10:00 - 10:05	news highlights	radio nepal
10:05 - 11:00	program in sherpa language	radio nepal
11:00 - 11:05	news in nepali	radio nepal

Time	Program Name	Broadcastors
11:05 - 12:00	samaya chakra	radio nepal
12:00 - 12:15	news highlights	radio nepal
12:15 - 13:00	Request Time	Radio Nepal
13:00 - 13:05	news in nepali	radio nepal
13:05 - 13:20	agriculture program	radio nepal
13:05 - 14:00	Aja maile j dekhe	Radio Nepal
14:00 - 14:12	news in english	radio nepal
14:12 - 15:00	chadke	Radio Nepal
15:00 - 15:10	news in nepali	radio nepal
15:10 - 15:15	information/promo	radio nepal
15:15 - 16:00	Hamro Swathya	Radio Nepal
16:00 - 16:02	news highlight/regional broadcast	radio nepal
16:02 - 17:00	Samjhana ra Sandesh	Radio Nepal
Time	Program Name	Broadcastors
17:00 - 17:10	Samachar+Bal Samachar	Radio Nepal
17:10 - 17:30	baal vatika	radio nepal
17:30 - 18:00	regional broadcast	radio nepal
18:00 - 18:05	news highlights	radio nepal
18:05 - 18:20	khulla vidhyalaya	radio nepal
18:20 - 18:35	jana swasthya program,chetana ka swor haru,surakchit matritwa	radio nepal
18:35 - 18:40	ads/songs	radio nepal
18:40 - 18:55	agriculture program	radio nepal
18:55 - 19:00	information/promo	radio nepal
19:00 - 19:20	news in nepali	radio nepal
19:20 - 19:35	ghatana ra bichar	radio nepal
19:35 - 19:45	shikcha ko chautari	radio nepal
19:45 - 19:57	police program	radio nepal
19:57 - 20:00	information/promo	radio nepal

20:00 - 20:12	news in english	radio nepal
20:12 - 20:30	digdarsan	radio nepal
20:30 - 21:00	Samachar Sandrava	Radio Nepal
21:00 - 21:20	news in nepali	radio nepal
21:20 - 21:30	ads/songs	radio nepal
21:30 - 22:00	geeti katha	radio nepal
22:00 - 22:12	news in hindi	radio nepal
22:12 - 23:00	bimva pratibimva	radio nepal
22:12 - 23:00	bimva pratibimva	radio nepal
23:00 - 23:05	news in nepali	radio nepal
23:05 - 04:56	regional broadcast ends but different nepali songs continues on FM 100 MHz till 4:56	radio nepal

Tuesday		
Time	Program Name	Broadcastors
04:56 – 05:00	Opening Signature Tune	radio nepal
05:00 – 05:07	opening announcement/hindu religious music	radio nepal
05:07 – 05:25	religious program	radio nepal
05:25 – 05:55	Addhyatma Sandesh	Radio Nepal
05:55 – 06:00	news in sanskrit	radio nepal
06:00 – 06:05	news in nepali	radio nepal
06:05 – 06:25	newspaper	radio nepal
06:25 – 06:30	muluk ma aaja	radio nepal
06:30 – 06:50	inter conversation	radio nepal
06:50 – 07:00	slogan/information/advertisement	radio nepal
07:00 – 07:25	news in nepali	radio nepal
07:25 – 07:55	Jestha Nagarik	Radio Nepal
07:55 – 08:00	information/promo	radio nepal

08:00 – 08:12	news in english	radio nepal
08:12 – 08:15	information/promo	radio nepal
08:15 – 08:40	aaja ka nari	radio nepal
08:40 – 09:00	Sugam Sangeet	Radio Nepal
09:00 – 09:10	news in nepali	radio nepal
09:10 – 09:15	news in newari	radio nepal
09:15 – 09:45	Vishwa Paribesh	Radio Nepal
09:45 – 10:00	regional broadcast	radio nepal
10:00 – 10:05	news highlights	radio nepal
10:05 – 11:00	program in newari language	radio nepal
11:00 – 11:05	news in nepali	radio nepal
Time	Program Name	Broadcastors
11:05 – 12:00	sero fero	radio nepal
12:00 – 12:15	news highlights	radio nepal
12:15 – 13:00	Health Tits-bits	Radio Nepal
13:00 – 13:05	news in nepali	radio nepal
13:05 – 14:00	House Full	Radio Nepal
14:00 – 14:12	news in english	radio nepal
14:12 – 15:00	music with GK	radio nepal
15:00 – 15:10	news in nepali	radio nepal
15:10 – 15:15	information/promo	radio nepal
15:15 – 15:30	Samata	Radio Nepal
15:30 – 16:00	Pop Songs	Radio Nepal
16:00 – 16:02	news highlight/regional broadcast	radio nepal
16:02 – 17:00	lok lahari	radio nepal
Time	Program Name	Broadcastors
17:00 – 17:10	Samachar+Bal Samachar	Radio Nepal
17:10 – 17:30	baal vatika	radio nepal
17:30 – 18:00	regional broadcast	radio nepal

18:00 – 18:05	news highlights	radio nepal
18:05 – 18:20	khulla vidhyalaya	radio nepal
18:20 – 18:35	jana swasthya program,chetana ka swor haru,surakchit matritwa	radio nepal
18:35 – 18:40	information/promo	radio nepal
18:40 – 18:55	agriculture program	radio nepal
18:55 – 19:00	information/promo	radio nepal
19:00 – 19:20	news in nepali	radio nepal
19:20 – 19:35	ghatana ra bichar	radio nepal
19:35 – 19:45	shikcha ko chautari	radio nepal
19:45 – 20:00	banking	radio nepal
20:00 – 20:12	news in english	radio nepal
20:12 – 20:30	songs	radio nepal
20:30 – 20:45	dalit jagaran	radio nepal
20:45 – 21:00	songs	radio nepal
21:00 – 21:20	news in nepali	radio nepal
21:20 – 21:30	information/promo	radio nepal
21:30 – 22:00	sangit sarobar	radio nepal
22:00 – 22:12	news in hindi	radio nepal
22:12 – 22:30	Sugam Sangeet	Radio Nepal
22:30 – 23:00	Classical music(gyan)	Radio Nepal
23:00 – 23:05	news in nepali	radio nepal
23:05 – 04:56	regional broadcast ends but different nepali songs continues on FM 100 MHz till 4:56	radio nepal

Wednesday		
Time	Program Name	Broadcastors
04:56 - 05:00	Opening Signature Tune	radio nepal
05:00 - 05:07	opening announcement/hindu religious music	radio nepal
05:07 - 05:25	religious program	radio nepal
05:25 - 05:55	Addhyatma Sandesh	Radio Nepal

05:55 - 06:00	news in sanskrit	radio nepal
06:00 - 06:05	news in nepali	radio nepal
06:05 - 06:25	newspaper	radio nepal
06:25 - 06:30	muluk ma aaja	radio nepal
06:30 - 06:50	inter coversation	radio nepal
06:50 - 07:00	slogan/information/advertisement	radio nepal
07:00 - 07:25	news in nepali	radio nepal
07:25 - 07:30	information/promo	radio nepal
07:30 - 07:55	Shipa Vikas (Science & Technology)	Radio Nepal
07:55 - 08:00	information/promo	radio nepal
08:00 - 08:12	news in english	radio nepal
08:12 - 08:15	information/promo	radio nepal
08:15 - 08:30	Sthaniya Vikash 2/4 & Gharelu tatha Sana Udyoga 1/3	Radio Nepal
08:30 - 09:00	udhagaar	radio nepal
09:00 - 09:15	news in nepali	radio nepal
09:15 - 09:45	Saha-Astitwa	Radio Nepal
09:45 - 10:00	regional broadcast	radio nepal
10:00 - 10:05	news highlights	radio nepal
10:05 - 11:00	program in tamang language	radio nepal
11:00 - 11:05	news in nepali	radio nepal
Time	Program Name	Broadcastors
11:05 - 12:00	sero fero	radio nepal
12:00 - 12:15	news highlights	radio nepal
12:15 - 13:00	Health Tits-bits	Radio Nepal
13:00 - 13:05	news in nepali	radio nepal
13:05 - 14:00	House Full	Radio Nepal
14:00 - 14:12	news in english	radio nepal
14:12 - 15:00	music with GK	radio nepal
15:00 - 15:10	news in nepali	radio nepal

15:10 - 15:15	information/promo	radio nepal
15:15 - 15:30	Samata	Radio Nepal
15:30 - 16:00	Pop Songs	Radio Nepal
16:00 - 16:02	news highlight/regional broadcast	radio nepal
16:02 - 17:00	lok lahari	radio nepal
Time	Program Name	Broadcastors
17:00 - 17:10	Samachar+Bal Samachar	Radio Nepal
17:10 - 17:30	baal vatika	radio nepal
17:30 - 18:00	regional broadcast	radio nepal
18:00 - 18:05	news highlights	radio nepal
18:05 - 18:20	khulla vidhyalaya	radio nepal
18:20 - 18:35	jana swasthya program,chetana ka swor haru,surakchit matritwa	radio nepal
18:35 - 18:40	information/promo	radio nepal
18:40 - 18:55	agriculture program	radio nepal
18:55 - 19:00	information/promo	radio nepal
19:00 - 19:20	news in nepali	radio nepal
19:20 - 19:35	ghatana ra bichar	radio nepal
19:35 - 19:45	shikcha ko chautari	radio nepal
19:45 - 20:00	banking	radio nepal
20:00 - 20:12	news in english	radio nepal
20:12 - 20:30	songs	radio nepal
20:30 - 20:45	dalit jagaran	radio nepal
20:45 - 21:00	songs	radio nepal
21:00 - 21:20	news in nepali	radio nepal
21:20 - 21:30	information/promo	radio nepal
21:30 - 22:00	sangit sarobar	radio nepal
22:00 - 22:12	news in hindi	radio nepal
22:12 - 22:30	Sugam Sangeet	Radio Nepal
22:30 - 23:00	Classical music(gyan)	Radio Nepal

23:00 - 23:05	news in nepali	radio nepal
23:05 - 04:56	regional broadcast ends but different nepali songs continues on FM 100 MHz till 4:56	radio nepal

Thursday		
Time	Program Name	Broadcastors
04:56 - 05:00	Opening Signature Tune	radio nepal
05:00 - 05:07	opening announcement/hindu religious music	radio nepal
05:07 - 05:25	religious program	radio nepal
05:25 - 05:55	Addhyatma Sandesh	Radio Nepal
05:55 - 06:00	news in sanskrit	radio nepal
06:00 - 06:05	news in nepali	radio nepal
06:05 - 06:25	newspaper	radio nepal
06:25 - 06:30	muluk ma aaja	radio nepal
06:30 - 06:50	inter coversation	radio nepal
06:50 - 07:00	slogan/information/advertisement	radio nepal
07:00 - 07:25	news in nepali	radio nepal
07:25 - 07:30	information/promo	radio nepal
07:30 - 07:55	Shipa Vikas (Science & Technology)	Radio Nepal
07:55 - 08:00	information/promo	radio nepal
08:00 - 08:12	news in english	radio nepal
08:12 - 08:15	information/promo	radio nepal
08:15 - 08:30	Sthaniya Vikash 2/4 & Gharelu tatha Sana Udyoga 1/3	Radio Nepal
08:30 - 09:00	udhagaar	radio nepal
09:00 - 09:15	news in nepali	radio nepal
09:15 - 09:45	Saha-Astitwa	Radio Nepal
09:45 - 10:00	regional broadcast	radio nepal
10:00 - 10:05	news highlights	radio nepal
10:05 - 11:00	program in tamang language	radio nepal
11:00 - 11:05	news in nepali	radio nepal

Time	Program Name	Broadcastors
11:05 - 12:00	Mero Sambodhan	Radio Nepal
12:00 - 12:15	news highlights	radio nepal
12:15 - 13:00	Jana Chaso	Radio Nepal
13:00 - 13:05	news in nepali	radio nepal
13:05 - 13:20	agriculture program	radio nepal
13:20 - 14:00	Jivan Sukha	Radio Nepal
14:00 - 14:12	news in english	radio nepal
14:12 - 15:00	Ke Timi Mero Sathi Banchau	Radio Nepal
15:00 - 15:10	news in nepali	radio nepal
15:10 - 15:15	information/promo	radio nepal
15:15 - 16:00	yuva sansar	radio nepal
16:00 - 16:02	news highlight/regional broadcast	radio nepal
16:02 - 16:30	Hamra Geetharu	Radio Nepal
16:30 - 17:00	lok lahari	radio nepal
Time	Program Name	Broadcastors
17:00 - 17:10	Samachar+Bal Samachar	Radio Nepal
17:10 - 17:30	baal vatika	radio nepal
17:30 - 18:00	regional broadcast	radio nepal
18:00 - 18:05	news highlights	radio nepal
18:05 - 18:20	khulla vidhyalaya	radio nepal
18:20 - 18:35	songs	radio nepal
18:35 - 18:40	ads/songs	radio nepal
18:40 - 18:55	agriculture program	radio nepal
18:55 - 19:00	information/promo	radio nepal
19:00 - 19:20	news in nepali	radio nepal
19:20 - 19:35	ghatana ra bichar	radio nepal
19:35 - 19:45	shikcha ko chautari	radio nepal
19:45 - 19:57	police program	radio nepal

19:57 - 20:00	information/promo	radio nepal
20:00 - 20:12	news in english	radio nepal
20:12 - 20:30	garibi nivaran	radio nepal
20:30 - 20:45	naya bato naya payela	radio nepal
20:45 - 21:00	hamro parichaya hamro awaaj	radio nepal
21:00 - 21:20	news in nepali	radio nepal
21:20 - 21:30	information/promo	radio nepal
21:30 - 22:00	Namaste Nippon	Radio Nepal
22:00 - 22:12	news in hindi	radio nepal
22:12 - 22:30	Sugam Sangeet	Radio Nepal
22:30 - 23:00	Classical music(Tal badan)	Radio Nepal
23:00 - 23:05	news in nepali	radio nepal
23:05 - 04:56	regional broadcast ends but different nepali songs continues on FM 100 MHz till 4:56	radio nepal

Friday		
Time	Program Name	Broadcastors
04:56 - 05:00	Opening Signature Tune	radio nepal
05:00 - 05:07	opening announcement/hindu religious music	radio nepal
05:07 - 05:25	religious program	radio nepal
05:25 - 05:55	Addhyatma Sandesh	Radio Nepal
05:55 - 06:00	news in sanskrit	radio nepal
06:00 - 06:05	news in nepali	radio nepal
06:05 - 06:25	newspaper	radio nepal
06:25 - 06:30	muluk ma aaja	radio nepal
06:30 - 06:50	inter coversation	radio nepal
06:50 - 07:00	slogan/information/advertisement	radio nepal
07:00 - 07:25	news in nepali	radio nepal
07:25 - 07:40	Laingika Hinsa Niwaran Sachetana	Radio Nepal

	Karyakram	
07:40 - 07:55	Bhautika Nirman Tatha Yojana	Radio Nepal
07:55 - 08:00	information/promo	radio nepal
08:00 - 08:12	news in english	radio nepal
08:12 - 08:15	information/promo	radio nepal
08:15 - 09:00	Hamro Swathya	Radio Nepal
08:55 - 09:00	ads/songs	radio nepal
09:00 - 09:10	news in nepali	radio nepal
09:10 - 09:15	news in newari	radio nepal
09:15 - 09:45	jana sarokar	radio nepal
09:45 - 10:00	regional broadcast	radio nepal
10:00 - 10:05	news highlights	radio nepal
10:05 - 11:00	madhuvan	radio nepal
11:00 - 11:05	news in nepali	radio nepal
Time	Program Name	Broadcastors
11:05 - 11:30	aatmik yatra+mind check	radio nepal
11:30 - 12:00	griha laxmi	radio nepal
12:00 - 12:15	Samachar	Radio Nepal
12:15 - 13:00	Purana samjhana	Radio Nepal
13:00 - 13:05	Samachar	Radio Nepal
13:05 - 13:20	agriculture program	radio nepal
13:20 - 14:00	Jestha Nagarik	Radio Nepal
14:00 - 14:12	news in english	radio nepal
14:12 - 15:00	radio manch	radio nepal
15:00 - 15:10	news in nepali	radio nepal
15:10 - 15:15	information/promo	radio nepal
15:15 - 16:00	naulo srijana	radio nepal
16:00 - 16:02	news highlight/regional broadcast	radio nepal
16:02 - 17:00	Samjhana ra Sandesh	Radio Nepal

Time	Program Name	Broadcastors
17:00 - 17:10	Samachar+Bal Samachar	Radio Nepal
17:10 - 17:30	baal vatika	radio nepal
17:30 - 18:00	regional broadcast	radio nepal
18:00 - 18:05	news highlights	radio nepal
18:05 - 18:20	khulla vidhyalaya	radio nepal
18:25 - 18:37	samarpan rastraka lagi	radio nepal
18:35 - 18:40	ads/songs	radio nepal
18:40 - 18:55	agriculture program	radio nepal
18:55 - 19:00	information/promo	radio nepal
19:00 - 19:20	news in nepali	radio nepal
19:20 - 19:35	ghatana ra bichar	radio nepal
19:35 - 19:45	shikcha ko chautari	radio nepal
19:45 - 20:00	sainik	radio nepal
20:00 - 20:12	news in english	radio nepal
20:12 - 20:45	songs	radio nepal
20:45 - 21:00	majdoor awaaj	radio nepal
21:00 - 21:20	news in nepali	radio nepal
21:20 - 21:30	information/promo	radio nepal
21:30 - 22:00	sarthak sangeet	radio nepal
22:00 - 22:12	news in hindi	radio nepal
22:12 - 22:30	rodhi	radio nepal
22:30 - 23:00	Classical music(Sur badan)	Radio Nepal
23:00 - 23:05	news in nepali	radio nepal
23:05 - 04:56	regional broadcast ends but different nepali songs continues on FM 100 MHz till 4:56	radio nepal

Saturday		
Time	Program Name	Broadcastors

04:56 - 05:00	Opening Signature Tune	radio nepal
05:00 - 05:07	opening announcement/hindu religious music	radio nepal
05:07 - 05:25	religious program	radio nepal
05:25 - 05:55	Addhyatma Sandesh	Radio Nepal
05:55 - 06:00	news in sanskrit	radio nepal
06:00 - 06:05	news in nepali	radio nepal
06:05 - 06:25	newspaper	radio nepal
06:25 - 06:30	muluk ma aaja	radio nepal
06:30 - 06:50	inter coversation	radio nepal
06:50 - 07:00	slogan/information/advertisement	radio nepal
07:00 - 07:25	news in nepali	radio nepal
07:25 - 07:40	arthik nepal	radio nepal
07:40 - 07:55	Nirwachan Karyakram	Radio Nepal
07:55 - 08:00	information/promo	radio nepal
08:00 - 08:12	news in english	radio nepal
08:12 - 08:25	songs	radio nepal
08:25 - 08:40	Manava Adhikar Shikcha	Radio Nepal
08:40 - 08:55	Apanga Aawaj	radio nepal
08:55 - 09:00	ads/songs	radio nepal
09:00 - 09:10	news in nepali	radio nepal
09:10 - 09:15	news in newari	radio nepal
09:15 - 09:45	songs	radio nepal
09:45 - 10:00	regional broadcast	radio nepal
10:00 - 10:05	news highlights	radio nepal
10:05 - 10:30	Sanga Sangai	Radio Nepal
10:30 - 11:00	Samjhanama Mero Desh	Radio Nepal
11:00 - 11:05	news in nepali	radio nepal
Time	Program Name	Broadcastors
11:05 - 11:30	phone in	radio nepal

11:30 - 12:00	jivan yatra	radio nepal
12:00 - 12:15	news highlights	radio nepal
12:15 - 13:00	Saaj ra awaaj	Radio Nepal
12:30 - 13:00	ghumda ghumdai	radio nepal
13:00 - 13:05	news in nepali	radio nepal
13:05 - 13:20	agriculture program	radio nepal
13:20 - 13:40	songs	radio nepal
13:40 - 14:00	Natak	radio nepal
14:00 - 14:12	news in english	radio nepal
14:12 - 15:00	samarpan	radio nepal
15:00 - 15:10	news in nepali	radio nepal
15:10 - 15:15	information/promo	radio nepal
15:15 - 16:00	sathi sanga man ka kura	radio nepal
16:00 - 16:02	news highlight/regional broadcast	radio nepal
16:02 - 16:30	Hamra Geetharu	Radio Nepal
16:30 - 17:00	songs	radio Nepal
Time	Program Name	Broadcastors
17:00 - 17:10	Samachar+Bal Samachar	Radio Nepal
17:10 - 18:00	desh pardesh	radio nepal
18:00 - 18:05	news highlights	radio nepal
18:05 - 18:20	khulla vidhyalaya	radio nepal
18:20 - 18:35	public health	radio nepal
18:35 - 18:40	ads/songs	radio nepal
18:40 - 18:55	agriculture program	radio nepal
18:55 - 19:00	information/promo	radio nepal
19:00 - 19:20	news in nepali	radio nepal
19:20 - 19:30	songs	radio nepal
19:30 - 19:45	shaichik	radio nepal
19:45 - 20:00	sadachar	radio nepal

20:00 - 20:12	news in english	radio nepal
20:12 - 20:30	eye care 2/4,ban vatika 1/3	radio nepal
20:30 - 20:45	naya bato naya payela	radio nepal
20:45 - 21:00	khas kos 1/3	radio nepal
21:00 - 21:20	news in nepali	radio nepal
21:20 - 21:30	information/promo	radio nepal
21:30 - 22:00	bhala sukali	radio nepal
22:00 - 22:12	news in hindi	radio nepal
22:12 - 22:30	Film Songs	Radio Nepal
22:30 - 23:00	Classical music(Sur badan)	Radio Nepal
23:00 - 23:05	news in nepali	radio nepal
23:05 - 04:56	regional broadcast ends but different nepali songs continues on FM 100 MHz till 4:56	radio nepal

Source: - www.radionepal.org

1.26 Statement of the problems

Public enterprises are established as a means of economic, commercial, industrial development of the country. They are performing in various sectors such as industrial, commercial, public utility, service, financial etc. It also may be expected that public enterprise also encourage to the private sector for investment in various sectors. But the performance and financial condition of almost all the public enterprise discourage the new investors. Almost every public enterprise in Nepal is running at loss. Now-a-days, most of the public enterprises are operating by the government subsidy. The government of Nepal is investing a huge amount every year in the public enterprises, the accumulated investment reached to Rs.69 billion in the form of share capital and loan investment but the return is nominal. Viewing this data the expert of the public sector has concluded that public enterprises have become a burden in terms of fiscal drain in Nepal. There may be different cause of the poor performance of public enterprises. Such causes should be investigated and should be taken corrective measures for their investment in performance. Radio Nepal is one of the service public enterprises established in Nepal to fulfill the needs of broadcasting information by providing the news, views, knowledge, thoughts, ideas and many other entertainment related programmes. It is true that the success operation depends upon

the planning system. There may be various causes of these losses but the causes may be adaptation of managerial principle and lack of the knowledge of profit planning and control (PPC) system. The total cost of Radio Nepal is very high.

Ignoring the profit planning and control system may be a main problem. The other problem related with Radio Nepal is poor mobility and utilization of available resources to the optimal level, unable to control the unnecessary expenses on employees, unable to increase the programme and advertisement revenues even after being the largest and the oldest radio broadcasting organization in the country.

There are many reasons behind such staggering state of the public enterprises. Lack of professionalism, wide spread corruption, lack of proper system and modus of operandi, large number of employees, lack of responsibility and accountability amongst the employees, immense political interference have been some of the reasons for the sickness of the public enterprises. It is due to these very reasons. Public Enterprises have not been able to meet their objectives. If one compares the quality of services between a public enterprises and a private enterprise operating in the same sector, one would be disappointed by the quality of service being provided by a public enterprise. Why do people choose joint venture commercial banks and not Rastriya Banijya Bank when they have to make necessary banking transactions? The reason is quite obvious. It is because of the quality service provided by the joint venture commercial banks. People get quick service when they go to the joint venture commercial banks. Not only time and effort, they also save themselves from a lot of system-hassles and many impolite employees in the public enterprises. This is the twenty-first century where there exists a cut-throat completion between companies in each sector. People have many options at their doorsteps when they have to any certain product, an idea or service. Therefore, public enterprises can no more enjoy the benefits of a monopoly market which they used to do once because the market is no more monopolized. There used to be a time when the Nepalese had no choice but to go to Rastriya Banijya Bank for a banking transaction or for that matter they had to rely upon NAC to travel by air, but it is not the same now. Now there is completely new scenario these days. There are many private companies operating around to serve the general public. The companies operate in many sectors. They have been upgrading their core competencies every day so as to make their goods and services available to the public everywhere and anytime. Therefore it is high time that the public

enterprises need to be updated themselves. If not they will be smashed to smithereens in no time.

Profit planning and control plays very important role in achieving the financial and operation goals of an organization. Budgeting is an essential stem in effective financial planning. From large to small business can benefit from profit planning.

The general issues in Radio Nepal are as follows:

- i) Accounting tools are not brought into practice due to the lack of awareness.
- ii) Management aspect is not perfectly maintained.
- iii) Trained and competent human resources in hand is to be made available.
- iv) Political decision can also be vital in the performance of organization.
- v) The office personnel are not updated with new accounting knowledge by proper training.

1.27 Objective of the study

The main objective of the study to test the application of profit planning and controlling techniques in service sectors like radio-broadcasting in Nepal.

The major specific goals of the study can be listed as below:

- a) It aims to know the solution of the profit planning and control in radio broadcasting companies.
- b) It desires to find out variance between the budgeted and actual revenue of the company.
- c) It makes comparative study of income and expenditure of the company.
- d) It aims to know the reasons for earning less income during the study period.
- e) It desires to make suggestions and recommendation based on major findings of the study.

1.28 Limitation of the study

This study is not free from the following limitations due to the time and other resources constraints:-

- a. This study strictly covered the area of Profit planning and control of Radio Nepal.
- b. This study was made on secondary data and partly on primary data.
- c. It covered 7 fiscal years.
- d. The accuracy of this study is strongly based on true response and data available from the management of Radio Nepal.

1.29 Organization of the Study

Chapter One: Introduction

This chapter included the background of the study, brief introduction of the Radio Nepal, statement of the problems, objective of the study, limitation of the study and organization of the study.

Chapter Two: Review of literature

The chapter second included the review of available literature in the field of the study being conducted. The various book's publication and previously published research works were reviewed.

Chapter Three: Research Methodology

This chapter three covered the research methodology employed in this study and tools and techniques used in analysis of data. This chapter included research design sources of data, population and samples, method of data analysis etc.

Chapter Four: Data Presentation and Analysis

Fourth chapter dealt with the data presentation and analysis. To reach the conclusion different tables and groups were used to present the information.

Chapter Five: Summary, Conclusion and Recommendation

This chapter included summary, conclusion of the study followed by bibliography, appendix as a separate presentation.

Chapter 2

Literature Review

2.1 Fundamental Concept of Profit Planning and Control

A profit planning and control programme helps the management in different steps like developing a strategic (long range plan) and tactical (short run) profit plan. Both of these plans include monetary expectations for assets, liabilities profits and return on investment. The foundations for the strategic profit plan include the objectives, goals, planning premises and strategic of the enterprise and strategic of the enterprise as developed by top management. The tactical plan can actually be viewed as the first year of the strategic plan. If it is detailed plan can actually be viewed as the first year of the strategic plan. If it is detailed plan in the enterprise and for each of its responsibilities caters PPC programmed also help management perform if control function by providing realistic goals and standards that are then compared. With actual result to measure performance under PPC this performance measures from the top to the lowest level of organization and vice versa.

An outline of fundamental concept of profit planning and control are:

- a) Managerial process that includes planning, organizing, staffing and controlling.
- b) An organization structure assignment of management authority and responsibility at all organization levels.
- c) A management commitment to effective management by all levels in the entity.
- d) A management planning process
- e) A management control process
- f) A continuous and consist text co-ordination of all the management functions
- g) Continuous feed forward, feedback, follow-up and re-planning through defined communication channels
- h) A strategic profit plan
- i) A tactical profit plan
- j) A responsibility accounting system
- k) A behavior management programmed (Welsch, Hilton and Gordon, 2000:32)

Profit planning and control is a process which is designed to help management effectively perform significant phases of the planning and control functions. The PPC model involves

- a) Development and application of broad and long range objectives of enterprise
- b) Specification of enterprise goals
- c) Development of strategic long range profit plan in broad terms
- d) Specification of a tactical short range profit plan detailed by assigned responsibilities (decision, departments, projects)
- e) Establishment of a system of periodic performance reports detailed by assigned responsibilities
- f) Development of follow-up procedures

The PPC concepts are:-

- PPC requires major planning decisions by management
- PPC entails pervasive management control activities, and
- PPC recognizes many of the critical behavioural implications throughout the organization

PPC is one of the more important approaches that have been developed to facilitate planning and control has wide application in individual business enterprises. Governmental units, charitable organizations, and virtually all group endeavours. In modern day business even in very small companies, it is virtually impossible for the top manager to have firsthand knowledge of all the relevant factors operating throughout a business. Nor can a single lower level manager be expected to have the range of knowledge, experience and competence to make all the decisions for the large segments of a company, either as a source of reliable information or as a participant in decision making.

“Profit planning and control rests upon the conviction that management can plan and control the long-range destiny of the enterprise by making a continuous stream of well conceived decisions. The concept speaks to planned prosperity as opposed to unplanned happenstance. For long-range success, the stream of managerial decisions must generate plans and actions to provide the essential inflows that are necessary to

support the planned outflows of the enterprise so that reasonable levels of profit and return on investment are earned. Continuing generation of by managerial manipulation of the inflows and outflows provides the substance of profit planning and control”. (Fayol, 1949:19)

Planning and control are closely related because control is not possible without plans and planning has no meaning if controlling not done. “The essence of planning and control depends on some fundamental or philosophical views of the real role of management in an endeavour. In harmony with the views, profit planning and control depends on the sincere belief of management that can plan and control long-term destiny of the enterprise by making a continuing stream of well-conceived decisions. For this reason the stream of managerial decisions must generate plan and action to provide the essential inflows that are necessary to support the planned outflows of the enterprise so that reasonable profit and return on investment can be earned. Continuing generation of profit by managerial manipulation of the inflows and outflows provides the substance of profit planning and control.”(Welsch, Hilton & Gordon, 1990:9)

Profit planning and control refers to the complex model that formulates plan considering responsibility for execution, provides the flexibility to meet changing conditions, reports progress in working the plan, analyses deviation in operation, and take corrective action to reach the desired objectives and goals.

Because of flexibility in application, profit planning and control model varies according to the nature and size of business organization regarding its procedures, formats and rules. Profit planning and control model constitutes systematic planning and control system so that it can take the best use of the opportunities and strengths and minimize the threats and weakness to meet target profit.

Profit is the excess of revenue earned over its costs. To increase the profit means therefore to increase the revenue or to reduce the cost by not cutting down the cost rather to increase the efficiency cost. So to learn maximize the profit by running the organization in much efficient way is the sole goal of the study of profit planning and control or budgeting. To earn maximum profit with optimum resources is the main objective of any organization. And profit plan is the only latest management

technique, which can be used to achieve the said objective and to run management efficiently.

The process of preparing and using budgets to achieve management objectives is called budgeting. More specifically, a comprehensive profit planning and controlling or budgeting is a systematic and formalized approach for stating and communicating the firm's objectives and accomplishing the planning, co-ordination, and control responsibilities of management in such a way as to maximize the use of given resources.

“A profit plan or budget is the formal expression of the enterprise's plans and objectives stated in financial terms for a specified future period of time.” (Pandey, 1994:287)

“A budget is a comprehensive and coordinated plan, expressed in financial terms for the operations and resources of enterprises for some specific period in the future.” (Fregman, 1973:144)

“Planning is a basic management function. The budget is a detailed, quantitative expression of management's plan for the near term future.” (Lynch & Williamson, 1993:166)

“The term comprehensive profit planning & control is defined as a systematic and formalized approach for performing significant phase of the management planning and control functions.” (Welsch, Hilton & Gordon, 1990:4)

2.1.1 Concept of Profit

Profit is the most important and a fundamental aspect of any organization, which helps to measure the success of every business. In other words, profit is the first measure to know the success of any business in any economy. Profit is not the thing which happens itself. But profit is the result of good performance in the business, which should be managed. If a firm cannot make profit, it cannot generate capital for days to come.

In the view of an economist, profit is the reward for entrepreneurship for risk taking. Similarly a leader of labour says that it is a measure of how efficiently labour has produced and that provides a base for negotiating a wage increase. An investor thinks it is given of the return on his or her money. And the internal revenue agent says it is the basis for determining income tax. The account will define it simply the excess of a firm's revenue over the expenses of production in a given fiscal period.

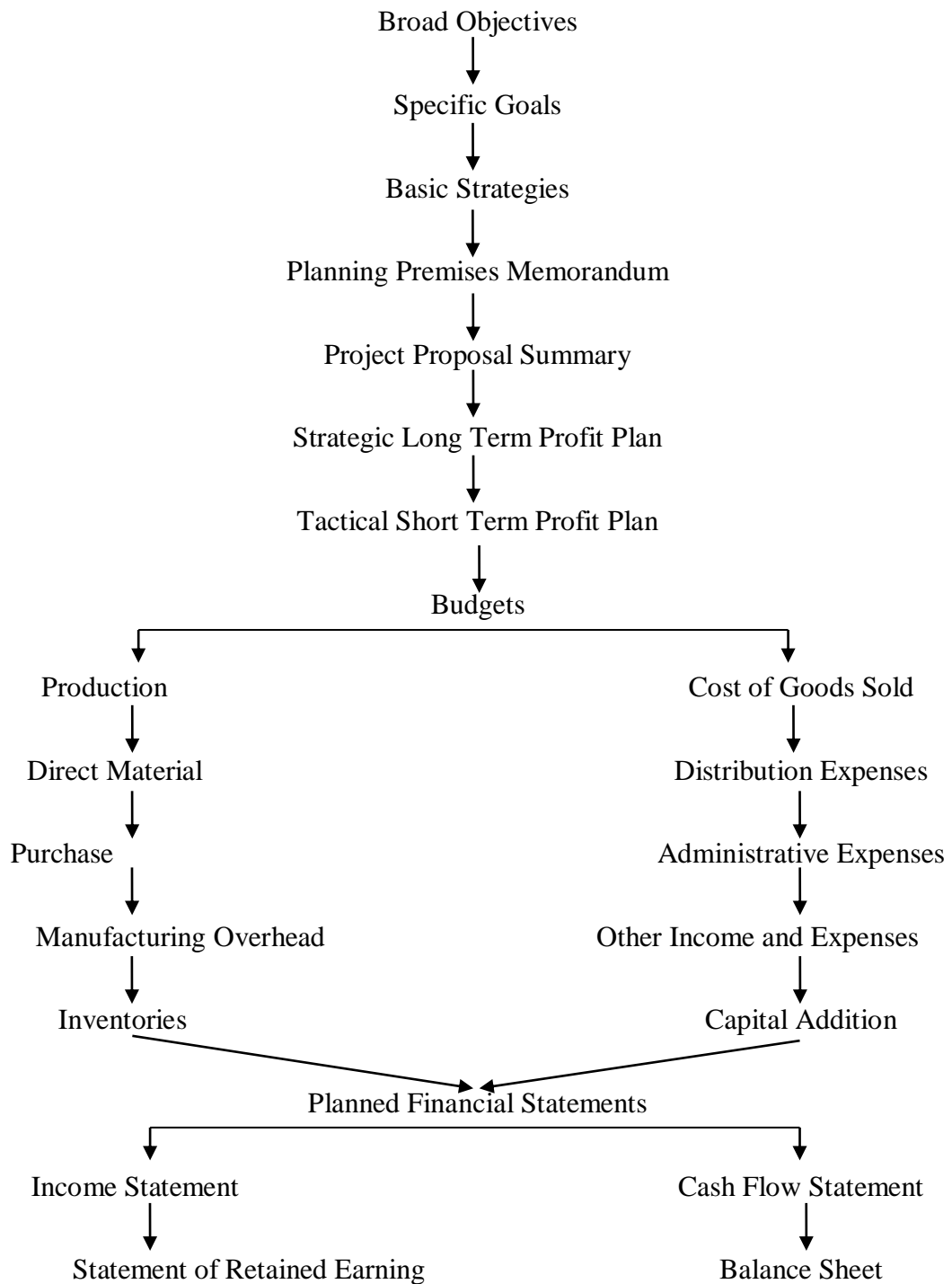
To measure the performance, of any organization, profit is considered a one of the most important basis. In the free market economy, profit can guide the manager or the organization to do the allocation of resources efficiently and effectively. An analysis of the effects of various factors on profit is essential step in the financial planning and decision making. A profit is the measure of success of the business organization and their performance. Simply, profit is the excess of income over cost of production. According to Hawley F. B., "Profit is the reward for risk taking in business."

Scumpsters opine that an entrepreneur earns profit as reward for his/her contribution in the introduction of innovation. J.M. Keynes held the view that profit resulted from favourable movement of the general price level. Mr. Joan Robinson and chamberlain opined that the degree of monopoly power the greater the profit made by the entrepreneur. Therefore it should be noted that profits are residual income left after the payment of the expenses to the productions and others. Simply, the mathematical view about profit is like the difference between the outflow of expenses and inflow of income. The inflow means the sales price and outflow means the cost of production and selling that product. It is a return from the financial transactions. Cost minus from Revenue produces profit. In the perfect competition market only successful innovation can help profit. So profit is the residue of income obtained after distributing all the reward to the factors of production and distribution. It can be expressed as in the following equation:-

$$\text{Total Revenue} - \text{Total Cost} = \text{Profit}$$

A layout of complete profit plan can be shown below which will provide a clear picture that an effective budget should interlock all the functions and activities:

A Layout of Complete Profit Plan



Source: (Gautam and Deepak, 2010:17)

2.1.2 Concept of Planning

Planning is the systematic estimation of the future course of actions to be done for the achievement of goals/ target kept by any business organization within the prescribed

time frame with the management of required means and resources. It includes the following things:-

- i. Fixing the objectives of the organization
- ii. Pre-assumption of the environment where the business is going to run
- iii. Selection of course of action for the accomplishment of the objectives
- iv. Initiating activities necessary for the execution of plans into action
- v. Provision of replacing for the correction of defects.

Planning is a continuous process. Business conditions do not remain as it is; they change rapidly with the time and situation environment. Therefore plans should be revised and reformulated to adapt to the changed environment. Planning process goes formally as well as informally.

Planning means deciding in advance what is to be done in future. It is the method of thinking acts and purpose beforehand. Planning starts with forecasting and determination of future events. It is the first essence of management and all the functions are performed within the frame work of planning. Planning is the basic foundation of profit plans.

Both short term and long term planning processes are the most important elements of the whole system. These are the bases for other components as the future course of actions places the format of doing different other activities, procedure and the actor in the course plan. It behaves as a brain center of an organization.

2.1.3 Concept of Controlling

Controlling is the most important function of management. Control process is that which should always be operating in enterprises. Controlling can be defined as a process of measuring and evaluating actual performance of each organizational component of an enterprise and starting corrective action when necessary to ensure efficient accomplishment of enterprise objectives, goals, policies and standards. A current control process, designed to help monitor the periodic activities of a business and each responsibilities centre has the following phases:-

- Comparing actual performance for the period with the planned goal and standards.
- Preparing a performance report that shows actual results, planned results and any difference between the two (i.e. variations above or below planned results.
- Analysis of the variations and the related operations to determine the underlying causes of the variations
- Developing alternative course of actions to correct any deficiency and learn from the successes.
- Follow up to appraise the effectiveness of the correction: follow with feed forward for re-planning.

In the term of business, we easily say that the entrepreneurs must ensure proper allocation and utilization of financial resources. This is needed to control costs and minimize wastage. Entrepreneurs must achieve proper combination of inputs for production. Quality control should be ensured. Supervision should be effective. Efficiency should be improved. Entrepreneurs must ensure management control in the new venture. They should make key decision themselves.

2.2 Difference between Planning and Control

The term planning and control are often confused, and occasionally these terms are used in such a way as to suggest that they mean the same thing. Actually, planning and control are two quite different concepts. Planning involves developing objects and preparing various budgets to achieve those budgets. Control involves the steps taken by management to increase the likelihood that the objectives set down at the planning stage are attained and that all parts of the organization are working together toward that goal. To be completely effective, a good budgeting system must provide for both planning a control. Good planning without control is time wasting.

2.3 Levels of planning

There are three levels of planning which are mentioned as below:-

1. Strategic long range planning
2. Medium term planning

3. Short term planning

Profit planning helps the management functions of its planning by developing strategic(long range) profit plan which by time horizon cover more than one year (i.e. 3,5,10 years). It includes the objectives, broad goals, planning promises and strategies of the enterprises as developed by top management.

Medium term planning covers the period of 2 years to 5 years. Medium term planning is used to determine the allocation of resources among competitive activities and to revise long term plans in view of most recent development. Medium term planning often takes the forms of budgeting in which each division, department are allocated certain resources during the coming year. The allocations are based on the demand, costs financial position and competition. More detail is involved with long range plans.

Short term planning concerns with the time period; it is usually prepared of one year. It is used by management as substantial part of long range and medium range plan. Such plans are the outlines for the medium range plan which does not concern implementation, its aims in finding the possibilities which are for the most important part of long run promises and short feasible tangible results.

2.4 Profit Planning

Profit planning can be defined as the set of steps that are taken by firms to achieve the desired level of profit. Planning is accomplished through the preparation of a number of budgets, which, when brought through, from an integrated business plan known as master budget. The master budget is an essential management tool that communicates management's plan throughout the organization, allocates resources, and coordinates activities.

Profit planning is planning for future operation in such a way as to maximize the profit, or to maintain a specific level of profit. A comprehensive profit planning is also known as broad-budgeting schedule developed in financial statement. Profit - planning deals with the development of objectives, specification of short-term goal, development of strategic and tactical profit plan. In other works profit plan is details

expression of the expected result from the planning decision. Profit planning is an important approach developed to facilitate for the effective performance of management process like as planning , organizing , staffing, controlling etc. therefore capital planning carry out the responsibility of forward thinking about the future operation of the organization.

Profit planning is an advance decision of expected achievement based on the most efficient operation standard. It is established to compare regularity the actually performance and accomplishment budgeted sales. Profit is the outcomes of effective and efficient management which is affected by various factors. Profit planning is affected by various factors. Profit planning is that tools, which manage all that factors effectively and efficiently. Profit planning has to resolve a number of conflicting issues before expressing the established directions an decisions made by top management. Conflicting aims should be brought in to produce more sales and profit but many to produce more sales and profit, but many investors also increase the investment in working capital and the risk of bad debts. (Holmes, Meier and Dahast, 1970:682)

Therefore the profit planning is a fundament part of the overall management functions and is a vital part of the total budgeting process. The management determines the profit, goals and prepares budget that will lead them to the realization of these goals. Profit planning can be done only, when the management has to inform about the cost of the products. Bothe fixed and variables and the selling price at which it will be in a position to sell the products of the company. (Maheshwori, 2000:171)

Profit planning is related with the factors that work for generating profit. Profit planning is also known as planning activities for profit budgeting is the one of the aspect of profit. Budgeting is the one of the aspects of profit planning. A budget is detailed plan; expressed in quantitative terms, that specifies how resources will be acquired and used during a specified period of time. The procedures used to develop a budget institute a budgeting system. Hence, budgeting is -

- ❖ Planning to quantify a plan of action
- ❖ Facilitating communication and co-ordination
- ❖ Controlling profit and operations

- ❖ Allocating resources
- ❖ Evaluating performance and providing incentives.

i. Planning to quantify a plan of action

The most obvious purpose of a budget is to quantify a plan of action. The budgeting process forces the individual who makes up an organization to plan ahead.

ii. Facilitating communication and coordinate

For any organization to be effective each manager throughout the organization must be aware of the plans made by other managers.

iii. Allocating resources

Generally, organization resources are limited and budgets provide one means of allocating resources among uses.

iv. Controlling profit and operations

A budget is a plan and plans are subject to change. Nevertheless, a budget serves as a useful benchmark with which actual results can be compared.

v. Evaluating performance and providing incentives

Comparing actual results with budgeted results also helps managers to evaluate the performance of individual departments, divisions, or entire companies. Since budgets are used to evaluate performance, they can also be used to provide incentives for people to perform well.

2.4.1 Purpose of Profit Planning

A comprehensive profit planning and control is the systematic and formalized approach for the purpose of generating profit through the allocation of means and resources to maximize the revenue and cut off the expenses without harming the productivity to minimize expenses so that the profit margin can be increased. Profit planning is related with the factors that work for generating profit. Profit planning is

also known as planning activities for profit. Budgeting is the one of the aspects of profit planning. A budget is detailed plan, expressed in quantitative terms, that specifies how resources will be acquired and used during a specified period of time. The procedures used to develop a budget constitute a budgeting system profit planning or budgeting system has five primary purposes /objectives:-

- To state the firm's expectations (goal) in clean and formal term to avoid confusion and to facilitate their attainability.
- To communicate expectation to all concerned with the management of the firm so that they are understood, supported and implemented.
- To provide a detailed plan of action for uncertainty and for the proper direction of individual and group effort to achieve goal.
- To coordinate the activities and effort in such a way that the use of resource is maximized.
- To provide a means of measuring and controlling the performance of individual and units and to supply information on the basis of which the necessary corrective action can be taken.

2.5 Process of profit planning

The profit planning process should involve periodic, consistent and in depth re-planning so that all the aspects of operations are carefully re-examined and re-evaluated. The major process of profit planning is as follows:

1. Identification and evaluation of external variables

An organization is influenced by the two variables; one is internal and the other is external. Those variables are of two kinds; controllable and uncontrollable. Identification of such variables plays very important role in the success of profit planning. So the sincere consideration towards the variables is necessary in the profit planning process.

2. Development of the board objectives of the enterprise

The enterprise should determine its mission, vision and the ethical characters of the enterprises. The purpose of this phase is to provide enterprise identification, continuity of purposes and definition.

3. Development of specific goals for the enterprise

Preparation of narrative and quantitative goals that are definite and measurable is very important for an organization. Specific goals of the organization should define the operational goals like expansion of the product line, market share, growth trend, profit margin, cash flow, and return on investment.

4. Development and evaluation of company strategy

To attain the planned objectives and goals, strategies are the practice necessary for it. Short term and long term strategies are developed and evaluated to find the best alternative way for the attainment of broad objectives and specific goals.

5. Executive management planning instruction

For strategic and tactical profit plans, management instruction is also necessary in the course of planning. Communication among the executive management, middle and lower management is necessary about the substantive plans.

6. Preparation and evaluation of project plans

Both current and future projects plans are to be prepared and evaluated on the ground of time horizon. The plans for the improvement of present products, new and expanded physical facilities, entrance into new industries, exit from product and industries, new technology and other major activities are can be separately identified for planning purpose.

7. Development and Approval of strategic and tactical profit plan

The management should develop strategic and tactical plans with respect to the planning instruction and project plans. In this process the full participation in the planning process is often given less important. So the executive instruction helps to make the development of strategic profit plan with the approval of the executive management.

8. Implementation of profit plans

Implementation of management plans that have been developed and approved in the planning process involve the function of leading subordinates in attending enterprise objectives and goals. Thus, effective management is communicated and understood by subordinates. This helps to implement the profit plans in an effective way.

9. Use of periodic performance report

In the process of implementation of profit plan, the performance of the work should be observed with the finish of a very period like weekly, monthly, quarterly, semi-annually, etc. comparison between actual and budgeted amounts and planned performance yield variance are to be prepared and checked periodically. It may be statistical, specified management periodic performance reports.

10. use of flexible budgets

The flexible expense budget is also referring to as the variable budgets. It is sliding scale budget, expense control budget and formula budget. Flexible budget gives realistic information about expenses that make it possible to compute budget amounts for various outputs.

11. Implementation of follow up

Performance reports are the basis for effective follow-up action. This is a part of effective control. It is important to distinguish between cause and effect. The performance variations are effects. The management must determine the underlying cause. The identification of cause of both favourable and unfavourable performance, variable after indentifying the basic causes as opposed to results, and alternative for corrective action must be selected. The corrective action must be taken.

2.6 Role of Profit Planning and Control

Each and every organization in today's dynamic environment needs proper planning and control process in its operation. Planning, suggesting the present states and suggesting the best sway from present state to the destination is one of the most essential components of modern management. If an organization is missing such vital component of modern management of course of it will exist no longer.

Similarly, organizational activities are to be loaded properly. Without proper leadership, an organization having sufficient and efficient human and non-human resources fails to attain objectives in time basis. For this, controlling over organizational resources is not less important too. For this an organization especially profit making organization need the use of PPC in its business. Hence PPC has deal of

importance in modern day's business organization. Some of the roles played by PPC in modern days are summarized as follows:-

- Basic policies developed as the pre-requisites of PPC show the direction to the management of and organization.
- It helps in determining business goals and objectives in advance so that it could be used as benchmarks for evaluating subsequent performance.
- It motivates management to make corrective action if there exists deviation between standard and actual performance(if any)
- Managers from different levels have to participate in the development of the profit plan, which enhances Excellencies regarding PPC process.
- PPC co-ordinates the activities of the entire organization by integrating the plans and objectives of the various parts. Through this organizational goals and objectives could be achieved effectively and efficiently.

Hence it compels management to have planning for each and every activities of the business viz labour plan, material plan, overhead plan etc.

The concept of comprehensive budget covers its use in planning, organizing and controlling all the financial and operating activities of the firm in the forthcoming period. (Lynch and Williamson, 2002: 212)

In an organization, it is the management responsibility to accomplish business operation effectively and satisfactorily. For this, profit planning is one of the most important tools that can be used to plan and control business activities. Profit planning and control aid value to the management by allowing management to control and utilize available resources, co-ordinate operations and control expenses. It also helps in evaluation of different potential business alternatives through establishing rational relationship among business activities analyzing its effects on organizational performance and profitability. Sales budget helps management to plan about future sales in terms of qualities and amount. For sales plan study and analysis of product costs, the market economic trends and competitors' prices etc. is essential for management. Selection of optimum price is very important to complete with competitors and sustain in the market. In sales planning, selection of appropriate sales mix in multi-product company is important for this, relative profitability of each product line should be assessed profit planning and control also allows management

to plan about timing of future capital expenditure plan regarding acquisition fixed assets, selection of alternative project, conducting research and development expenditure etc. Profit plan determines probable profit under each alternative potential future operating activity. It also enables management to analyze different alternatives for business organization.

A comprehensive profit planning and control is viewed as a process designed to help management in effectively performing significant phases of the planning and control function. A comprehensive profit planning comprises the following things:-

- A major planning decision by management.
- It entails pervasive management control activities and
- It recognizes many of the critical behavioural implications throughout the organization.

2.7 Major fundamentals of Profit Planning and Control

I) Managerial involvement and commitment

Managerial involvement and commitment is the most important factor in profit planning and control. The confidence of top management can be seen as an ability to influence the future course of action through the commitment and involvement of management team in profit planning. The management of the enterprise must be convinced that realistic objectives and goals can be developed in advance and they must be willing to make a firm commitment to plan on a continuing basis. The management should recognize that individuals having administrative responsibilities trend to tie their own success to that of the firm: therefore they will strive aggressively to attain realistic and known objectives, particularly if they are permitted to participate in a meaningful way in developing these objectives.

Modern concept of comprehensive profit planning programme or budgeting has emphasized on managerial involvement, due to the fact that modern budgeting believes on ‘performance expectation’ rather than on ‘fiscal expectation. Modern budgeting believes on the principle of attaining a set of objective or goals rather than short run monetary profit.

II) Organizational adaptation

A profit planning programme must rest upon sound organizational structure and a clear-cut designation of authorities and responsibilities. The purpose of organizational structure and the assignment of authority are to establish a framework within the enterprise objectives may be attained in a coordinated and effective way on a continuous basis. Sometimes the organizational structures are divided into functional subunits and each sub unit chiefs are assigned with specific responsibilities. These sub units are known as decision centers or responsibility centers. Sometimes these responsibility centers are in the form of a division or department or sales district. The responsibility centers are:-

- a) Cost centers
- b) Revenue center
- c) Profit center
- d) Investment center

III) Responsibility Accounting

The concept of responsibility accounting is very important in profit planning. The basic idea behind responsibility accounting is that a manager should be responsible for those items that the managers can actually control to a significant extent. Each line item (i.e., revenue or cost) in the budget is made the responsibility of a manager, and that manager is held responsible for subsequent deviations between budgeted goals and actual results. Someone must be held responsible for each cost or else no one will be responsible, and the cost will inevitably grow out of control.

Being held responsible for costs does not mean that the manager is penalized if the actual results do not measure up to the budgeted goals. However, the manager should take the initiative to correct any unfavorable discrepancies, should understand the source of significant favorable or unfavorable discrepancies, and should be prepared to explain the reasons for discrepancies to higher management. The point of an effective responsibility system is to make sure that nothing "falls through the cracks" that the organization reacts quickly and appropriately to deviations from its plans, and

that the organization learns from the feedback it gets by comparing budgeted goals to actual results. The point is not to penalize individuals for missing targets.

IV) Choosing a Budget Period

Operating budgets ordinarily cover one year period corresponding to the company's fiscal year. Many companies divide their budget year into four quarters. The first quarter is then divided into months, and normally budgets are developed. These near term figures can often be established with considerable accuracy. The last three quarters may be carried in the budget at quarterly totals only. As the year progress, the figures of the second quarter is broken down into monthly amounts, then the third quarter figures are broken down, and so forth. This approach has the advantage of requiring periodic review and reappraisal of budget data throughout the year.

Continuous or perpetual budgets are used by a significant number of organizations. A continuous or perpetual budget is a 12 month budget that rolls forward one month (or quarter) as the current month (or quarter) is completed. In other words, one month (or quarter) is added to the end of the budget as each month (or quarter) comes to a close. This approach keeps managers focus at least one year ahead. This approach keeps managers focused on the future at least one year ahead. Advocates of continuous budgets argue that with this approach there is less danger that managers will become too narrowly focused on short-term results. The success of a budget program will be determined in large part by the way in which the budget is developed. In the most successful budget programs, managers with cost control responsibilities actively participate in preparing their own budgets. This is in contrast to the approach in which budgets are imposed from above. The participative approach to preparing budgets is particularly important if the budget is to be used to control and evaluate a manager's performance. If a budget is imposed on a manager from above, it will probably generate resentment and ill will rather than cooperation and commitment.

V) Full communication

Communication is an exchange of news, views, opinions, information, thoughts, ideas, suggestions, etc with inside or outside world. Effective communication means developing well defined objectives, specification of goals, development of profit plans

and reporting and follows up activities related to performance evaluation for each responsibility center. Communication of the objectives, plans, policies and standards and make effective implementation as well as to take feedback is the important aspects of this.

VI) Realistic expectation

The planning should be taking a ground which is believable. It should not take include such objectives which are not having the realistic expectation. To be realistic, expectation must be related to their specific time dimension and t an assumed external and internal environment should assume a high level of overall efficiency, however the objectives and goals should be attainable. The definition of realistic in a given enterprise therefore should be related to many characteristics, maturity of the enterprise, characteristic of the managers, leadership nature of operations, and behavioural management.

VII) Flexible application

Flexible application refers to the freedom to extent in the time of implementing the plans and following the standards fixed by the budgeting committee. According to the change situation and the suitability of the policies the application should be made. The favourable opportunities should not be left out just to follow the plans. As much as the planning covers it is also considered in the course of implementation but the other things which are not there in planning they should also be practiced if favourable for the organization.

VIII) Individual and group recognition

The motivation of Haman resources through dynamic resources through dynamic leadership is important for effective management, if people associated to the enterprises do not coordinate each other, then PPC program cannot be implemented to achieve target results. The behavioral aspects of the management process have been accorded extensive and intensive investigation by psychologist, educators, and businessmen, the comprehensive profit planning and control approach to managing brings many of these behavioral problem to sharp focus. The sophisticated view of

profit planning focuses on a positive approach to resolve certain behavioral problems. Thus, PPC approach established a basis for some precision in measuring the performance of an individual manager. It is likely that those with high competence will soon be noticed and with low competence will be identified.

IX) Follow up

After the implementation of every program, reexamination is necessary to check that things do not go wrong way and happen as desired. So follow up is important in comprehensive PPC program that is good and substandard performance needs to be investigated. The purposes of such investigation are to correct the action of substandard performance, to recognize and transfer the knowledge of outstanding performance, to provide a sound basis for further comprehensive PPC.

2.8 Components of Profit Plan

A. substantive plan

1. Broad objective of the enterprise
2. Specific enterprise goal
3. Enterprise strategies
4. Executive management planning instruction

B. Financial plan

1. Strategic long-range profit plan

- a) Sales, cost and profit projection
- b) Major projects and capital additions
- c) Cash flow and financing
- d) Personnel requirements

2. Tactical short-range (Annual Profit) plan.

a. operating plan (planned income statement)

- ❖ Sales plan
- ❖ Production plan
- ❖ Administrative expense budget
- ❖ Distribution expense budget
- ❖ Appropriation type budget

b. financial position plan (planned balance sheet)

- Assets
- Liabilities
- Owner's equity
- Cash flow plan

c. variable expenses budget (output-expense formula)

d. Supplementary data (cost volume profit analysis, ratio analysis)

e. Performance reports- each month end as need

f. Follow-up corrective action and re-planning reports

Source: (Gautam and Deepak, 2010:13)

2.9 Budgeting

A budget is a detailed plan for acquiring and using financial and other resources over a specified period of time. It represents a plan for the future expressed in formal quantitative terms. The act of preparing a budget is called budgeting. The use of budgeting to control a firm's activities is called budgetary control.

Master budget is a summary of a company's plan that sets specific targets for sales, production, distribution, and financing activities. It generally culminates in cash budget, a budgeted, and a budgeted balance sheet. In short, it represents a comprehensive expression of management's plans for the future and how these plans are to be accomplished.

2.9.1 Advantages and Disadvantages of Budgeting:

Advantages

Companies realize many advantages / Benefits from a budgeting program. Among these benefits some are the following:

1. Budgets provide a means of communicating management's plans through the organization.
2. Budgets force managers to think about and plan for the future. In the absence of the necessity to prepare a budget, many managers would spend all of their time dealing with daily emergencies.
3. The budgeting process provides a means of allocating resources to those parts of the organization where they can be used most effectively
4. The budgeting process can uncover many potential bottlenecks before they occur.
5. Budgets coordinate the activities of the entire organization by integrating the plans of the various parts of the organization. Budgeting helps to ensure that everyone in the organization is pulling in the same direction.
6. Budgets provide goals and objectives that can serve as benchmark for evaluating subsequent performance.

Disadvantages

Whilst budgets may be an essential part of any marketing activity they do have a number of disadvantages, particularly in perception terms.

Budgets can be seen as pressure devices imposed by management, thus resulting in:

- a) Bad labor relations
- b) inaccurate record-keeping.

Departmental conflict arises due to:

- a) Disputes over resource allocation
- b) Departments blaming each other if targets are not attained

It is difficult to reconcile personal/individual and corporate goals.

Waste may arise as managers adopt the view, "we had better spend it or we will lose it". This is often coupled with "empire building" in order to enhance the prestige of a department.

Responsibility versus controlling, i.e. some costs are under the influence of more than one person, e.g. power costs.

Managers may overestimate costs so that they will not be blamed in the future should they overspend.

2.9.2 Techniques for profit planning/ budgeting

There are different techniques used for profit planning: some of them are:-

Incremental budgeting

Generally budgets are prepared on the basis of past budget or actual budget of last year or commonly some periods actual and some estimated. If any firm uses above method for budgeting for future then it is called incremental budget or actual data of the same unit of previous time, then it is called incremental

Incremental budgeting is based on the concept that future budget should be prepared by making and increase over the past year figure to give budget allowance for the next year on the basis of past budget or actual result of past budget.

Activity based budgeting

Activity based budgeting is based on ABC system. In an activity based costing (or ABC) system, two stages cost allocation process is retained. However, instead of assigning overhead costs only to departments in stage one; overhead costs are assigned to a larger number of cost pools that represent the most significant activities comprising the production process. After assigning costs to the activity cost pools in stage one, cost drivers and identified that appropriate for each cost pool then in stage two the overhead costs are allocated from each activity cost pool to each production job in proportion to the amount of activity consumed by the job. The aim of ABB is to

authorize the supply of only those resources that are used to perform activities required to meet the budgeted level of production and sales.

Zero base budgeting (ZBB)

Zero base budgeting (also known as priority based budgeting) emerged in the late 1960s as an attempt to overcome the limitations of incremental budgets. This approach requires that all activities are justified and prioritized before decisions are taken relating to the amount of resources allocated to each activity. Besides adopting a “zero base” approach, zero base budgeting (ZBB) also focuses on programmes or activities instead of functional department based on line item that is a feature of traditional budgeting.

Under Zero Base Budgeting, the budgeting, the budget form virtually every activity in the organization is initially set to zero. To receive funding the budgeting, each activity must be justified in terms of its continued usefulness. The zero base budgeting approach forces management to rethink each phase of an organization’s operations before allocating resources.

Kaizen budgeting

Kaizen budgeting is a technique of budgeting. The Japanese use Kaizen to mean continuous improvement. Kaizen Budgeting explicitly incorporates continuous improvement during the budget period into the budget numbers. Kaizen budgeting approach would incorporate continuous improvement that is reduction in cost of any operation.

Much of the cost reduction associated with Kaizen budgeting arises from many small improvement rather than “quantum leaps.” A significant aspect of Kaizen budgeting is the quantity and quality of employees’ suggestions.

Continuous budgeting

Continuous budgeting is another aspect of budgeting. In this technique a new month is added to the budgeted period after completion any month of the budget period. In other word, in continuous budgeting technique a new month is added to the end of the current month draws to close. Thus the budget always covers the upcoming 12 months or 6 months (in semi-annual budgeting) or 3 months (in quarterly budgeting). Under

the fiscal year approach the planning period becomes shorter as the year progresses. Also, continuous budgeting forces managers into a continuous review and reassessment of the budget estimates and the company's current progress.

Base budgeting

Without going to complete zero base budgeting some organizations use base budgeting. Under this approach, the initial budget for each of the organization's departments is set in accordance with a base package, which includes the minimal level. Below this level of funding, the subunit should not be viable entity. Any increase above the base package would result from a decision to fund an incremental package, which describe the resources needed to add various activities to the base package. The decision to approve such, an increment budget package would have to be justified on the basis of the costs and benefit of the activities included. Base budgeting has been effective in many organizations because it forces managers to take an evaluative, questioning attitude towards each of the organization's programs.

Computer-based budgeting

Web based budgeting tools and software is also used for budgeting. In today's world the budgeting process is computerized instead of being primarily concerned with numerical manipulations. The accounting staff can now become more involved in the real planning process. Computer based financial models normally consists of mathematical statements of inputs and outputs. By simply altering the mathematical statements budgets can be quickly revised with little effort. However the major advantage of computerized budgeting is that management can evaluate many different options before the budget is finally agreed.

Planning and programming budgeting system

Non-profit making organizations have found line item budgets to be unsatisfactory mainly because they fail to provide information on planned and actual accomplishments. In addition, such budgets do not provide information on the efficiency with which the organization's activities have been performed, or its effectiveness in achieving its objectives. A further deficiency with line item budgets is that they fail to provide a sound basis for deciding how the available resources should

be allocated. Planning and programming budgeting system (PPBS) are intended to overcome these deficiency.

The aim of PPBS is to enable the management of a non-profit organization to make more informed decisions about the allocation of resources to meet the overall objective of the organizations. First, overall objectives are established. Secondly, the programmes that might achieve these objectives are identified. Finally the costs and benefits of each programmes are determined so that budget allocations can be made on the basis of cost benefit of the different programmes.

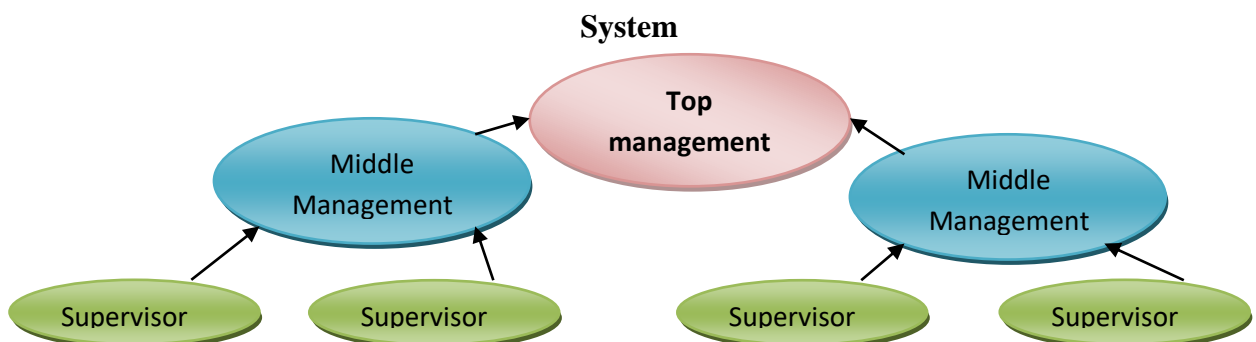
Flexible budgeting

Flexible expense budget is one of the budgeting techniques use for expenses budget. It is also known as variable, dynamic, activity, and output adjusted expenses budgets. Sometimes it happens that actual level of activity substantially differs with planned level of activities. In that situation, control over expenses will be difficult and evaluation of actual performance also becomes hard for management. A flexible budget is one that can be adjusted easily to show budgeted revenue, costs, and cash flow at different level of activity. Flexible budgeting gives mathematical formulations to expenses from which expenses plans can be computed for planning and control.

2.10 Participative or Self-Imposed Budgeting

The budgeting approach in which managers prepare their own budget estimates is called self imposed budgeting or participatory budgeting. This is generally considered to be the most effective method of budget preparation. Managers at all levels participate and coordinate with each other in budgeting process.

FUGURE NO:- 1 The Initial Flow of Budget Data in a Participative Budget



Source: www.wikipedia.com

The initial flow of budget data in a participative system is from lower levels of responsibility to higher levels of responsibility. Each person with responsibility for cost control will prepare his or her own budget estimates and submit them to the next higher level of management. These estimates are reviewed and consolidated as they move upward in the organization.

Once self-imposed budgets are prepared, are they subject to any kind of review? The answer is yes. Budget estimates prepared by lower-level managers should be scrutinized by higher levels of management. Without such a review, self imposed budgets may be too loose and allow much "budgetary slack." The result will be inefficiency and waste. Therefore before budgets are accepted, they must be carefully reviewed by immediate superiors. If changes from the original budget seem desirable, the items in question are discussed and modified as necessary.

All level of an organization should work together to produce the budget. Since top management is generally unfamiliar with detailed, day to day operations, it should rely on subordinates to provide detailed budget data. On the other hand, top management has an overall strategic perspective that is also vital. Each level of responsibility in an organization should contribute in the way that it best can in a cooperative effort to develop an integrated budget.

Participative or Self-imposed budgeting is an ideal budgetary process. However, most companies deviate from this ideal budgetary process. Typically top managers initiate the budget process by issuing broad guidelines in terms of overall target profits or sales. Lower level managers are desired to prepare budgets that meet those targets. The difficulty is that the target set by top managers may be unrealistically high or may allow too much slack. If the budgets are too high and employees know they are unrealistic, motivation will suffer. If the targets allow too much slack, waste will occur. And unfortunately top management is often not in a position to know whether the targets they have set are appropriate.

Admittedly, however, a pure self-imposed budgeting system is not without limitations. It may lack sufficient strategic direction and lower level managers may be

tempted to build into their budgets a great deal of budgetary slack. Nevertheless, because of the motivational advantages of self imposed budgets, top managers should be cautious about setting inflexible budgets.

2.10.1 Advantages and Disadvantages of Self Imposed or Participative Budget:

A number of advantages or benefits are cited for such self imposed budgets.

1. Individuals at all level of organization are recognized as members of the team whose review and judgments are valued by top management.
2. Budget estimates prepared by front line managers can be more accurate and reliable than estimates prepared by top managers who are more remote from day to day activities and who have less intimate knowledge of markets and operating conditions.
3. Motivation is generally higher when an individual participates in setting his or her own goal then when the goals are imposed from above. Self imposed budgets create commitments.
4. If a manager is not able to meet the budget and it has been imposed from above, the manager can always say that the budget was unreasonable or unrealistic to start and, therefore, was impossible to meet. With a self imposed budget this excuse is not available.

Participative budget has following main limitations or disadvantages:

1. Time consuming and costly.
2. May foster budgetary “gaming” through budgetary slack

2.11 Human Factors in Budgeting

The success of a budget program also depends on:

1. The degree to which top management accepts the budget program as a vital part of the company's activities.
2. The way in which top management uses budgeted data.

If a budget program is to be successful, it must have the complete acceptance and support of the persons who occupy key management positions. If lower or middle management personnel sense that top management is lukewarm about budgeting, or if they sense that top management simply tolerates budgeting as a necessary evil, then their own attitude will reflect a similar lack of enthusiasm. Budgeting is hard work, and if top management is not enthusiastic about and committed to the budget program, then it is unlikely that anyone else in the organization will be either.

In administering the budget program, it is particularly important that top management not use budget as a club to pressure employees or as a way to find someone to blame if something goes wrong. Using budgets in such negative ways will breed hostility, tension, and mistrust rather than greater cooperation and productivity. Unfortunately, the budget is too often used as a pressure device and great emphasis is placed on "meeting the budget" under all circumstances.

Rather than being used a weapon, the budget should be used as a positive instrument to assist in establishing goals, in measuring operating results, and in isolating areas that are indeed of extra effort or attention. Any misgivings that employees have about a budget program can be overcome by meaningful involvement at all levels and by proper use of the program over time. Administration of a budget program requires a great deal of insight and sensitivity on the part of management. The budget program should be designed to be a positive aid in achieving both individual and company goals.

Management must keep clearly in mind that the human aspect of budgeting is of key importance. It is easy to become preoccupied with the technical aspect of the budget to the exclusion of the human aspects. Indeed, the use of budget data in a rigid and inflexible manner is often the greatest single complaint of persons whose performance is evaluated using budgets. Management should remember that the purposes of the budget are to motivate employees and to coordinate efforts. Preoccupation with the dollars and cents in the budget, or being rigid and inflexible, can only lead to frustration of these purposes.

In establishing a budget, how challenging should budget targets be? In practice, companies typically set their budgets either at a "stretch" level or a "highly achievable" level.

A stretch level budget is one that has only a small chance of being met and in fact may be met less than half the time by even the most capable managers. A highly achievable budget is one that is challenging, but which can be met through hard work. Managers usually prefer highly achievable budgets. Such budgets are generally coupled with bonuses that are given when budget targets are met, along with added bonuses when these targets are exceeded. Highly achievable budgets are believed to build a manager's confidence and to generate commitment to the budget program.

2.12 Budget Committee

Budget committee is a group of key management persons who are responsible for overall policy matters relating to the budget program and for coordinating the preparation of the budget.

2.12.1 Functions and Responsibilities:

A standing budget committee will usually be responsible for overall policy matters relating to the budget program and for coordinating the preparation of the budget itself. This committee generally consists of the president; vice president in charge of various functions such as sales, production, and purchasing; and the controller. Difficulties and disputes between segments of the organization in matters relating to the budget are resolved by the budget committee. In addition, the budget committee approves the final budget and receives periodic reports on the progress of the company in attaining budgeted goals.

Disputes can (and do) erupt over budget matters. Because budgets allocate resources, the budgeting process to a large extent determines to which department get more resources, and which get relatively less. Also, the budget sets the benchmarks by which managers and their departments will be at least partially evaluated. Therefore, it should not be surprising that managers take the budgeting process very seriously and invest considerable energy and even emotion in ensuring that their interest, and

those of their departments, is protected. Because of this, the budgeting process can easily degenerate into an interoffice brawl in which the ultimate goal of working together toward common goals is forgotten.

Running a successful budgeting program that avoids interoffice battles requires considerable interpersonal skills in addition to purely technical skills. But even the best interpersonal skills will fail if, as discussed earlier, top management uses the budget process inappropriately as a club or as a way to find blame.

2.12.1.1 Sales Budget

A sales budget is a detailed schedule showing the expected sales for the budget period; typically, it is expressed in both dollars and units of production. An accurate sales budget is the key to the entire budgeting in some way. If the sales budget is sloppily done then the rest of the budgeting process is largely a waste of time.

The sales budget will help determine how many units will have to be produced. Thus, the production budget is prepared after the sales budget. The production budget in turn is used to determine the budgets for manufacturing costs including the direct materials budget, the direct labor budget, and the manufacturing overhead budget. These budgets are then combined with data from the sales budget and the selling and administrative expenses budget to determine the cash budget. In essence, the sales budget triggers a chain reaction that leads to the development of the other budgets. The selling and administrative expenses budget is both dependent on and a determinant of the sales budget. This reciprocal relationship arises because sales will in part be determined by the funds committed for advertising and sales promotion.

The sales budget is the starting point in preparing the master budget. All other items in the master budget including production, purchase, inventories, and expenses, depend on it in some way. The sales budget is constructed by multiplying the budgeted sales in units by the selling price.

2.12.1.2 Production Budget

The production budget is prepared after the sales budget. The production budget lists the number of units that must be produced during each budget period to meet sales needs and to provide for the desired ending inventory.

Production requirements for a period are influenced by the desired level of ending inventory. Inventories should be carefully planned. Excessive inventories tie up funds and create storage problems. Insufficient inventories can lead to lost sales or crash production efforts in the following period.

In some cases (e.g., budgeted sales, total needs, and required production), the amount listed for the year is the sum of the quarterly amounts for the item. In other cases (e.g., desired inventory of finished goods and beginning inventory of finished goods), the amount listed for the year is not simply the sum of the quarterly amounts. From the standpoint of the entire year, the beginning inventory of finished goods is the same as the beginning inventory of finished goods for the first quarter--it is not the sum of the beginning inventories of the finished goods for all quarters. Similarly, from the standpoint of the entire year, the ending inventory of finished goods is the same as the ending inventory of finished goods for the fourth quarter--it is not the sum of the ending inventories of finished goods for all four quarters.

Manufacturing firms prepare production budget but merchandising firms prepare merchandising purchase budget instead. Merchandising purchase budget shows the amount of goods to be purchased from its suppliers during the period.

2.12.1.3 Direct Materials Budget

Direct materials budget is prepared after computing production requirements by preparing a production budget. Direct materials budget or materials budgeting details the raw materials that must be purchased to fulfill the production requirements and to provide for adequate inventories.

Preparing a budget of this kind is one step in a company's overall material requirements planning (MRP). MRP is an operations management tool that uses a computer to help manage materials and inventories, The objective of material

requirements planning (MRP) is to ensure that the right materials are on hand, in the right quantities, and at the right time to support the production budget. The detailed operation of materials requirements planning is covered in most operations management books.

2.12.1.4 Direct Labour Budget

The direct labor budget is developed from the production budget. Direct labor requirements must be computed so that the company will know whether sufficient labor time is available to meet the budgeted production needs. By knowing in advance how much labor will be needed throughout the budget year, the company can develop plans to adjust the labor force as situation requires. Companies that neglect to budget should run the risk of facing labour shortages or having to hire and lay off workers at awkward times. Erratic labour policies lead to insecurity, low morale, and inefficiency.

The manufacturing overhead budget provides a schedule for all costs of production other than direct materials and direct labor.

After preparing sales budget, production budget, direct materials budget, direct labor budget, and manufacturing overhead budget the management has all the data needed to calculate unit product cost. This calculation is needed for two reasons: first, to determine cost of goods sold on the budgeted income statement; and second, to know what amount to put on the balance sheet inventory account for unsold units. The carrying cost of unsold units is calculated on the ending inventory finished goods budget.

2.12.1.5 Selling and Administrative Expense Budget

Selling and administrative expense budget lists the budgeted expenses for areas other than manufacturing. In large organizations this budget would be a compilation of many smaller, individual budgets submitted by department heads and other persons responsible for selling and administrative expenses. For example, the marketing manager in a large organization would submit a budget detailing the advertising expenses for each budget period.

2.12.1.6 Cash budget

Cash budget is a detailed plan showing how cash resources will be acquired and used over some specific time period.

Cash budget is composed of four major sections.

1. The receipts section.
2. The disbursements section
3. The cash excess or deficiency section
4. The financing section

The cash receipts section consists of a listing of all of the cash inflows, except for financing, expected during the budgeting period. Generally, the major source of receipts will be from sales. The disbursement section consists of all cash payment that is planned for the budgeted period. These payments will include raw materials purchases, direct labor payments, manufacturing overhead costs, and so on as contained in their respective budgets. In addition, other cash disbursements such as equipment purchase, dividends, and other cash withdrawals by owners are listed.

If there is a cash deficiency during any period, the company will need to borrow funds. If there is cash excess during any budgeted period, funds borrowed in previous periods can be repaid or the excess funds can be invested.

The financing section deals the borrowings and repayments projected to take place during the budget period. It also includes interest payments that will be due on money borrowed. Generally speaking, the cash budget should be broken down into time periods that are as short as feasible. Considerable fluctuations in cash balances may be hidden by looking at a longer time period. While a monthly cash budget is most common, many firms budget cash on a weekly or even daily basis.

2.12.1.7 Master Budget

The master budget is a summary of company's plans that sets specific targets for sales, production, distribution and financing activities. It generally culminates in a cash budget, a budgeted income statement, and a budgeted balance sheet. In short, this

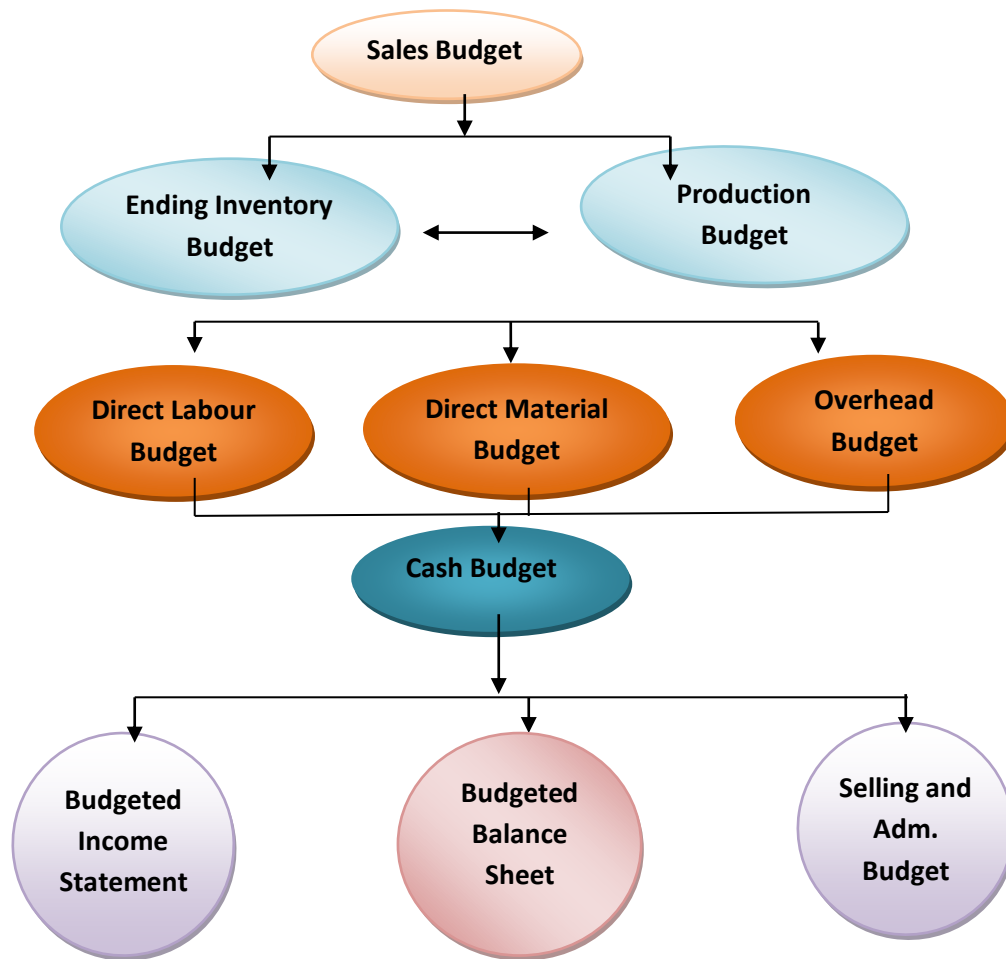
budget represents a comprehensive expression of management's plans for future and how these plans are to be accomplished.

It usually consists of a number of separate but interdependent budgets. One budget may be necessary before the other can be initiated. More one budget estimate affects other budget estimates because the figures of one budget are usually used in the preparation of other budget. This is the reason why these budgets are called interdependent budgets.

Following are the major components or parts of master budget. Click on a budget link for detailed study.

1. Sales Budget
2. Production Budget
3. Material Budgeting/Direct Materials Budget
4. Labor Budget
5. Manufacturing Overhead Budget
6. Ending Finished Goods Inventory Budget
7. Cash Budget
8. Selling and Administrative Expense Budget
9. Purchases Budget for a Merchandising Firm
10. Budgeted Income Statement
11. Budgeted Balance Sheet

FIGURE NO: - 2 The Master Budget Interrelationship



Source: www.wikipedia.com

2.12.1.7.1 Advantages and Disadvantages of a Master Budget:

Some advantages of a master budget are that it can give an idea of where a company wants to go and what it has to do in order to get there. It will also allow the company to realistically project future cash flows which in turn would help in getting certain types of financing.

Some disadvantages of a master budget include the time involved in producing such a budget. This is primarily the reason a smaller company may not make a master budget if the company has a very small managerial staff.

A budgeted income statement can be prepared from the data developed in:

- Sales budget
- Ending finished goods inventory budget

- Selling and administrative expense budget
- Cash budget

2.12.1.8 Budgeted income statement

- The budgeted income statement is one of the key schedules in the budget process.
- It shows the company's planned profit for the upcoming budget period, and it stands as a benchmark against which subsequent company performance can be measured.

2.12.1.9 Budgeted balance sheet

The budgeted balance sheet is developed by beginning with the current balance sheet and adjusting it for the data contained in other budgets.

2.13 International Aspects of Budgeting

A multinational company faces special problems when preparing a budget. The problems arise because of fluctuations in foreign currency exchange rates, the high inflation rates found in some countries, and local economic conditions and governmental policies that affect everything from labor costs to marketing practices.

Fluctuations in foreign currency exchange rates create unique budgeting problems. Exporters may be able to predict with some accuracy their sales in the local foreign currency such as South African rand or Swiss francs. However, the amounts they eventually receive in their own currency will depend on the currency exchange rates that prevail at the time. If, for example, the currency exchange rates are less favorable than expected, the company will ultimately receive in its own currency less than it had anticipated.

Companies that are heavily involved in export operations often hedge their exposure to exchange rate fluctuations by buying and selling sophisticated financial contracts. These hedges ensure that if the company loses money in its exporting operations because of exchange rate fluctuations, it will make up that loss with gain on its financial contracts. The details of such hedging operations are covered in financial

text books and websites. When a multinational company uses hedging operations, the costs of those activities should be budgeted along with other expenses.

Some multinational companies have operations in countries with very high inflation rates sometimes exceeding 100% a year. Such high inflation rates called hyper inflation can render a budget obsolete very quickly. A common budgeting tactic in such countries is to reduce the lead time for preparing the budget and to revise the budget frequently throughout the year in the light of the actual inflation experienced to date.

In addition to problems with exchange rates and inflation, multinational companies must be sensitive to government policies in the countries in which they operate that might affect labour costs, equipment purchases, cash management, or other budget items.

2.14 Concept of forecasting

The growing competition, rapidity of changes in circumstances and the trend toward automation demand that decisions in business are not based purely on guesses and hunches rather on a careful analysis of data concerning the future course of events, only the forecasting is a systematic means for further forecast. When estimates of future condition are made on systematic basis, the process is referred to as forecasting and the figure of statement obtained is known as forecast.

The careful economic and business analysis is called forecasting. The term forecasting denotes the procedure used by executives to describe as closely as possible the nature of the general level of business, economic and company activities expected in the future. Forecasts are predictions or estimates of the general level of the changes, if any in the characteristic economic phenomena, which may affect ones business plans. Careful forecasting helps executives select the right objectives and chart the routes of progress toward those objectives. Forecasting is a special tool of planning necessary for making decisions that economic sound.

Therefore forecasting is an integral part of decision-making activities of management. An organization establishes goals and objectives, seeks to predict the environmental

factors, and then selects action that is hoped to result in attainment of goals and objectives. The need for forecasting is increasing as management attempts to decrease its dependence on chance and becomes more scientific in dealing with its environment. Since each area of an organization is related to all others, a good or bad forecast can affect the entire organization.

Forecasting is so basic and integral to good planning that it would not be an exaggeration to say that the success of planning depends in a large part upon the validity of the forecast. All forecasts contain some degree of uncertainty and therefore an element of risk. The best that can be done is to make discriminating use of available use of available forecasting technique which effectively minimized the risk factor.

According to time basis, there are long term, intermediate term and short term forecasting. The short term forecasting is prediction extending a maximum of two years in the future. Short term forecasting provides management more rationally ordered information and sound base for decision making.

The intermediate range forecasting covers from three to five years this is one of the least developed one of prediction and in a particular intermediate forecast one must consider the problems of cyclical if they are to be meaningful.

Forecasting is frequently made in the form of long range projection with a minimum of five years into the future with present circumstances or with those of the relevant past. The purposes of long-range projections have been set in a gross national product framework. This estimate can suggest the need for product development or diversification, indicated the most desirable channels of distribution, and point of personnel needs and the specialization most required. Finally, a long range forecast may indicate the value of investment necessary in plant and equipment.

2.15 Variance Analysis

The deviation between budgeted or planned goals and actual results is said to be variance. Performance report shows such variance. The next step is to analyze such

variance and to determine the underlying causes for managerial planning and central purposes. Variance is the difference between standard cost and actual cost.

There are numerous ways to study or investigate variances to determine the underlying causes. Some of the primary approaches are the following.

1. Conference with responsibility center managers and supervisors and other employees in the particular responsibility center involved.
2. Analysis of the work situation including the flow of work, coordination of activities, effectiveness of supervision, and other prevailing circumstances.
3. Direct observation.
4. On-the-spot investigation by the line manager.
5. Investigation by staff groups (carefully specified as to responsibility)
6. Internal audits
7. Special studies
8. Variance analysis

Variance analysis involves a mathematical analysis of two sets of data in order to gain insight into the underlying causes of a variance. One amount is treated as the base, standard, or reference point variance analysis has wide application in financial reporting. It is frequently applied in the following situation.

1. Investigation of variance between actual results of the current period and the actual result of prior period.
2. Investigation of variance between actual results and standard costs
3. Investigation of the variance between actual results and planned or budgeted goals reflected in the profit plans.
4. We can analyze the variance in the following areas:
 1. Sales variance
 2. Material variance
 3. Direct labour variance
 4. Manufacturing overhead variance

Generally, the following steps involved in analyzing variance that are:-

- i) Setting standard

ii) Measurement of performance

iii) Analyzing variance

iv) Taking corrective action

There are two kinds of variance i.e. favourable and unfavourable variances. We should analyze the variance on each of the functional budget variance and so on. Management of any enterprise should set control limits of variances and those variances beyond the limits should be investigated property. Variance analysis is an important tool, which increases the usefulness of periodic performance reports. It helps management to take corrective action.

2.16 Performance Report

Performance reporting for internal management use is an important part of a comprehensive profit planning and control system. The performance reporting phase of a comprehensive PPC program significantly influences the extent to which the organization's planned goals and objectives are attained. To indicate the extensive reporting requirements a business needs and to focus on performance reporting, the following overview of financial report is presented and briefly explained.

1. Special external reports

These are reports to government agencies, regulatory commissions, creditors' investigative agencies and other groups, external to the active management. Frequently these reports are extensive and constitute a significant portion of the overall reporting activities of the business. Such reports are costly and involve significant management attention.

2. These are the traditional annual reports to the owners and other special reports to the owner other special reports prepared for the owners. These reports by and large are based on 'generally accepted accounting principles' and generally report data that have been subject to an audit by an independent CPA.

3. Internal report

These confidential reports are prepared within the company for internal use only. They do not have to meet the needs of external groups, nor the test of 'generally accepted accounting principles' but rather the test of internal

management needs. For purpose of discussion, this category of reports is subdivided into three different subs –classification;

- a) Statistical report
- b) Special reports
- c) Performance report

Performance reports are usually prepared on a monthly basis and follow a standardized format from period to period (but are not standardized among companies or industries). Such reports are designed to facilitate internal control by the management. They should be composed of carefully selected series of data related to each responsibility center. Fundamentally, the reports actual result compared with goals and budget plans.

As a company changes and grows, the overall system of financial reporting should be adopted to meet its changing needs. It is common to find an antiquated accountings and financial reporting system. The usual accounting reports prepared for external use has limited application for internal management purpose. Accounts who attempt to meet the internal problems of management with reports resized for external purposes are serving the management properly.

2.17 Review of Previous Related Studies:

Literature review is the study of past research. While preparing this thesis report, the related research works on the profit planning and control of Radio Nepal could not be found in the library of the faculty of management. Even though, the suggestions and the able guidance of the supervisor, the respectable teachers and the staff of research department of Shanker Dev Campus made it easy to accomplish the study. Very often the past experience and the professionalism of the seniors become useful for receiving their guidance in the process of accomplishing any project work. The study on profit planning and control of Radio Nepal was very tough due to the difficulty in data collection and unavailability of necessary data related with the subject. There were much confusion in the time of data presentation and analysis, but the guidance and the supervision from the respected teachers made it very easy. Very respected teacher, Associate Prof. Yamesh Man Singh should be paid a credit of it as he suggested and guided in every step of the thesis report preparation.

2.18 Research Gap

Profit planning system is getting a wide scope in the field of management as planning and controlling function. Many researchers and planners have seen significance for organization's planning and controlling. So there have been made many dissertations on the field of profit planning and control system.

Previous researchers have analyzed the performance of other type of business organizations like manufacturing companies and service organization. The study on profit planning and control of radio broadcasting companies could not be found during the study period. So this study is very essential in this case of finding its application of profit planning and control in radio broadcasting companies. As the oldest radio broadcasting organization in the country, the subject is chosen by taking Radio Nepal for the study of profit planning and control in radio broadcasting service. It is necessary to know whether it is using the tools of PPC in profit planning process or not. So this study focus on the application of PPC and its usefulness for the betterment of radio broadcasting organization as a tool of planning and controlling process for profit.

Chapter 3

Research Methodology

3.1 Research Design

The research design of this study is descriptive as well as analytical. This study aims to analyze the budgeting procedure of the society and impart the knowledge to the resource managers. For the purpose of study, primary and secondary data are used. The collected information is analyzed with suitable financial and statistical tools to evaluate the budgeting system in the society.

Research design is an organized and systematic approach but not a collection of loose and unrelated parts. It refers to an integrated system which guides the researcher in formulating, implementing, and controlling the study. Useful research design is thus an integrated frame that always guides the researcher in the process of planning, organizing and executing the research work. A research design is the arrangement conditions for correction and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. (Kothari; 1990:39)

In every study or research work, data and information are the essential and a very important portion. This study would be an attempt to show the performance of Radio Nepal in the various steps of discharging its functions to plan and control profit. Profit planning and control of Radio Nepal is presented analyzed by descriptive research design, and analytical method. A study design is arrangement of conditions for correction and analyze of data in a manner that aims to combine relevance to the study purpose with the economy in producer. These studies with an intensive based on analysis of the past financial performance.

To fulfill the objective of the study primary as well as secondary data will be used and study design will be descriptive as well analytical to analyze the company's performance.

3.2 Nature, Sources and Collection of Data

3.2.1 Population and Sample

The large group, about which the generalization is made, is called the population under study or the universe, and small portion on which the study is made is called sample of the study.

Research population would be the Radio Broadcasting organizations of Nepal. Due to various circumstances it would not be possible to make attempt all the number of research population regarding in this dissertation. To convenient the research, only one Radio Nepal will be termed for the research purpose.

3.2.2 Sources of Data

Nature and source of data of this research is primary as well as secondary as they have been collected from concerned authority.

3.2.2.1 Primary Source of Data

Primary source of data are the data which original in nature collected by direct by the researcher himself/ herself to the field these data are not used by other people and are collected by the researcher himself/herself data are for the fulfillment of his research work. Primary data are collected mainly through questionnaire and an informed introduce with concern employers in Radio Nepal.

3.2.2.2 Secondary Source of Data

Data already used are the secondary source of data. Secondary data have been taken mainly from annual reports, auditors, reports, payment and receipt accounts, income and expenditure statements balance sheet, cost detail sheet, previous thesis and other recent published and unpublished documents related to ‘Radio Nepal’ the research has tried to cover the activities of Radio Nepal . For last seven years’ data from FY 2060/61 BS to FY 2066/67 BS are taken for the purpose of study.

3.3 Data Analysis Tools and Techniques

To satisfy the research questions different statistical as well as accounting tools have been used in this research work.

3.3.1 Statistical tools

For the purpose of analysis and presentation of research work in beautiful manner different statistical tools and techniques have been used in this thesis. It is hoped that the tool and techniques will be sufficient enough to present the analysis and findings of the research work in a simple way.

- Data tabulation
- graphic approach
- correlation
- mean
- time series
- coefficient of variation
- Standard deviation etc.

have been used for the sake of tabulation of data and comparative study the operational and non-operational cost and the revenue of the organization.

3.3.2 Accounting tools

Accounting tools as per the demand of the study, the revenue and expenditure needs to be compared so as to know how much this organization is efficient to maintain proper relation among the expenditures and income items. It has applied different approach of maintaining profit planning and controlling in future. Such as

- Sales budget
- Expenditure budget
- Performance report etc. is used.

Chapter 4

Data Presentation and Analysis

4.1 Sales Plan of Radio Nepal

Sales refers to the advertisement and programmes revenue in the context of Radio Nepal. Sales is the major source of income and profit. The sales plan is presented in a realistic way. If the sales plans are unrealistic, then all other elements of profit plans will be out of reality. Radio Nepal produces programmes and advertisement as its products and they are broadcasted from Amplitude Modulation (AM) as well as Frequency Modulation (FM) stations. Some important programmes like news, views, a few songs and popular informative programmes are also kept in the website of Radio Nepal. Advertisement is not made on internet, so there is no income from it. But the same programme produced once are played in all the three medias like AM, FM and Internet. Income and expenditure is incurred in the total basis in head quarter only. Spending on all the management of AM, FM and Internet Radio services but not having income from internet causes high cost.

In the following table the comparison has been made between the total income and expenditure of last seven years.

4.2 Comparative Study of Total Income and Expenditure of Radio Nepal

Table No:-1

(In Rs.)

Fiscal Year (B.S.)	Yearly Income	Yearly Expenditure	Profit/Loss	%Change
2060/61	9,41,08,000	16,58,49,000	(7,17,41,000)	0
2061/62	8,82,93,000	15,46,01,000	(6,63,08,000)	(7.57)
2062/63	9,15,35,000	15,66,57,000	(6,51,22,000)	(1.78)
2063/64	9,05,06,000	16,18,31,000	(7,13,25,000)	9.52
2064/65	9,39,22,000	17,12,69,000	(7,73,47,000)	8.44
2065/66	9,43,44,000	19,30,24,000	(9,86,80,000)	27.58
2066/67	10,51,05,000	21,15,41,000	(10,64,36,000)	7.85
Average	9,39,73,285.71	17,35,38,857.1	(7,95,65,571.43)	6.29

Source: - Unpublished records of Radio Nepal

The table no:-1 shows the total yearly income and expenditure of Radio Nepal of seven fiscal years from FY 2060/61 BS to FY 2066/67 BS. The comparison of income and expenditure from the FY 2060/61 to FY 2066/67 BS shows the negative difference. In the FY 2060/61 BS, total yearly income was Rs. 94,108,000 and expenditure of that fiscal year was Rs. 16,58,49,000, resulting loss of Rs.7,17,41,000. Similarly, the difference between total income and total expenditure was again Rs. -6,63,08,000 in FY 2061/62 BS, Rs.-6,51,22,000 in FY 2062/63 BS, Rs 7,13,25,000 in FY 2063/64 BS, Rs. -7,73,47,000 in FY 2064/65BS, Rs. 9,86,80,000 in FY 2065/66 BS ,Rs. -10,64,36,000 in FY 2066/67 BS. In this way, Radio Nepal has suffered loss all the time in the duration of 7 fiscal years.

Both income and expenditure have fluctuated from the average actual income and expenditure of Radio Nepal. In FY 2061/62 BS and FY 2066/67 BS, actual income varies mores from the average income by Rs.-56,80,285.71 and Rs.1,11,31,714.29 respectively than in other fiscal years. In the same way, the actual expenditure also has more gap with the average expenditure in the FY 2061/62 BS and FY 2066/67 BS, and the difference is of Rs. -1,89,37,857.1 and Rs.3,80,02,142.9 respectively. Other income and expenditure figures are not so much fluctuated to make big gap between the actual and average income and expenditure of Radio Nepal. The loss has fluctuated in the FY 2065/66 BS and FY 2061/62 BS with the highest percentage of 27.58 and -7.57 in comparison to the average change.

Diagram No:-1

Comparison between Total Income and Expenditure of Radio Nepal

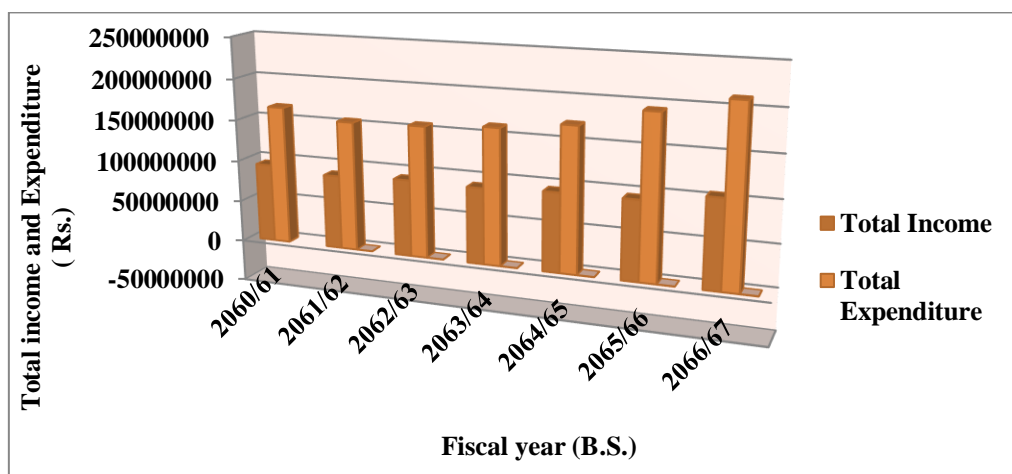
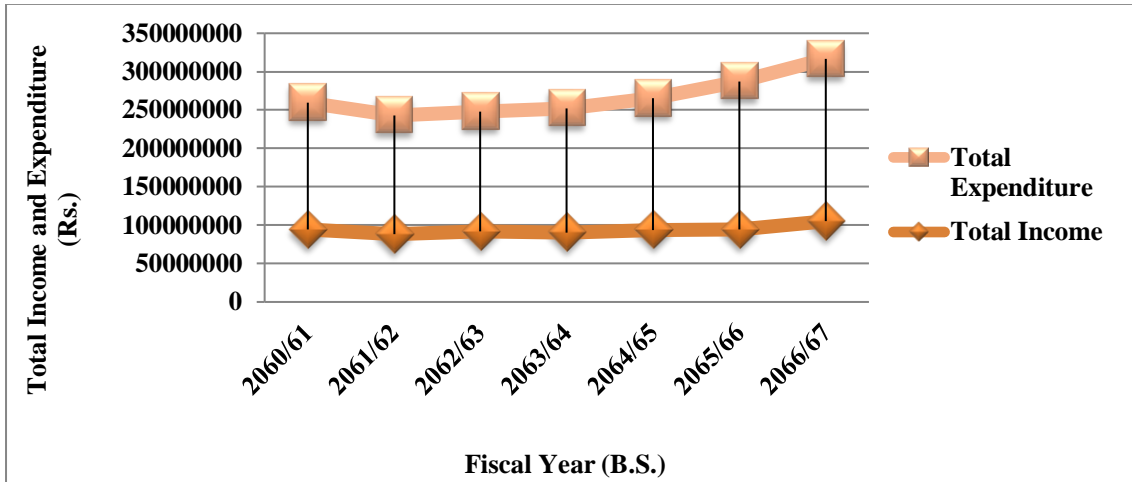


Diagram No:-2

Trend of Total Income and Expenditure of Radio Nepal

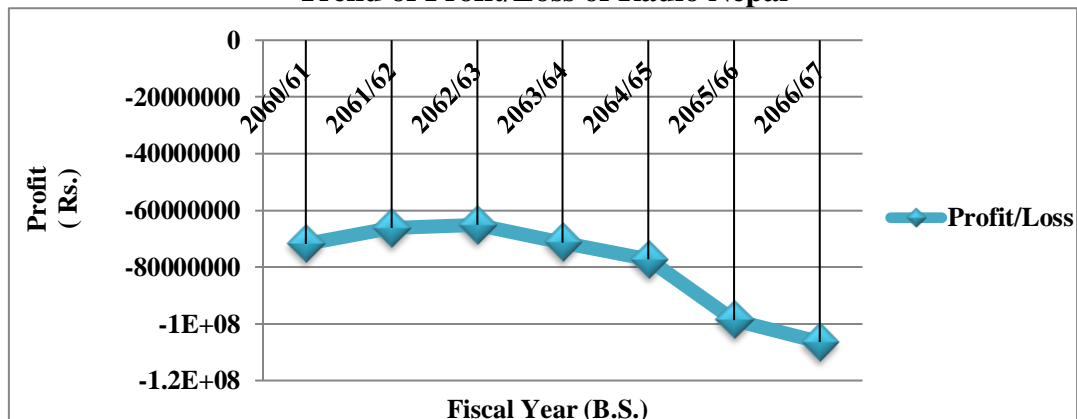


4.3 Trend Analysis of Profit/Loss

There are various factors causing such a big loss every year. On the one hand, the major source of income, i.e. programme and advertisement revenue is not sufficient enough to balance between the increasing expenses and on the other hand, the expenses on employees are too high. Due to these reasons the gap of expenditure an income is very big. According to the table no:- 1, Radio Nepal was in the loss of Rs. 71,744,000 in FY 2060/61 BS, which has slightly decreased by 7.57% followed by the decrease of 1.79% in FY 2062/63 BS. But the loss has increased by 9.53% in 2063/64 BS followed by the increases of 8.44% in FY 2064/65 BS. Similarly, the increment in loss is Rs. 27.58% in FY 2065/66 BS and again increases by 7.86% in FY 2066/67 BS.

Diagram No:-3

Trend of Profit/Loss of Radio Nepal



In the table no:- 1, loss tends to decrease in the first two years of FY 2061/62 and FY 2062/63 BS, but it has continuously increased up to FY 2066/67 BS. Behind this, increasing electricity charges due to load-shedding problems, unnecessary employees in number causing increase in the total expenditure are more responsible. The insufficient income from programmes and advertisement due to the cut-throat competition in the market of radio-broadcasting service in Nepal has also resulted loss.

4.4 Major Sources of Income of Radio Nepal

Table No:-2
Analytical Table **(In Rs.)**

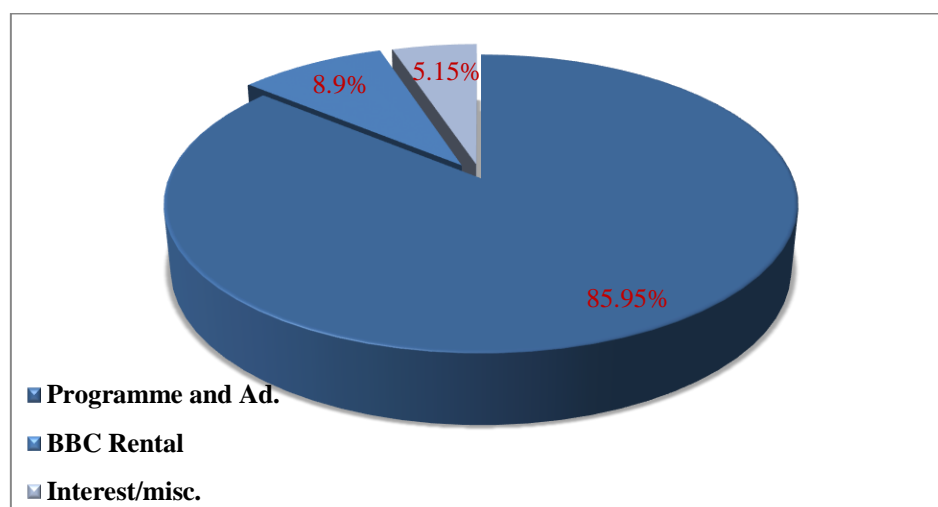
Fiscal Year (B.S.)	Programme and Ad. Income	BBC Rental Income	Interest/ misc. Income	Total Income	% Change
2060/61	8,73,72,000	30,18,000	37,18,000	9,41,08,000	0
2061/62	7,98,72,000	53,97,000	30,24,000	8,82,93,000	-6.17
2062/63	7,94,62,000	96,24,000	24,49,000	9,15,35,000	3.67
2063/64	7,47,93,000	1,22,62,000	34,51,000	9,05,06,000	- 1.12
2064/65	8,03,65,000	93,59,000	41,98,000	9,39,22,000	3.77
2065/66	7,95,70,000	92,96,000	54,78,000	9,43,44,000	0.44
2066/67	8,39,44,000	96,01,000	1,15,60,000	10,51,05,000	11.40
Average	8,07,68,285.71	83,65,285.71	4,83,97,14.29	9,39,73,285.71	
In Percent	85.95	8.9	5.15	100	

Source: - Unpublished records of Radio Nepal

The table No:-2 shows the major sources of income of Radio Nepal. Different source of income are contribution to make the total income of Radio Nepal. Major source of income is from programmes and advertisement whereas BBC Rental and Interest or miscellaneous cover a little shares in the total income. Programme and advertisement produce 85.95% of the total income; BBC Rental covers 8.9% and 5.15% by Interest and Miscellaneous. Total income of FY 2060/61 BS is Rs. 94,108,000, which decreased by 6.18 in FY 2061/62 BS. In FY 2062/63, total income increases by 3.67%. In FY 2063/64 BS, total income decreases by 1.12%. But it increases in FY 2065/66 BS, FY 2065/66 BS and FY 2066/67 BS is by 3.77%, 0.45% and 11.41 respectively.

Figure No: -3

Major Sources of Income of Radio Nepal in a Pie-Chart



4.5 Major Shares of Different Expenses in the Total Expenditure of Radio Nepal

Table No:-3

Analytical Table

(In Rs.)

Fiscal Year (B.S.)	Employees Expenses	Operating Expenses	Capital Expenses	Total Expenditure	% Change
2060/61	7,02,32,000	7,88,07,000	1,68,10,000	16,58,49,000	0
2061/62	7,56,92,000	6,65,38,000	1,23,71,000	15,46,01,000	-6.78
2062/63	7,95,29,000	5,93,25,000	1,78,03,000	15,66,57,000	1.32
2063/64	8,78,05,000	6,45,46,000	94,80,000	16,18,31,000	3.30
2064/65	11,11,06,000	4,54,70,000	1,46,93,000	17,12,69,000	5.83
2065/66	11,48,27,000	6,87,61,000	94,36,000	1930,,24,000	12.70
2066/67	13,08,90,000	5,88,16,000	2,18,35,000	21,15,41,000	9.59
Average	9,57,25,857.14	6,31,80,428.57	1,46,32,571.43	1,73,53,8857.1	
In Percent	55.2	36.4	8.4	100	

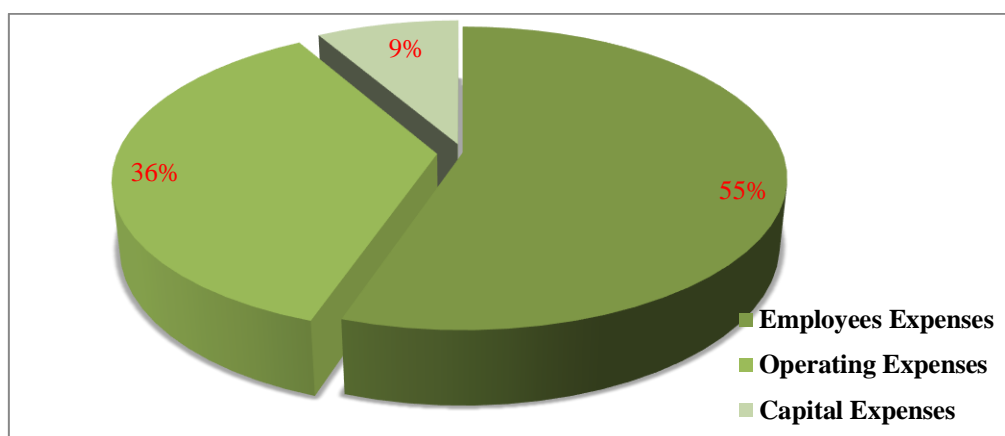
Source: - Unpublished records of Radio Nepal

The table no:-3 shows the major expenses on different titles in Radio Nepal. The total expenditure is the sum of employees' expenses, operating expenses and capital expenses. Major shares are of employees' expenses and operating expenses. Employees expenses is 55.2% in the total expenditure of the enterprise whereas

operating expenses and Capital expenses cover 34.4% and 8.4% respectively. Total expenditure of FY 2060/61 BS is Rs. 16,58,49,000, which decreased by 6.8% in FY 2061/62 BS. In FY 2062/63, total expenditure increases by 1.3%. In FY 2063/64 BS, total expenditure increases by 3.3%. Similarly, it increases in FY 2065/66 BS, FY 2065/66 BS and FY 2066/67 BS is by 5.8%, 12.7% and 9.5% respectively.

Figure No: 4

Major Shares of Different Expenses in the Total Expenditure of Radio Nepal



4.6 Income Statement Analysis of Radio Nepal

Income is computed by deducting all expenditure from turnover. It is surplus of sales over-expenditure. Income measures the real performance of the company. High income indicates good performance whereas low income indicates threat to the company. Value of income is received by deducting fixed and variable cost from sales. After the deduction of total cost from the total turnover, the net profit is obtained.

In the following income statement, the difference between income and expenditure for seven fiscal years represents the real income of Radio Nepal from FY 2060/61BS to FY 2066/67 BS. The detailed analysis of the income statement shows the poor performance of the organization as it has shown only loss throughout the period of seven fiscal years. The trend of change in the loss of the organization is given in percentage. From FY 2060/61 BS to 2066/67 BS, the changes on loss are -7.57% in FY 2061/62 BS, -1.78% in FY 2062/63 BS, 9.52% in FY 2063/64 BS, 8.44% in FY 2064/65 BS, 27.58% in FY 2065/66 BS and 7.85% in FY 2066/67 BS. This type of trend shows there is fluctuation in the amount of loss of Radio Nepal.

Table No: - 4**Income Statement of Radio Nepal****(In Rs. "000")**

S. N	Particulars	Fiscal Years(B.S.)						
		2060/ 061	2061/ 062	2062/ 063	2063/ 064	2064/ 065	2065/ 066	2066/ 067
1	Income Details							
a	Program/Advertise.	87372	79872	79462	74793	80365	79570	83944
b	B.B.C. Rental	3018	5397	9624	12262	9359	9296	9601
c	Interest/Misc.	3718	3024	2449	3451	4198	5478	11560
2	Total Income	94108	88293	91535	90506	93922	94344	105105
3	Expenditure Details							
a	Employees Expenses	70232	75692	79529	87805	111106	114827	130890
b	Operating Expenses	78807	66538	59325	64546	45470	68761	58816
c	Capital Expenses	16810	12371	17803	9480	14693	9436	21835
4.	Total Expenditure	165849	154601	156657	161831	171269	193024	211541
5.	Profit/Loss (2-4)	(71741)	(66308)	(65122)	(71325)	(77347)	(98680)	(106436)
6.	Increase/decrease %	0	(7.57)	(1.78)	9.52	8.44	27.58	7.85

Source: - Unpublished records of Radio Nepal

The table no: - 4 shows huge loss situation of Radio Nepal from the FY 2060/61 BS to FY 2066/67 BS. So past fiscal years of Radio Nepal were not having good performance. The expenditure of Radio Nepal needs to be controlled and the income sources of Radio Nepal should be increased by making the better performance through the application of planning and control techniques of PPC.

4.7 Trend Analysis

Table No:-5 (In Rs.)

Trend of Programmes and advertisement Revenue

Fiscal Year (B.S.)	Programmes and Advertise Income	% Change
2060/61	8,73,72,000	
2061/62	7,98,72,000	-8.58
2062/63	7,94,62,000	-0.51
2063/64	7,47,93,000	-5.87
2064/65	8,03,65,000	7.44
2065/66	7,95,70,000	-0.98
2066/67	8,39,44,000	5.49
Average	8,07,68,286	-0.43

Source: Unpublished records of Radio Nepal

The table no:-5 shows the trend of programmes and advertisement income of Radio Nepal from FY 2060/61 BS to FY 2066/67 BS. It has continuously decreased up to FY 2063/64 BS from the FY 2060/61 BS. In FY 2060/61 BS, it was Rs. 8,73,72,000 which decreased by 8.58% in FY 2061/62 BS, by 0.51% in FY 2062/63 BS, by 5.87% in FY 2063/64 BS. Then it can be observed a slight increase of about 7.44% in the FY 2064/65 BS. There is again a decrease of .98% in FY 2065/66 BS and in FY 2066/67 BS the programmes and advertisement income has decreased by 5.49%. This type of trend in programmes and advertisement revenue is not good. This gives the indication of poor performance of the organization because most of the time the revenue is in decreasing mode. The planning and policy of the organization as well as management inefficiency may also have played role in it. The cut throat competition in the market can also be another cause. The situation of the country is also going under the crisis of law and order and the business organizations are also going to decrease their activities and number in also becoming low. Political interference in the activities and price determination of the product can also be another cause of poor inflow from the programmes and advertisement income. In the FY 2066/67 BS the table shows positive shows increase in the income of programmes and advertisement income which is the potential for the good future of the organization.

The average figure of programmes and advertisement income shows the past trend of the income from FY 2060/61 BS to FY 2066/67 BS. The average programme and

advertisement income was Rs.8,07,68,286 and the average fluctuation was -0.43%.The negative fluctuation shows decreasing trend in the past years.

The trend of programme and advertisement can be observed in the following bar-diagram and trend line.

Diagram No:-4
Trend of Programmes and Advertisement Revenue

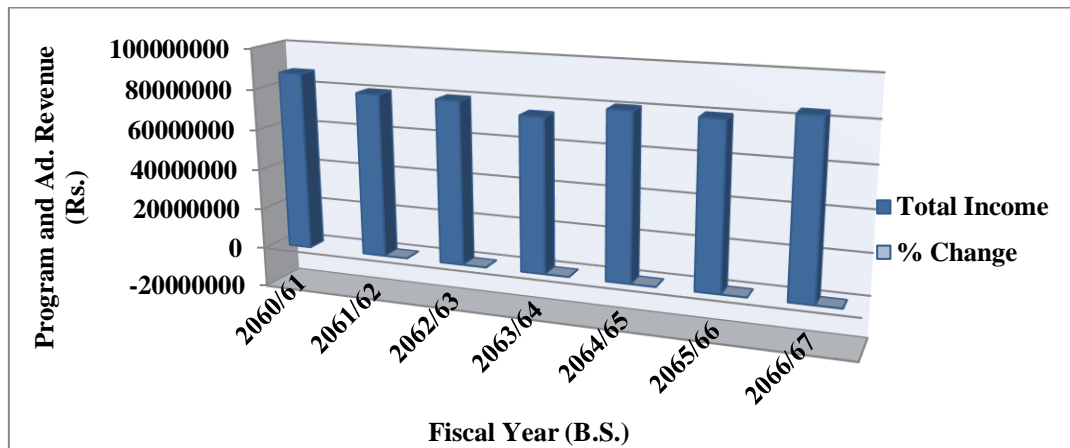
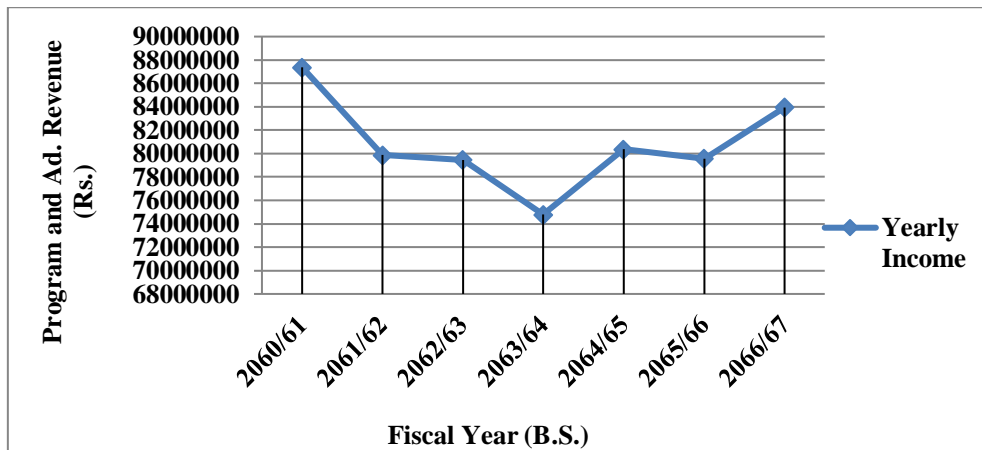


Diagram No:-5
Trend of Programmes and Advertisement Revenue



4.8 Budget Analysis

Table No:-6

Programme and Advertisement Revenue Budget (In Rs.)

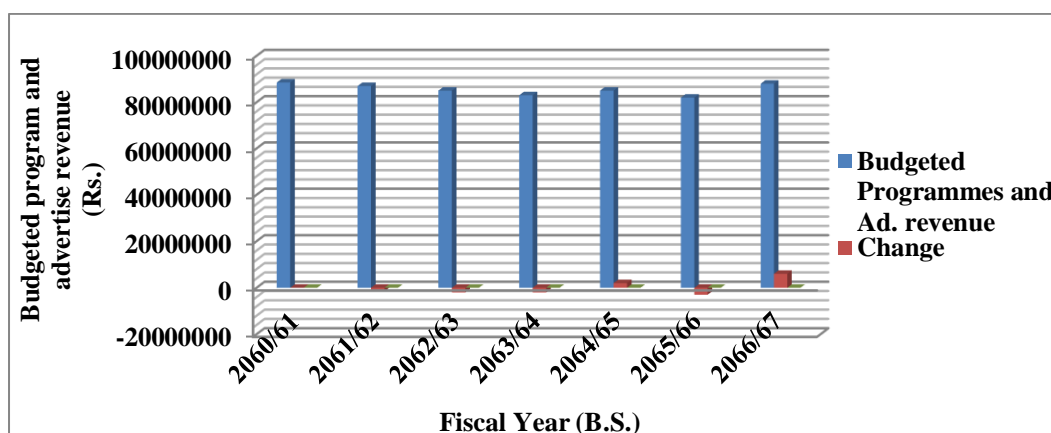
Fiscal year (B.S.)	Budgeted Program and Advertise revenue	Change	% Change
2060/61	8,85,00,000	0	0
2061/62	8,70,00,000	(15,00,000)	- 2
2062/63	8,50,00,000	(20,00,000)	-2
2063/64	8,30,00,000	(20,00,000)	-2
2064/65	8,50,00,000	(20,00,000)	2
2065/66	8,20,00,000	(30,00,000)	-4
2066/67	8,80,00,000	60,00,000	7

Source: Unpublished records of Radio Nepal

In the table no: - 6, the budgeted programmes and Ad. Revenue of the last 7 years is presented. In FY 2060/61 BS, budgeted revenue was Rs. 8,85,00,000, which was decreased by 2% up to FY 2063/64 BS continuously than the previous fiscal year. In FY 2064/65 BS, the budget was increased than the fiscal year FY 2063/64 BS by 2% and the amount reached to Rs. 8,50,00,000. After that, the budgeted programme and Ad. Revenue was again decreased by 4 % the last year's situation. But the trend of budgeted income takes positive change and reaches Rs.8,80,00,000 with a increase of 7% of the previous budgeted amount. After the study of the budgeted programme and Ad. Revenue, this becomes clear that the budgeting is under control of some factors like the market situation, political environment, development of the industries, situation of the resources available in the organization etc. When there is change, the budget also changes.

Diagram No:-6

Programmes and Advertisement Revenue Budget



4.9 Programme and Ad. Revenue Budget and Achievement of Radio Nepal

Table No: - 7

Calculation of Achievement of the Budgeted Prog. & Ad. Revenue (In Rs.)

Fiscal year (B.S.)	Budgeted Program and Ad. Revenue	Actual Programme and Ad. Revenue	Achievement (%)	Variance (Favourable/Unfavourable) (Budgeted Sales – Actual Sales)	
				In Amount	%
2060/61	8,85,00,000	8,73,72,000	98.7.	11,28,000	1.3
2061/62	8,70,00,000	7,98,72,000	91.8	71,28,000	8.2
2062/63	8,50,00,000	7,94,62,000	93.4	55,38,000	6.6
2063/64	8,30,00,000	7,47,93,000	90.1	82,07,000	9.9
2064/65	8,50,00,000	8,03,65,000	94.5	46,35,000	5.5
2065/66	8,20,00,000	7,95,70,000	97	24,30,000	3
2066/67	8,80,00,000	8,39,44,000	95.3	40,56,000	4.7

Source: Unpublished records of Radio Nepal

The table no:-7 shows the comparison between budgeted and actual programmes and advertisement income of Radio Nepal from FY 2060/61 BS to FY 2066/67 BS. In the comparison there is seen satisfactory achievement as the percentage of achievement is close to 100 %. The achievement of fiscal year FY 2060/61 BS is 98.7 % with

unfavourable variance of 1.3%. It is the highest achievement Radio Nepal has ever obtained during the period of seven years. The budgeted figures have fluctuated in different fiscal years of the period. In FY 2060/61 BS, budgeted programmes and Advertisement was Rs.8,85,00,000 which had decreased by Rs. 15,00,000 in fiscal year FY 2061/62 BS. It was Rs.8,50,00,000 in fiscal year FY 2062/63 BS. It was Rs.8,30,00,000 in FY 2063/64 BS, again in FY 2064/65 BS it fluctuated with the increase to Rs.8,20,00,000. Similarly, the revenue from programmes and advertisement was collected with the sum of Rs.8,20,00,000 in FY 2065/66 BS and it increased to Rs.8,80,00,000 in FY 2066/67 BS. The budgeted figure seems fluctuating during the period of seven years, which indicates that the sales planning is very sensitive to the internal and external environmental phenomenon. So the budgeted figure has sometimes increased and sometimes decreased. The revenue of FY 2066/67 BS tends to increase, which seems aggressive to make a large share in the market.

In the same way, fluctuation in actual programmes and advertisement revenue is positively related with the fluctuation in budgeted programmes and advertisement revenue. In FY 2060/61 BS, it was Rs.8,73,72,000 which decreased to Rs. 7,98,72,000 in FY 2061/62 BS. It continued to decrease in FY 2062/63 BS and reached to Rs. 7,94,62,000, but it was a slight decrease only of about 0.51%. In FY 2063/64 BS, the programmes and advertisement income further decreased to Rs. 7,47,93,000. But after the time period, it increased to Rs. 8,03,65,000 in FY 2064/65 BS. The trend of increase could not sustain and decreased to Rs. 7,95,70,000 in FY 2065/66 BS. In the fiscal year FY 2066/67 BS, the revenue from programme and advertisement has increased to Rs. 83,9,44,000.

The achievement of Radio Nepal in FY 2060/61 BS was 98.7 % which has decreased to 91.8% in FY 2061/62 BS. The budgeted and actual programmes and advertisement revenue have both decreased but the proportional decrease is not seen. So the achievement varies to each other in the different fiscal years. In FY 2062/63 BS, the organization has achieved 93.4% out of budgeted figure. But in FY 2063/64 BS, only 90.1% achievement in budgeted programmes and advertisement revenue is seen. In FY 2064/65 BS 94.5% of revenue, in the FY 2065/66 BS, it is 97% and in FY 2066/67 BS, 95.3% of achievement is obtained by the organization in the budgeted programmes and achievement revenue.

The fluctuation in the budget and the actual programmes and advertisement revenues seems positively correlated. So we can say the budgeting on the revenue has caused some similar fluctuation in the actual performance report. So budgeting more can increase the actual revenue too.

On the other hand, the variance between budgeted and actual programmes and advertisement revenue is unfavourable throughout the period of seven years. The budgeted and the actual programmes and advertisement revenue have not matched in any fiscal year. Actual performance figure is lower than the budgeted figure. In this case the budgeting errors or the other factors present in the organizational or the external environment might have caught this situation.

The budgeted programmes and advertisement has not continuously increased. It has generally fluctuated. In the beginning of the fiscal years it has decreased and at the ending years it has increased to some extent.

The variance is unfavourable generally in all fiscal years. But it is not seen in two digits. In the fiscal year FY 2060/61 BS, the 1.3% unfavourable variance has been reported. It increased to 8.2% in FY 2061/62 BS. The unfavourable variance is caused by the low achievement as actual figure is below the budget figure. So there the political or technical aspect of the enterprise itself might have caused the unfavourable remark. In FY 2062/63 BS, the unfavourable variance has decreased to 6.6% but again, it increased to 9.9% in FY 2063/64 BS. In the ending years, the unfavourable variance has been lower and lower. In FY 2064/65 BS, 5.5% unfavourable variance is seen, which further decreases to 3% and in FY 2066/67 BS, it is 4.7% unfavourable variance. So the report of unfavourable variance says that the perfection can be realized in the performance or the budgeting of the organization.

4.10 Calculation of arithmetic mean, standard deviation, coefficient of variation, correlation and probable error of Budgeted and Actual Programmes and Ad. Revenue

Calculation Table

Table No:-8

(In Rs. '00000')

Fiscal Year (B.S.)	Budgeted Program and advertise (X)	Actual Program and advertise (Y)	$x = X - \bar{X}$	$y = Y - \bar{Y}$	x^2	y^2	xy
2060/61	885	873.72	30	66.04	900	4361.28	1981.2
2061/62	870	798.72	15	-8.96	225	80.28	-134.4
2062/63	850	794.62	-5	-13.06	25	170.56	65.3
2063/64	830	747.93	-25	-59.75	625	3570.06	1493.75
2064/65	850	803.65	-5	-4.03	25	16.24	20.15
2065/66	820	795.7	-35	-11.98	1225	143.52	419.3
2066/67	880	839.44	25	31.74	625	1008.69	794
N=7	$\Sigma X = 5985$	$\Sigma Y = 5653.78$	$\Sigma x = 0$	$\Sigma y = 0$	$\Sigma x^2 = 3650$	$\Sigma y^2 = 9350.64$	$\Sigma xy = 4639.3$

Source: Unpublished records of Radio Nepal

Calculation of Mean, Standard Deviation and Coefficient of variation

1. For Budgeted programmes and Advertisement Revenue:

$$\begin{aligned}
 \text{a) Mean } (\bar{X}) &= \frac{\Sigma X}{N} \\
 &= \frac{5,985}{7} \\
 &= 855
 \end{aligned}$$

$$\text{b) S. D. } (\sigma_x) = \sqrt{\frac{(\sum x^2) - \frac{(\sum x)^2}{N}}{N}}$$

$$= \sqrt{\frac{3650}{7}}$$

$$= \sqrt{521.4}$$

$$= \sqrt{521.4}$$

$$= 22.8$$

$$\text{c) C.V.} = \frac{\sigma_x}{\bar{X}}$$

$$= \frac{22.8}{855}$$

$$= 0.027$$

2. For Actual Programmes and Advertisement Revenue:

$$\text{a) Mean } (\bar{Y}) = \frac{\sum Y}{N}$$

$$= \frac{5,653.78}{7}$$

$$= 807.68$$

$$\text{b) S. D. } (\sigma_y) = \sqrt{\frac{(\sum y - \bar{Y})^2}{N}}$$

$$= \sqrt{\frac{y^2}{N}}$$

$$= \sqrt{\frac{9350.64}{7}}$$

$$= \sqrt{1335.8}$$

$$= 36.5$$

$$\text{c) C.V.} = \frac{\sigma_y}{\bar{Y}}$$

$$= \frac{36.5}{807.68}$$

$$= 0.045$$

$$\begin{aligned} \text{3. Calculation of Correlation Coefficient (r)} &= \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}} \\ &= \frac{4,639.3}{\sqrt{3,650} \sqrt{9,350.64}} \\ &= \frac{4,639.3}{60.4 \times 96.7} \\ &= \frac{4,639.3}{5,840.7} \\ &= 0.794 \approx 0.8 \end{aligned}$$

4. Calculation of probable error

$$\begin{aligned}
 P. E. (r) &= 0.6745 \times \frac{1-r^2}{\sqrt{n}} \\
 &= 0.6745 \times \frac{1-(0.794)^2}{\sqrt{7}} \\
 &= 0.6745 \times \frac{1-0.630}{2.646} \\
 &= 0.094
 \end{aligned}$$

The calculated value of Probable Error is 0.094 considering Probable Error PE(r). It is found that the value of 'r' is more than PE(r), i.e. [0.794 > 0.094]. So, it can be concluded that the calculated value of 'r' is significant and actual sales well go in the same direction of budgeted sales.

The correlation value of 'r' is 0.794 \approx 0.8. The value of 'r' shows that there is positive correlation between budgeted and actual programmes and advertisement revenue. Increase in the budgeted revenue tends to increase the actual revenue from programmes and advertisement. So, more budgeted revenue helps to increase more actual revenue.

Summary of the above calculations: -

(In Rs.'00000')

Statistical Tools	Budgeted Programmes and Ad. Revenue (X)	Actual Programmes and Ad. Revenue (Y)
Mean	855	807.68
S.D.	22.8	36.5
c.v.	0.027	0.045
Correlation(r)	0.794	
P.E.	0.094	

From the above table it is easy to say that the target or budgeted sales of programmes and advertisement are more deviated from the actual programmes and ad. revenue in different fiscal year. It also gives the signal that budgeting is very poor in Radio Nepal. Sales achievement is not significant over the period of time in the enterprise similarly there is no consistency between the actual and budgeted sales. To find out

the correlation between budgeted and actual sales of advertisement and programmes, formula of coefficient of correlation has been used. For this purpose budgeted sales (X) is assumed to be independent variable and actual sales (Y) is assumed to be dependent variable. The assumption in such case is that actual sales will increase or decrease with respect to sales target. This means there should be positive or negative correlation between X and Y variables. To know the significance of the calculated value of r, probable error (PEr) is calculated. If the PEr is less than the correlation coefficient, the calculated value if r is regarded as significant.

The regression line is a useful tool not only to find out the relationship between the budgeted and actual sales but also to forecast the possible actual sales with given budgeted figure. For this purpose the actual sales achievements have assumed upon budgeted sales. So the regression line y on x is

$$[Y - (\bar{Y})] = r \frac{\sigma_y}{\sigma_x} [X - (\bar{X})]$$

Where,

$$\text{Budgeted mean } (\bar{X}) = 855$$

Budgeted standard deviation (σ_x) = 22.8, and

$$\text{Actual mean } (\bar{Y}) = 807.68$$

Actual standard deviation (σ_y) = 36.5

$$r (XY) = 0.794$$

Then,

$$Y - 807.68 = 0.794 \frac{36.5}{22.8} [X - 855]$$

$$Y = 1.271x - 279.108$$

By the regression equation, we can see there is positive relationship between budgeted sales and actual sales in this way, we can forecast the amount of actual sales for the upcoming years if the trend doesn't change. With the help of this equation we can also

ascertain expected sales revenue from programme and advertisement. Like as it is presented below: -

For FY 2067/68 BS with Expected or target revenue from Programme and Ad Rs. 900

$$Y=1.271 \times 900 - 279.108$$

$$= \text{Rs.}864.792 \text{ (00000)}$$

4.11 Trend Analysis of Actual sales and profit/loss of Radio Nepal

Table No:-9 (In Rs.)

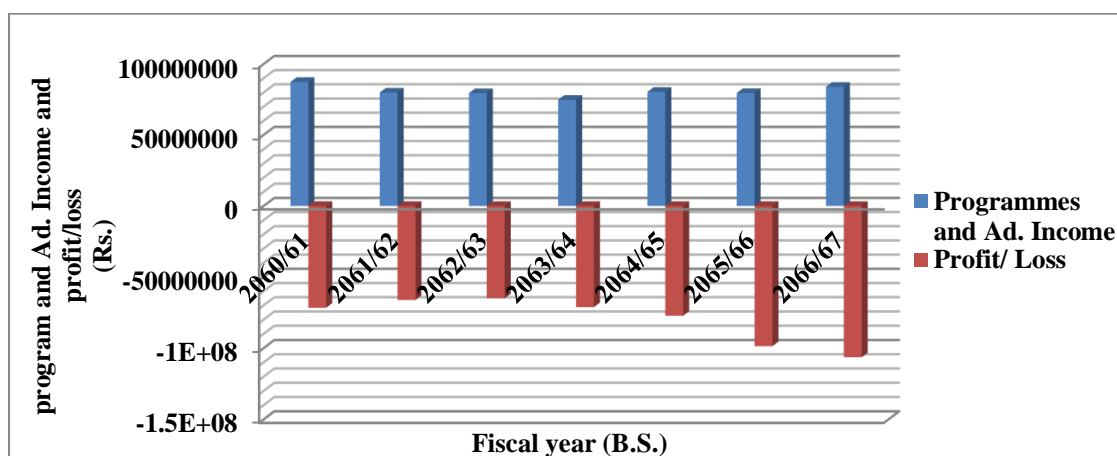
Fiscal Year (B.S.)	Actual programmes and advertisement Revenue	Profit /loss
2060/61	8,73,72,000	(7,17,41,000)
2061/62	7,98,72,000	(6,63,08,000)
2062/63	7,94,62,000	(6,51,22,000)
2063/64	7,47,93,000	(7,13,25,000)
2064/65	8,03,65,000	(7,73,47,000)
2065/66	7,95,70,000	(9,86,80,000)
2066/67	8,39,44,000	(10,64,36,000)
Average	80768285.71	(7,95,65,571.43)

Source: Unpublished records of Radio Nepal

Above table shows that Radio Nepal is suffering a huge amount of loss from the FY 2060/61 BS to FY 2066/67 BS. Actual programmes and advertisement revenue is in a situation where the amount of loss is greater than it. From FY 2060/61 BS to FY 2064/65 BS, the programmes and advertisement revenue is greater than loss, but in fiscal year FY 2065/66 BS and FY 2066/67 BS the loss amount is excess than the sales revenue from advertisement and programmes. The loss is in increasing trend as we observe the above trend. The administrative costs, other non-production cost, high cost of operation should be controlled by the organization. This step can help to increase the profit with the reduction in loss of the past years.

Diagram No:-7

Comparison between Programmes and Ad. Income and Profit/loss



Average programme and advertisement income and the average fluctuation help to show the trend of the income and the loss of the past years from FY 2060/61 BS to FY2066/67 BS. The average programme and advertisement income was Rs.80768285.71 and the average loss was Rs.7,95,65,571.43. From the figure no. 13, the trend of the revenue and the loss seems like fluctuating proportionately.

4.12 Calculation of Correlation Coefficient of Actual Programmes and Ad. Revenue with Profit/loss

Table No:-10

Calculation Table (In Rs. “00000”)

Fiscal Year (B.S.)	Actual Programmes and advertisement (X)	Profit/ Loss (Y)	$x = X - \bar{X}$	$y = Y - \bar{Y}$	X^2	y^2	xy
2060/61	873.72	-717.41	66.02	78.25	4361.2816	6123.0625	5167.63
2061/62	798.72	-663.08	-8.96	132.58	80.2816	17577.456	-1187.92
2062/63	794.62	-651.22	-13.06	144.41	170.5636	20862.914	-1886.39
2063/64	747.93	-713.25	-59.75	82.41	3570.0625	6791.4081	-4924
2064/65	803.65	-773.47	-4.03	22.19	16.2409	492.3961	-89.4257
2065/66	795.7	-986.8	-11.98	-191.14	143.5204	36534.5	2289.86
2066/67	839.44	-1064.4	31.76	-268.7	1008.6976	72199.69	-8533.91
N=7	$\sum X = 5653.78$	$\sum Y = -5569.59$	$\sum x = 0$	$\sum y = 0$	$\sum x^2 = 9350.65$	$\sum y^2 = 160581.43$	$\sum xy = -9164.15$

Source: Unpublished records of Radio Nepal

Calculation of Mean, Standard Deviation and Coefficient of variation:-

1. For Actual Programmes and Advertisement Revenue:

$$\begin{aligned}\text{a) Mean } (\bar{X}) &= \frac{\sum X}{N} \\ &= \frac{5653.78}{7} \\ &= 807.68\end{aligned}$$

$$\begin{aligned}\text{b) S. D. } (\sigma_x) &= \sqrt{\frac{(\sum X - \bar{X})^2}{N}} \\ &= \sqrt{\frac{\sum X^2}{N}} \\ &= \sqrt{\frac{9350.64}{7}} \\ &= \sqrt{1335.8} \\ &= 36.5\end{aligned}$$

$$\begin{aligned}\text{c) C.V.} &= \frac{\sigma_x}{\bar{X}} \\ &= \frac{36.5}{807.68} \\ &= 0.045\end{aligned}$$

2) For Profit or loss:

$$\begin{aligned}\text{a) Mean } (\bar{Y}) &= \frac{\sum Y}{N} \\ &= \frac{-5569.59}{7} \\ &= -795.66\end{aligned}$$

$$\text{b) S. D. } (\sigma_y) = \sqrt{\frac{(\sum y - \bar{Y})^2}{N}}$$

$$= \sqrt{\frac{y^2}{N}}$$

$$= \sqrt{\frac{160581.43}{7}}$$

$$= \sqrt{22940.2}$$

$$= 151.46$$

$$\text{c) C.V.} = \frac{\sigma_y}{\bar{Y}}$$

$$= \frac{151.46}{-795.66}$$

$$= -0.19$$

$$\text{d) Calculation of Correlation Coefficient } (r) = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}}$$

$$= \frac{-9164.15}{\sqrt{9,350.65} \sqrt{1,60,581.43}}$$

$$= \frac{-9164.15}{96.7 \times 400.7}$$

$$= \frac{-9164.15}{38747.69}$$

$$= -0.2365 \approx -0.24$$

The correlation value of 'r' is $-0.2365 \approx -0.24$. The value of 'r' shows that there is negative correlation between Actual programmes and advertisement and profit/loss. Increase in the actual revenue from programmes and advertisement and decrease in profit/loss or vice versa. So must be careful about sales revenue and profit/loss.

4.13 Forecast of Actual Programmes and Ad. Revenue and Profit for the Coming Fiscal Years

Table No: - 11

Trend Calculation (In Rs.)

Fiscal Year (B.S.)	Actual Programmes and Ad. Revenue (y)	x=X-A	x ²	xy
2060/61	8,73,72,000	-3	9	-26,21,16,000
2061/62	7,98,72,000	-2	4	-15,97,44,000
2062/63	7,94,62,000	-1	1	-7,94,62,000
2063/64	7,47,93,000	0	0	0
2064/65	8,03,65,000	1	1	8,03,65,000
2065/66	7,95,70,000	2	4	15,91,40,000
2066/67	8,39,44,000	3	9	25,18,32,000
Total	∑y = 56,53,78,000	∑x = 0	∑x ² = 28	∑xy = -99,85,000

Source: Unpublished records of Radio Nepal

(Note: - When number of years given in that case, we take difference between successive years from middle year as variable)

We have,

Trend Line $Y = a + bX$

$$a = \frac{\sum Y}{N} = \frac{56,53,78,000}{7} = \text{Rs. } 8,07,68,285.71$$

$$b = \frac{\sum XY}{\sum X^2} = \frac{-99,85,000}{28} = -3,56,607.14$$

$Y = a + bX$

$$= \text{Rs. } 8,07,68,285.71 - 3,56,607.14x$$

The actual programmes and advertisement for different period of time is fluctuating. It has decreased in the previous years. And the following years has increasing trend. The bar diagram and the trend line of programmes and advertisement shows negative figure for future. By using the trend equation, we can estimate the actual programmes and advertisement revenue for FY 2067/68 BS.

The value of Y for the FY 2067/68 BS is equal to 4 (base year 2063/64 = 0) the programmes and advertisement revenue for this year will be

$$\begin{aligned}
Y &= a+bX \\
&= \text{Rs.}8,07,68,285.71-3,56,607.14X \\
&= \text{Rs.}8,07,68,285.71-3,56,607.14 \times 4 \\
&= \text{Rs. } 7,93,41,857
\end{aligned}$$

If the trend equation does not change the possible programme and advertisement for FY 2068/69 BS will be Rs. 7,89,85,250. The percentage of actual achievement over budgeted one is increasing year after year. The reason behind such favourable situation must be identified whether reason is due to good planning programme and advertisement or good environment favourable to the implementation side. The variance of the budget and actual is lower and lower towards the following years, which tends to zero. It was 9.9% in FY 2063/64 BS, 5.5% in FY 2064/65 BS and 3% in FY 2065/66 BS and at the ending period of fiscal year only 4.7%.

4.14 Trend Analysis of the other Income and Expenditure Items of Radio Nepal

Table No:-12
Yearly Income from BBC Rental charges (In Rs.)

Fiscal Year (B.S.)	Income from BBC Rental	% Change
2060/61	30,18,000	0
2061/62	53,97,000	78.82
2062/63	96,24,000	78.32
2063/64	1,22,62,000	27.41
2064/65	93,59,000	-23.67
2065/66	92,96,000	-0.67
2066/67	96,01,000	3.28
Average	83,65,285.7	23.36

Source: Unpublished records of Radio Nepal

Radio Nepal earns income from various sources except programmes and advertisement revenue which are also responsible to determine the profit or loss of the enterprises. One of the other sources of income is BBC Rental. This income has fluctuated a lot in the fiscal years from FY 2060/61 BS to FY 2062/63 BS. Radio Nepal has earned Rs.30,18,000 in FY 2060/61 BS form BBC rental, which increased by 78.83% in FY 2061/62 BS. Again it increased by 78.32 % in FY 2062/63 BS. Then it increased by 27.41% in FY 2063/64 BS. But it decreased by 23.67% and 0.67% in

FY 2064/65 BS and FY 2065/66 BS respectively. The trend of increase in BBC Rental has been 3.28% in FY 2066/67 BS. BBC Rental has increased due to the increase in the Rental charge and the increase the use of time and transmitter of Radio Nepal. When the BBC Rental has decreased it has been because of reduction in the number of transmitter used by it.

The average figure of income from BBC rental charges shows the trend of the past seven fiscal years from FY 2060/61 BS to FY 2066/67 BS. The average BBC Rental charges was Rs. 83,65,285.7 and the average fluctuation in the income was 23.36%. The positive fluctuation shows increasing trend in the past years.

Diagram No:-8

Income from BBC Rental Charges on Bar-Diagram

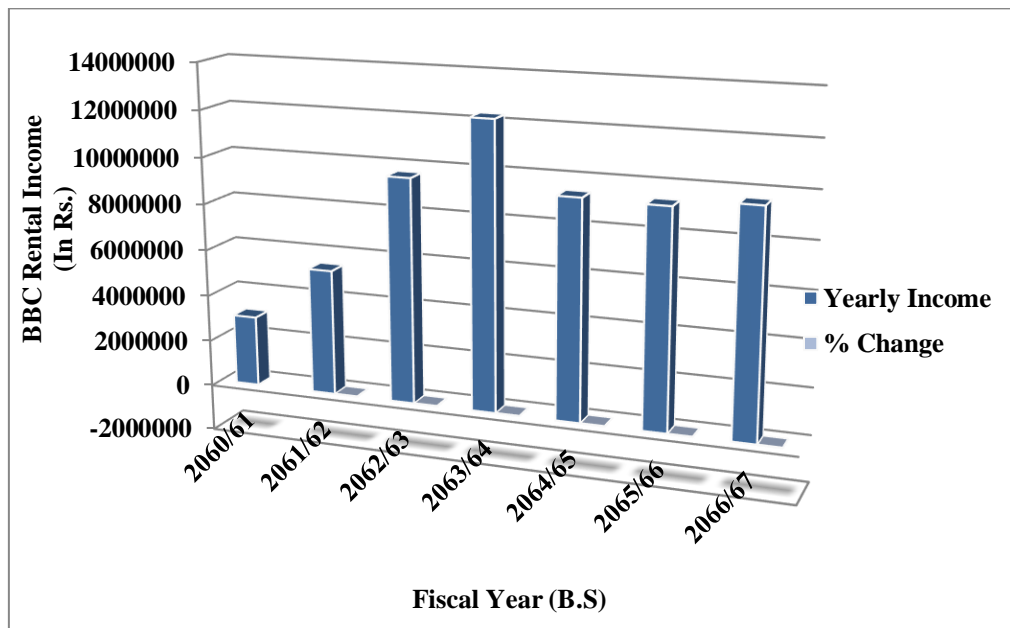


Diagram No:-9

Past Trend of Income from BBC Rental Charges on Line Diagram

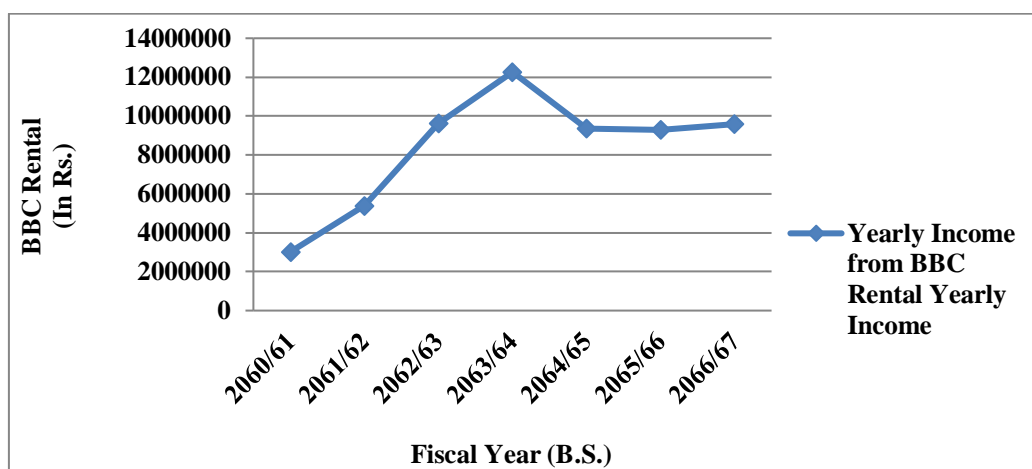


Diagram No:-

Table No:-13

Total Income from Interest and Miscellaneous (In Rs.)

Fiscal Year (B.S.)	Interest and misc. income	% Change
2060/61	37,18,000	0
2061/62	30,24,000	-18.66
2062/63	24,49,000	-19.01
2063/64	34,51,000	40.91
2064/65	41,98,000	21.64
2065/66	54,78,000	30.49
2066/67	1,15,60,000	111.02
Average	48,39,714	23.77

Source: Unpublished records of Radio Nepal

Radio Nepal makes income by investing into reserved money in different banks and buying shares etc. In the beginning, it has decreasing trend which takes increasing mode. In the FY 2060/61 BS, it earned Rs. 37,18,000 as interest and miscellaneous income which reaches to Rs. 1,15,60,000 in FY 2066/67 BS. The increase in reserve money and addition investment in bond and securities might have resulted as the increase in it.

The average figure of interest and miscellaneous income show the past trend of the income from FY 2060/61 BS to FY 2066/67 BS. The average interest and misc. income was Rs.48,39,714 and the average fluctuation was 23.77%. The positive fluctuation shows the increasing trend.

Diagram No:-10

**Presentation of Total Income from Interest and Miscellaneous Sources
on a Bar-Diagram**

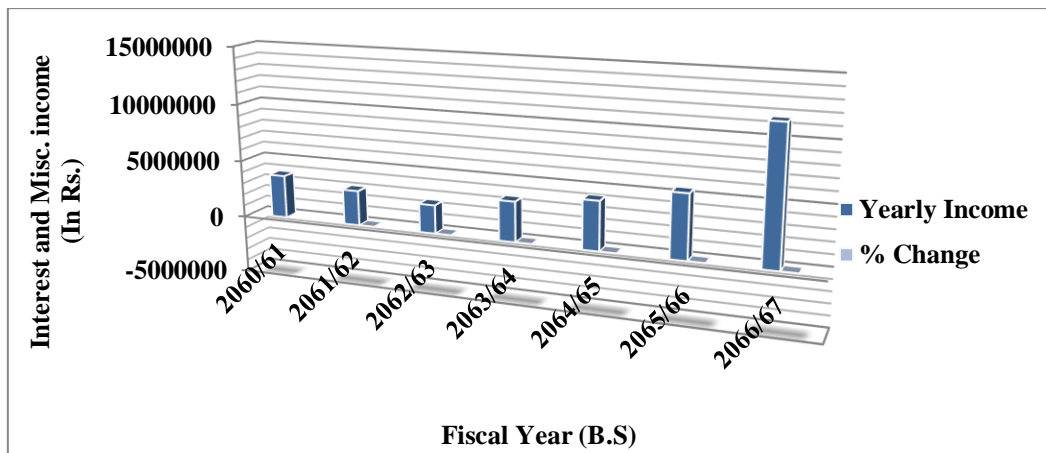


Diagram No:-11

**Past Trend of Total Income from Interest and Miscellaneous Sources
on a Line Diagram**

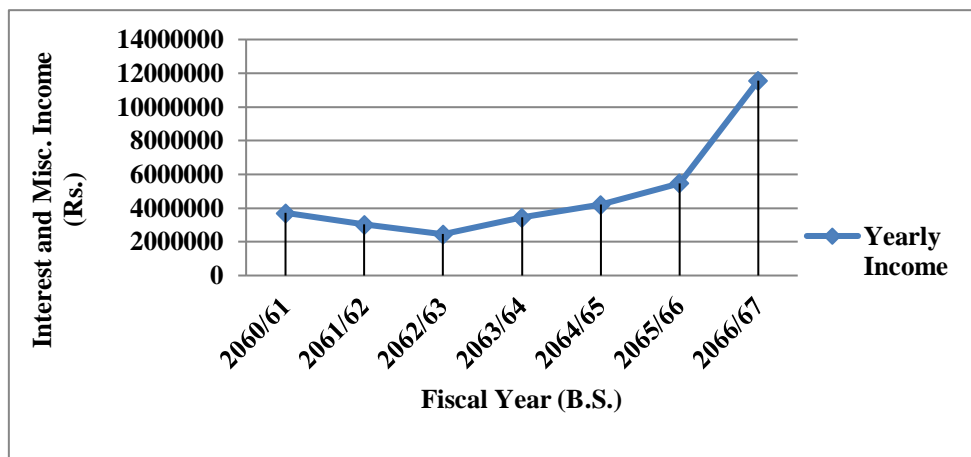


Table No:-14

Total Collection of Advance Amount (In Rs.)

Fiscal Year (B.S.)	Total Collection	% Change
2060/61	81,000	0
2061/62	8,05,000	893.8
2062/63	22,26,000	176.5
2063/64	9,35,000	-57.9
2064/65	14,19,000	51.7
2065/66	12,00,000	-15.4
2066/67	4,64,000	-61.3
Average	10,18,571	141.06

Source: Unpublished records of Radio Nepal

From different persons, agencies and organizations, Radio Nepal receives advance amount for the payment of programmes and advance or other financial transactions. It is seen in high fluctuating trend. It has fluctuated to the highest point 893.8% in FY 2061/62 BS to -15.4% in FY 2065/66 BS. In FY 2060/61 BS, Advance collection was only Rs.81000. Advance collection can be helpful to fulfill the immediate need of cash in the organization. The average advance collected was Rs. 10,18,571 and the average fluctuation was 141.06. The positive fluctuation in advance collection shows increasing trend during the period from FY 2060/61 BS to FY 2066/67 BS.

Diagram No:-12

Presentation of Total Collection of Advance Amount on a Bar-Diagram

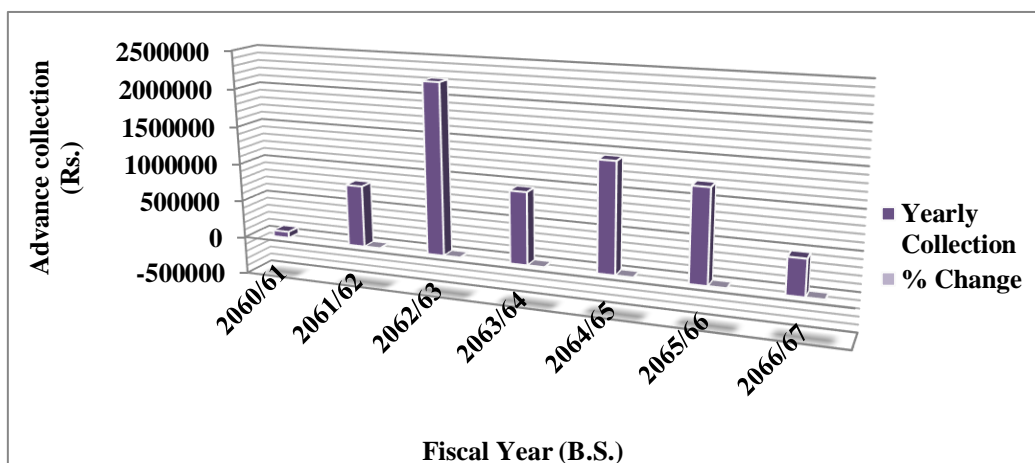


Diagram No:-13

**Trend of Yearly Collection of Advance Amount
on a Line Diagram**

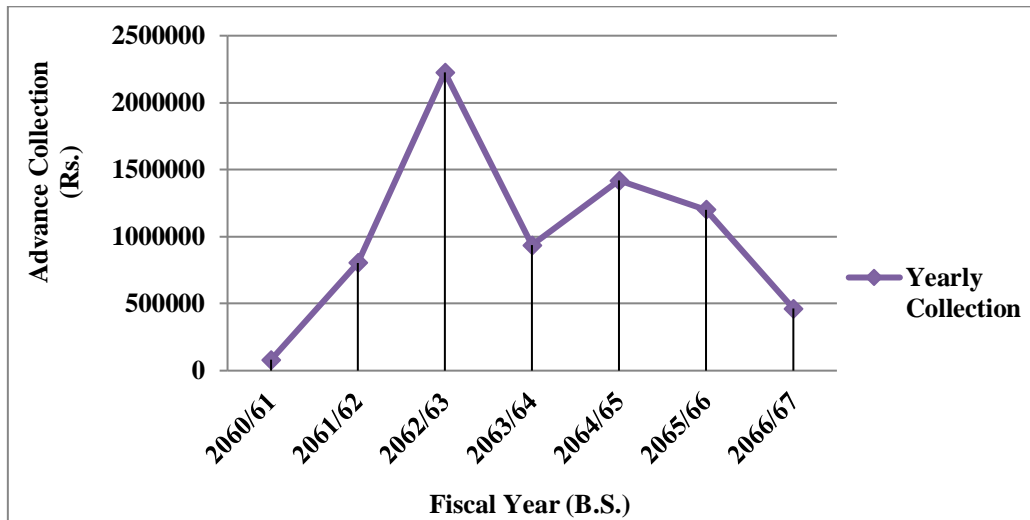


Table No:-15

**Trend of Government Grants to Radio Nepal
during the Period of 7 years (In Rs.)**

Fiscal Year(B.S.)	Yearly Grants	% Change
2060/61	9,23,00,000	0
2061/62	7,24,00,000	-21.56
2062/63	7,00,00,000	-3.31
2063/64	12,14,13,000	73.44
2064/65	9,63,40,000	-20.65
2065/66	11,57,52,000	20.14
2066/67	10,20,00,000	-11.88
Average	9,57,43,571	5.17

Source: Unpublished records of Radio Nepal

The table no: - 15 shows the trend of grants which is given by the government to Radio Nepal. In the fiscal year FY 2060/61 BS, Rs.9,23,00,000 of grants was received from the government which decreased in the fiscal year FY 2061/62 BS by 21.56% and reached Rs. 7,24,00,000. Similarly, this amount again decreased to Rs. 7,00,00,000 with 3.31%. But in the year FY 2063/64 BS, grants given to Radio Nepal

was tremendously increased to 73.44% and reached to Rs. 12,14,13,000. This trend breaks and decreases by 20.65 % in FY 2064/65 BS. Then grants increased by 20.14% in FY 2065/66 BS and again decreased in the FY 2066/67 BS. This trend of grants gives the signal to any concerned ones that the enterprises is not in a proper financial condition, it is suffering a big loss every year. So it has to obtain grants to exist in the market. It has greatly shown fluctuating trend. Sometimes it has increased so much and reached to Rs.12,14,13,000 ever highest throughout period of 7 years. If the organization has to rely on the government grants every year, it is not a good thing. The organization does not seem competent.

The average figure of the government grants to Radio Nepal and the average fluctuation in the grants shows the trend of the grants during the 7 fiscal years from FY 2060/61 BS to FY 2066/67 BS. The average government grants was Rs.9,57,43,571 and the average fluctuation was 5.17%. The positive fluctuation shows the increasing trend of government grants.

Diagram No:-14
Presentation of Government Grants to Radio Nepal
on a Bar-Diagram

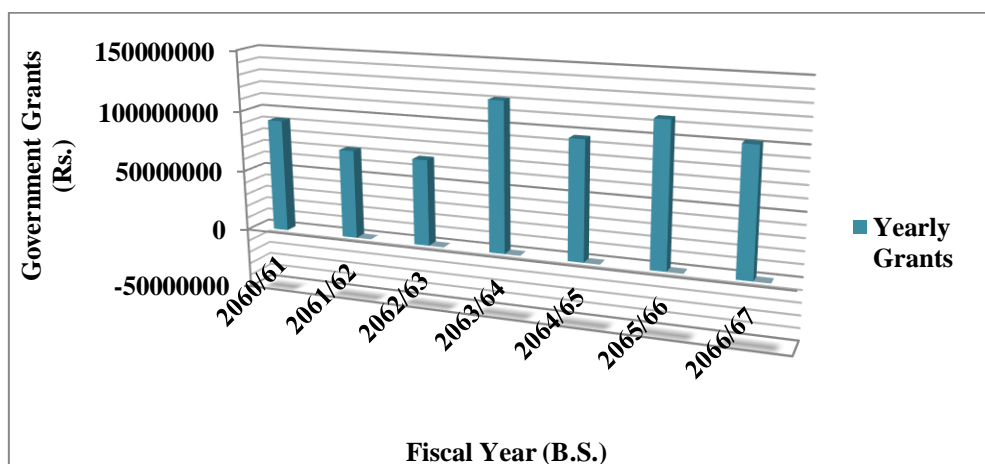
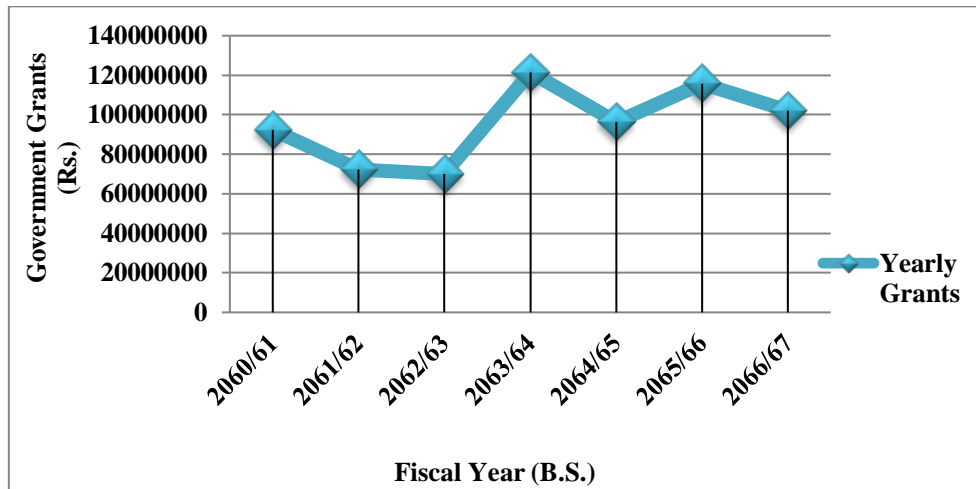


Diagram No:-15

**Trend of Government Grants to Radio Nepal
on a Line Diagram**



**Table No:-16
Debtors of Radio Nepal (In Rs.)**

Fiscal Year	Debtors	% Change
2060/61	97,25,000	0
2061/62	1,12,72,000	15.90
2062/63	1,33,15,000	18.12
2063/64	63,03,000	-52.66
2064/65	53,27,000	-15.48
2065/66	42,77,000	-19.71
2066/67	25,71,000	-39.88
Average	75,41,428.6	-13.39

Source: Unpublished records of Radio Nepal

The table no:-16 shows the trend of debtors of Radio Nepal. In the previous fiscal years the debtors were in increasing trend but from the FY 2063/64 BS, the trend has changed and it has started to decrease. In FY 2060/61 BS, situation of debtors was about Rs. 97,25,000. This amount increased by 15.90% in the fiscal year FY 2061/62 BS. Again the increasing trend of debtors continued and reached to Rs.1,33,15,000 with the increase of 18.14%. After the time, debtors are continuously decreasing with 52.66% in the fiscal year FY 2063/64 BS, 15.48% in FY 2064/65 BS, 19.81% in FY

2065/66 BS and 39.88% in FY 2066/67 BS. This type of trend is good. The collection side is very proper and timely as per the situation of the debtors. We can also guess the less credit transactions of Radio Nepal.

The average figure of debtors and fluctuation in the amount of debtors are the basis for the trend analysis. The average debtors during the 7 years period from FY 2060/61 BS to FY 2066/67 BS was Rs. 75,41,428.6 and the average fluctuation was -13.39. The negative fluctuation shows decreasing trend in the credit transaction.

The trend of debtors can be clearly observed in the bar-diagram and trend line below:

Diagram No:-16

**Presentation of Debtors of Radio Nepal
on a Bar-Diagram**

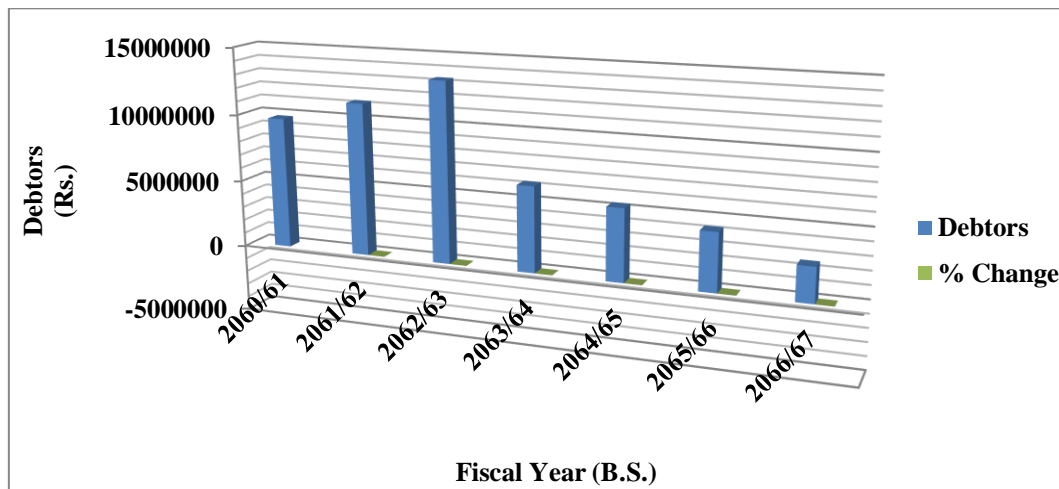


Diagram No:-17

Trend of Debtors on a Line Diagram

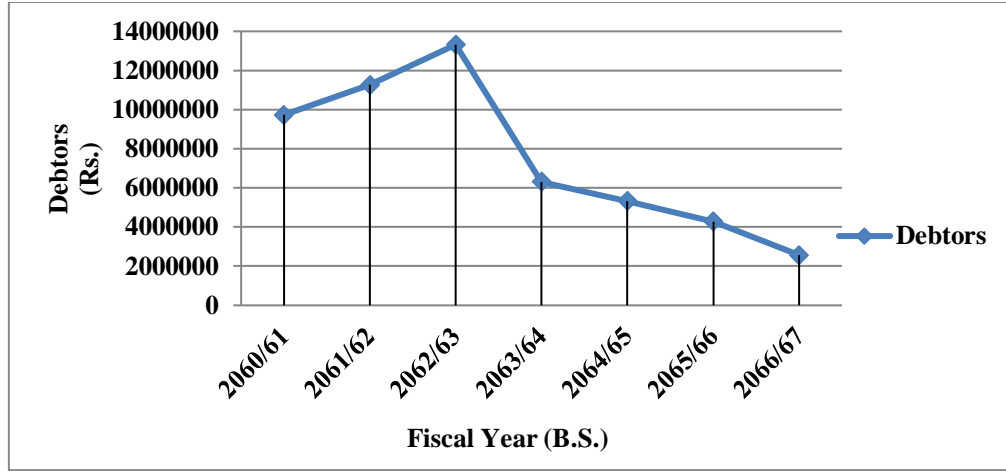


Table No:-17

Yearly Collection from Debtors (In Rs.)

Fiscal Year (B.S.)	Collection Situation	% Change
2060/61	77,97,000	0
2061/62	51,34,000	-34.15
2062/63	81,91,000	59.54
2063/64	78,29,000	-4.41
2064/65	1,06,71,000	36.30
2065/66	70,63,000	-33.81
2066/67	13,69,000	-80.61
Average	68,64,857	-8.16

Source: Unpublished records of Radio Nepal

In the past years, collection from debtors was not so good. Debtors were not collected timely so collection from debtors was less than the existing debtors. But in the following years after 2063/64 BS collection made was aggressive and collection from debtors is more than the dues with them. This can be clearly seen in the bar-diagram and the trend line. In the fiscal year FY 2060/61 BS, Rs. 77,97,000 amount of money was collected from debtors. But collection from debtors decreased by 34.15% in FY 2061/62 and increased by 59.54% in FY 2062/63 BS. This collection decreased in FY 2063/64 BS by 4.4%. Again the collection situation was satisfactory in FY 2064/65

BS as it increased by 36.30%. But it decreased by 33.81% and 80.61% in the following fiscal years FY 2065/66 and FY 2066/67 BS respectively.

The average collection from debtors was Rs.68,64,857. It shows the level fluctuation in the collection of debtors. The average fluctuation in the collection was -8.16. The negative fluctuation shows the decrease in the collection trend.

Diagram No:-18

Presentation of Yearly Collection from Debtors on a Bar-Diagram

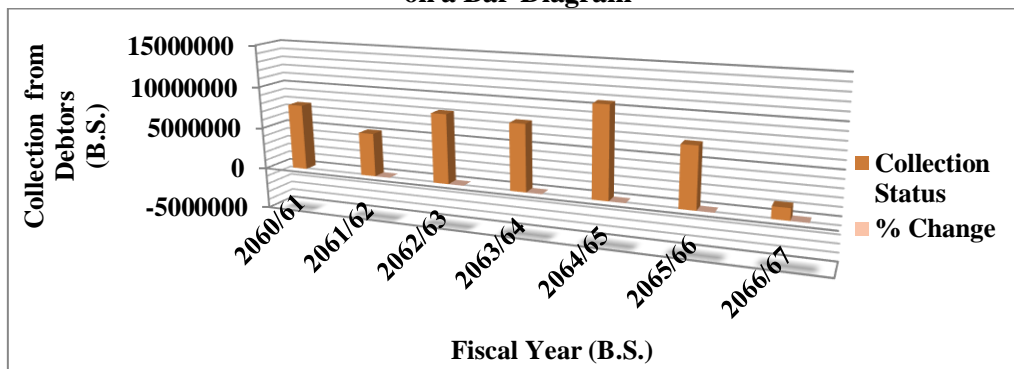


Diagram No:-19

Trend of Yearly Collection from Debtors on Line Diagram

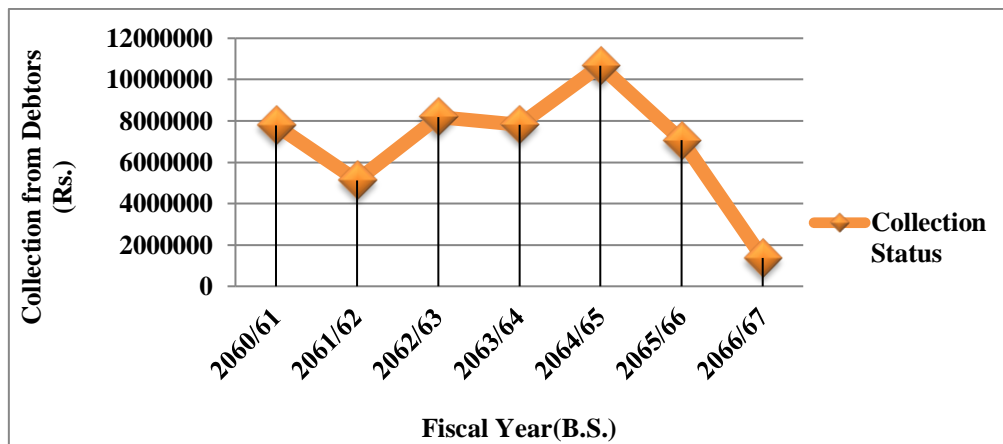


Table No:-18
Comparison between Debtors and Collection of Debtors (In Rs.)

Fiscal Year (B.S.)	Debtors	Collection Status	Ratio (Debtors: Collection Situation)
2060/61	97,25,000	77,97,000	1.24
2061/62	1,12,72,000	51,34,000	2.19
2062/63	1,33,15,000	81,91,000	1.62
2063/64	63,03,000	78,29,000	0.80
2064/65	53,27,000	1,06,71,000	0.49
2065/66	42,77,000	70,63,000	0.60
2066/67	25,71,000	13,69,000	1.87
Average	66,41,000	68,64,857	1.26

Source: Unpublished records of Radio Nepal

The debtors and its collection situation are compared in the above table with the help of ratio. The ratio between debtors and the collected amount from the debtors are compared to each other. Ratio shows satisfactory situation in FY 2063/64, FY 2064/65 and FY 2065/66 BS because the collection is greater than the debtors.

The average figure of collection from debtors and the debtors in the past helps to know the fluctuation in the yearly collection from the debtors and the debtors. The average debtors was Rs.66,41,000 and average collection from the debtors was Rs.68,64,857. Fluctuation in the ratio between debtors and the collection was 1.26.

Diagram No:-20

Presentation of Yearly Collection from Debtors in comparison to Debtors on a Bar-Diagram

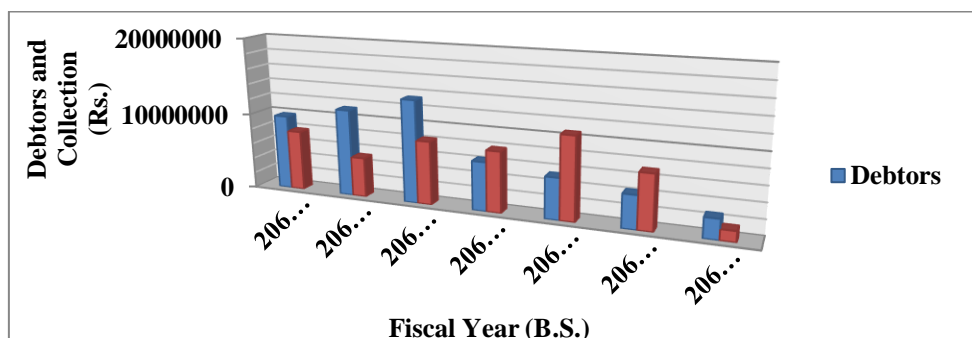
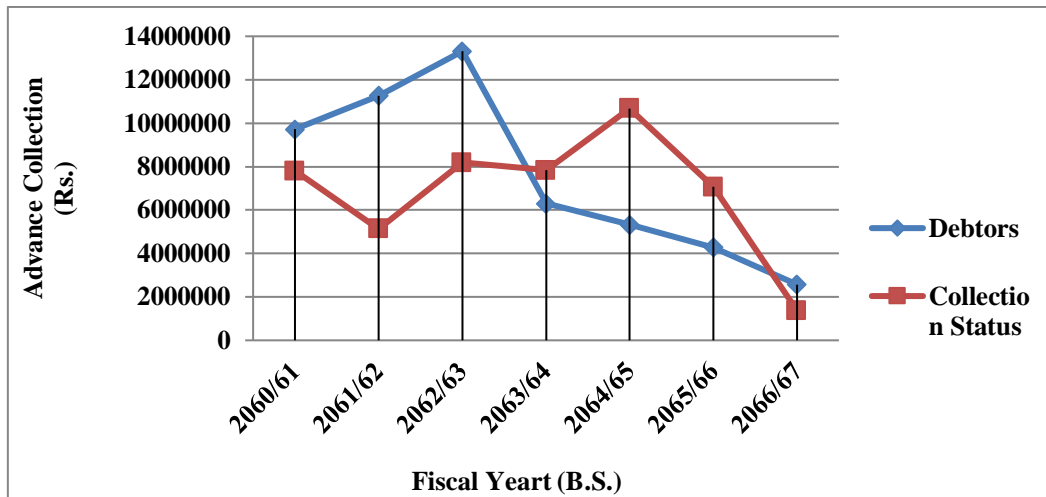


Diagram No:-21

Presentation of Yearly Debtors and Collection Amount from Debtors

on a Line Diagram



The analysis of fund collection of Radio Nepal is made above which tells about the cash inflow within the organization and availability of money for the investment purpose and meet the cash requirement in the organization. It also determines the condition to earn profit by the organization because profit is the gap between Revenue and Expenditure. So earning high profit can be done in two ways either by increasing revenue or by decreasing expenditure.

Table No:-19

Employees Expenses of Radio Nepal (In Rs.)

Fiscal Year (B.S.)	Employees Expenses	% Change
2060/61	7,02,32,000	0
2061/62	7,56,92,000	7.77
2062/63	7,95,29,000	5.06
2063/64	8,78,05,000	10.40
2064/65	11,11,06,000	26.53
2065/66	11,48,27,000	3.34
2066/67	13,08,90,000	13.98
Average	9,57,25,857	9.58

Source: Unpublished records of Radio Nepal

Major expenditure incurred by Radio Nepal is employees' salary and other related contribution to the employees of the organization. Due to over-crowded number of worker in the organization, the organization spends a lot on the employees' salary.

There is no record of decrease in the employees' expenses. The percentage of increase varies in different fiscal years but always increase can be seen. In FY 2060/61 BS, there was Rs.7,02,32,000 expenses on employees which increased by 7.77% in FY 2061/62 BS, 5.06% in FY 2062/63 BS, 10.40% in FY 2063/64 BS, 26.53% in FY 2064/65 BS in a increasing trend. But the percentage of increase has slowed down to 3.34 % and 13.98% in the following fiscal years FY 2065/66 and FY 2066/67 BS respectively. This shows a little bit control on the number of employees and the proper personnel management in the organization.

The fluctuation in the payment of employees' expenses can be observed by comparing the yearly payment of employees' salary and other contribution with the average figure of employees' expenses and the average fluctuation in the payment. The average employees' expenses was Rs. 9,57,25,857 and the average fluctuation was 9.58%. The positive fluctuation in the employees' expenses shows yearly increase in the expenses, which is not good for the profit. It cuts off the amount of the profit.

Diagram No:-22

**Presentation of Employees Expenses of Radio Nepal
on a Bar-Diagram**

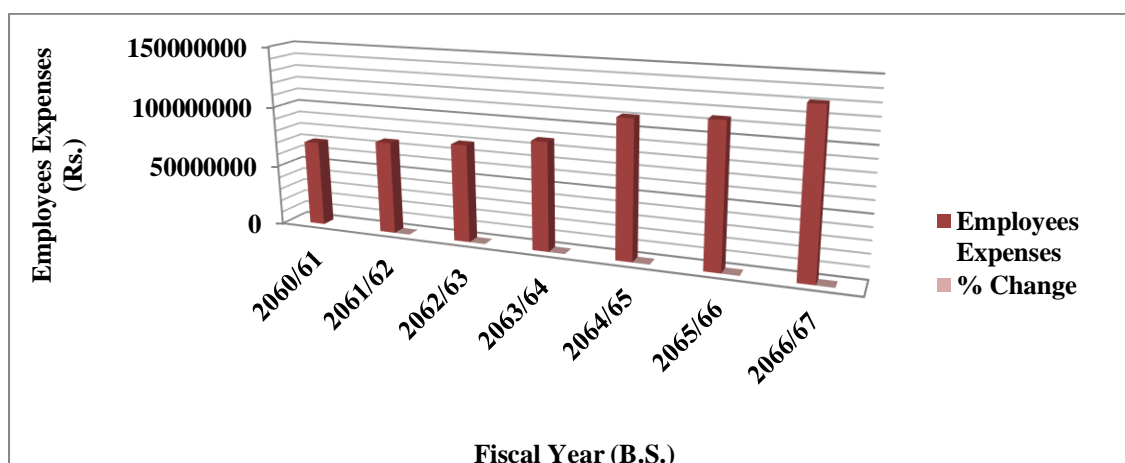


Diagram No:-23

**Trend of Employees Expenses of Radio Nepal
on a Line Diagram**

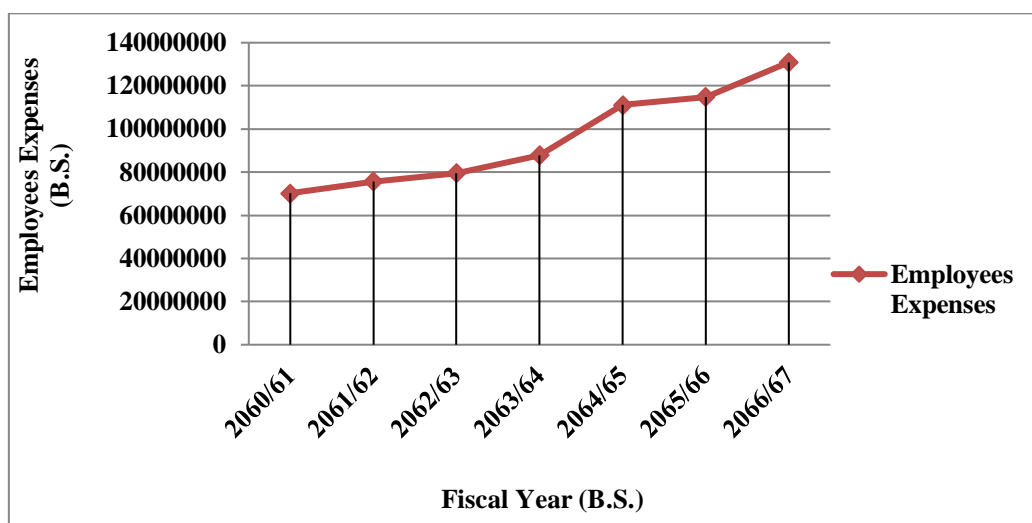


Table No:-20

Operating Expenses of Radio Nepal (In Rs.)

Fiscal Year (B.S.)	Operating Expenses	% Change
2060/61	7,88,07,000	0
2061/62	6,65,38,000	-15.56
2062/63	5,93,25,000	-10.84
2063/64	6,45,46,000	8.80
2064/65	4,54,70,000	-29.55
2065/66	6,87,61,000	51.22
2066/67	5,88,16,000	-14.46
Average	6,31,80,429	-1.48

Source: Unpublished records of Radio Nepal

Operating expenses is another major field of expenditure of Radio Nepal. In the FY 2060/61 BS, Radio Nepal spent Rs. 7,88,07,000; which decreased by 15.56% in FY 2061/62 BS, 10.84% in FY 2062/63 BS. But it increased by 8.80% in FY 2063/64 BS. It was the time of revolution in Nepal for interim constitution and Republic Nepal. Live radio broadcasting were made from different places of the country. And this

might have caused increase in operating expenses. But the operating expenses in FY 2064/65 BS have decreased by 29.55%. In FY 2065/66 BS, again increased by 51.22% and in FY 2066/67 BS decreased by 14.46%. The fluctuation in the operating expenses is caused by the changes in the situation of the country and programme types. Sometimes government directly paid its operating expenses.

Average figure of operating expenses and the average fluctuation reports about the past trend of operating expenses and the fluctuation in the amount. The average operating expenses in the past 7 fiscal years of Radio Nepal was Rs.6,31,80,429 and the average fluctuation was -1.48. Negative fluctuation in the operating expenses reports about the decreasing trend of the expenditure in the past.

Diagram No:-24

**Presentation of Operating Expenses of Radio Nepal
on a Bar-Diagram**

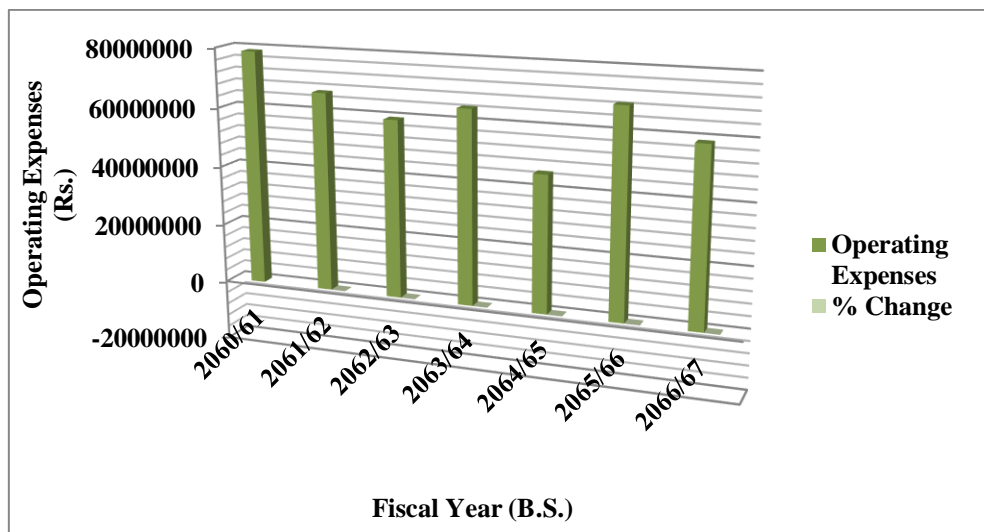


Diagram No:-25

Trend of Operating Expenses of Radio Nepal

on a Line Diagram

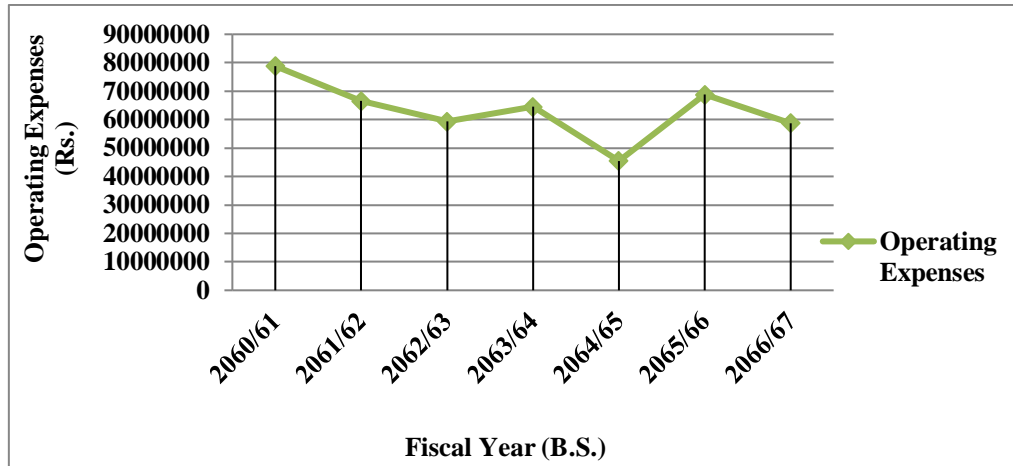


Table No:-21

Trend of Capital Expenses of Radio Nepal (In Rs.)

Fiscal Year (B.S)	Capital Expenses	% Change
2060/61	1,68,10,000	0
2061/62	1,23,71,000	-26.40
2062/63	1,78,03,000	43.90
2063/64	94,80,000	-46.75
2064/65	1,46,93,000	54.98
2065/66	94,36,000	-35.77
2066/67	2,18,35,000	131.40
Average	1,46,32,571	17.34

Source: Unpublished records of Radio Nepal

Radio Nepal purchases machinery and equipments necessary to operate the programmes and run the organization. It covers a little percentage in the total expenditure of the organization. But it is also important to plan for the profit and responsible to increase or decrease the amount of profit.

In FY 2060/61 BS, capital expenses was Rs. 1,68,10,000; which decreased by 26.41% in FY 2061/62 BS. In FY 2062/63 BS, it increased by 43.90%. But in the FY 2063/64 BS, it decreased by 46.75%. Similarly, in FY 2064/65 BS, capital expenses continued to increase and fluctuated by 54.99%. In FY 2065/66 BS, it decreased by 35.78%. But in FY 2066/67 BS, it increased by 131.40%. The fluctuation seen in the capital expenses has also big impact in the determination of profit.

Average fluctuation in the yearly capital expenditure of Radio Nepal was 17.34 % whereas the average capital expenditure was Rs.1,46,32,571. According to the average figure of capital expenditure, the fluctuation is very much irregular in the amount of capital expenses. Positive fluctuation in the capital expenditure

Diagram No:-26

Presentation of Capital expenses

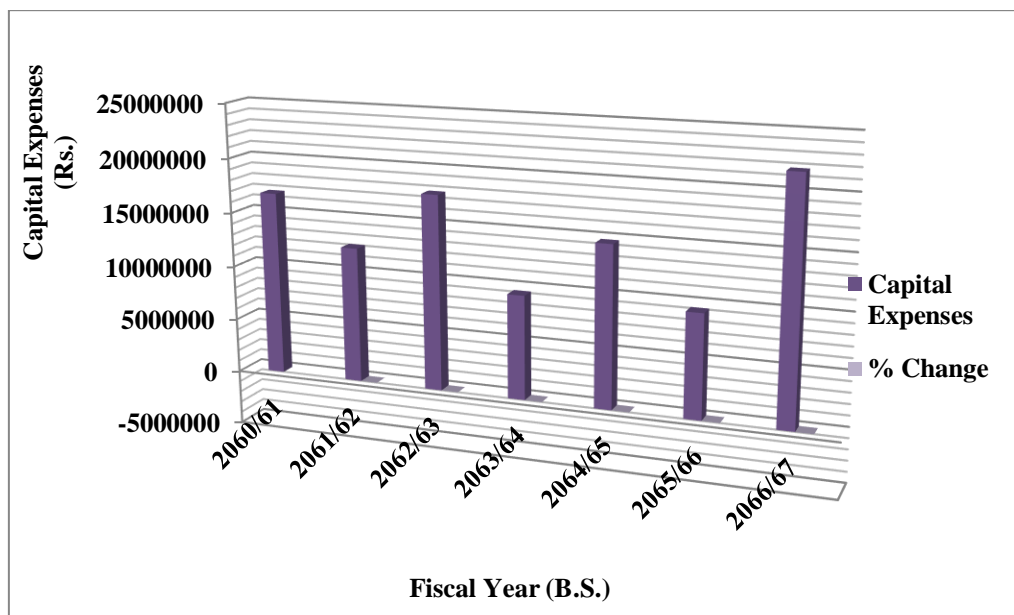


Diagram No:-27

Trend of Capital Expenses

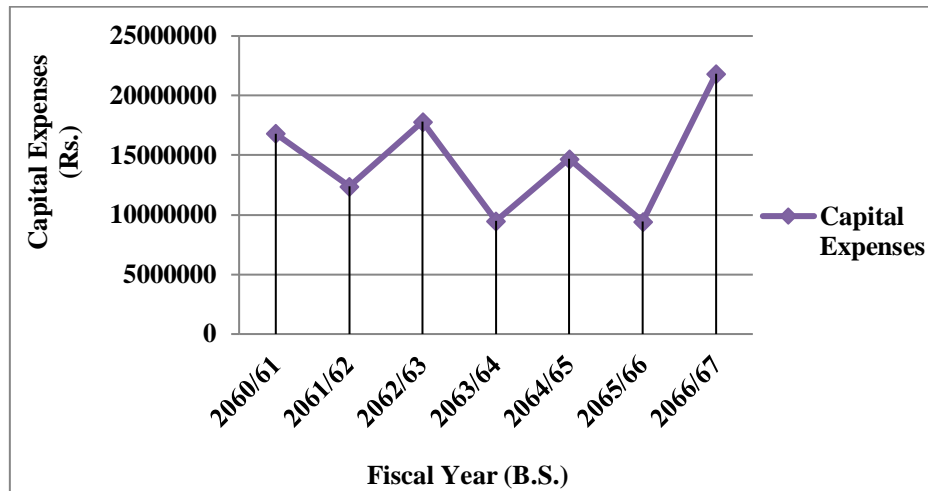


Table No:-22

Trend of VAT (In Rs.)

Fiscal Year (B.S.)	Value Added Tax (VAT)	% Change
2060/61	40,15,000	0
2061/62	54,07,000	34.66
2062/63	51,19,000	-5.32
2063/64	61,95,000	21.01
2064/65	72,86,000	17.61
2065/66	81,78,000	12.24
2066/67	51,89,000	-36.54
Average	59,12,714	6.24

Source: Unpublished records of Radio Nepal

Value Added Tax (VAT) is the contribution to tax authority from Radio Nepal. It is the amount deducted from the sales of any old machine equipment or purchase of the articles or the needed things. It has increased in the FY 2061/62 BS by 34.67% from Rs. 40,15,000 of FY 2060/61 BS. But it decreased by 5.33% in FY 2061/62 BS from the previous year. Then after it has continuously increased up to FY 2065/66 BS and it decreased by 36.55% in fiscal year 2066/67 BS. The fluctuation in the trend of VAT

payment can be observed by comparing with the average figure. Average change in the VAT payment was 6.24% where as the yearly VAT payment in average was Rs.59,12,714.

VAT is the compulsory contribution to the government from an organization which also cut off the amount of profit.

Diagram No:-28

Analysis of VAT and its trend in the past on a Bar-Diagram

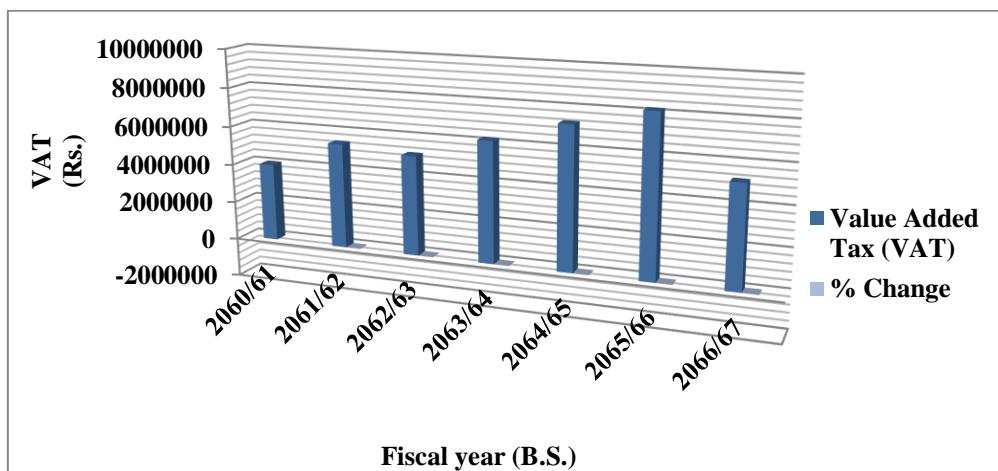


Diagram No:-29

Trend Analysis of VAT Payment in the past on Time Line

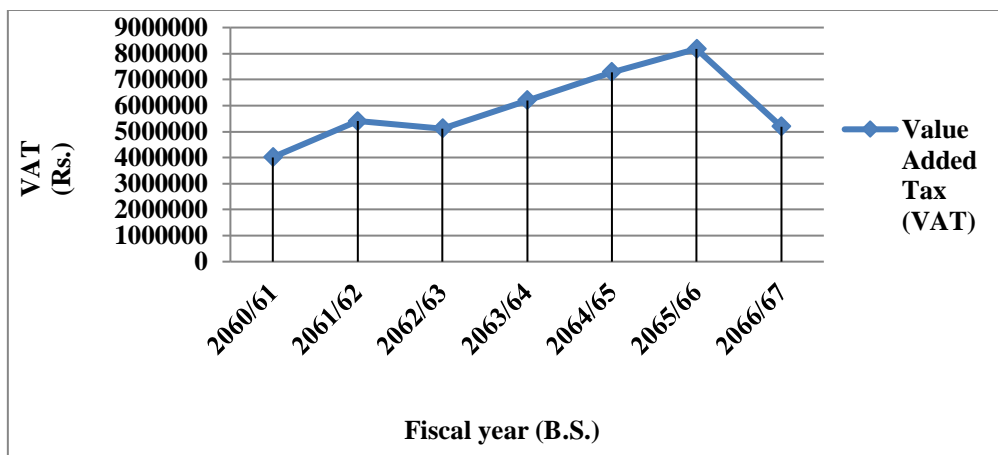


Table No:-23

Pension and Gratuity Distributed by Radio Nepal (In Rs.)

Fiscal Year (B.S.)	Pension & Gratuity	% Change
2060/61	22,26,000	0
2061/62	19,04,000	-14.46
2062/63	14,45,000	-24.10
2063/64	23,72,000	64.15
2064/65	3,06,89,000	1193.80
2065/66	67,64,000	-77.95
2066/67	19,31,000	-71.45
Average	67,61,571	152.86

Source: Unpublished records of Radio Nepal

Pension and gratuity is also one of the important contribution made by Radio Nepal, which has continuously decreased from FY 2060/61 BS to FY 2062/63 BS. But it has a slight increase in FY 2063/64 BS by 64% and drastically in FY 2064/65 BS by 1193.80%. It is the amount of organization's contribution towards the employees who have retired from their service or want to leave job in the time of government declaration for self-retirement. The fluctuation in the amount of pension and gratuity can be observed with the help of average figure of pension and gratuity. The average fluctuation was 152.86% and the average figure of pension and gratuity was Rs. 67,61,571. The positive fluctuation shows the yearly increase in payment of Pension and Gratuity.

Diagram No:-30

**Presentation of Pension and Gratuity distributed by Radio Nepal
on a Bar-Diagram**

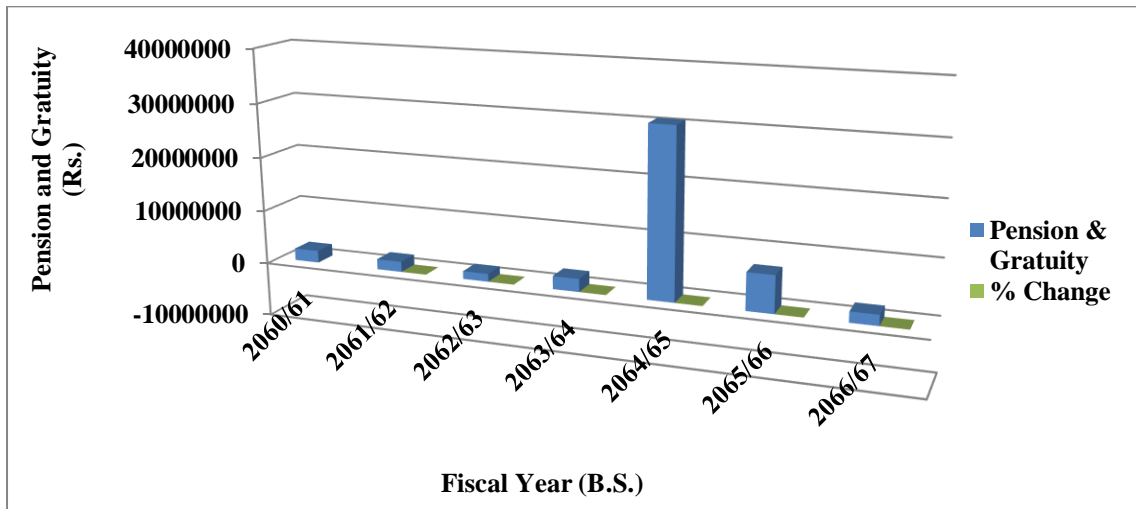
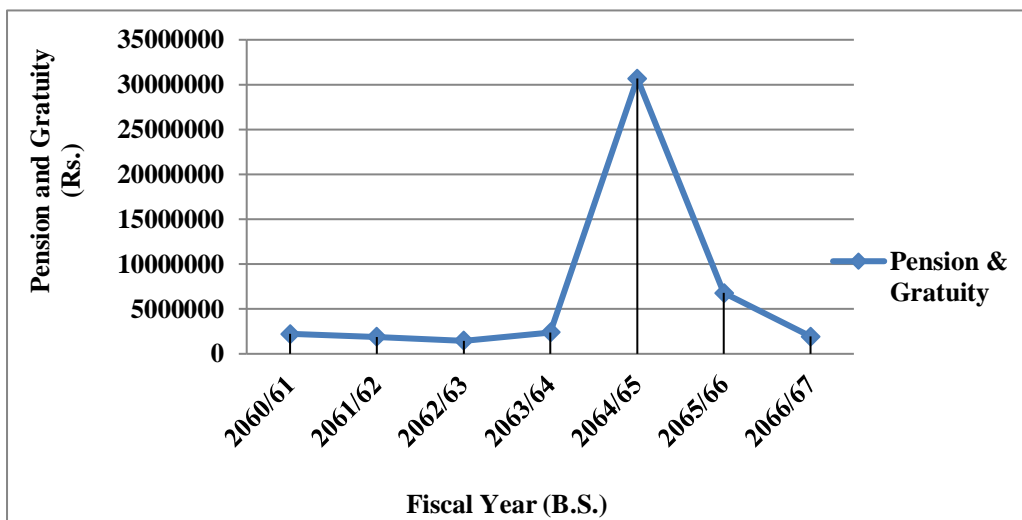


Diagram No:-31

**Trend of Pension and Gratuity distributed by Radio Nepal
on a Line-Diagram**



In the above analysis of expenses, the organization seems to cut off the employees and apply optimal utilization of human resources with a long vision. Everyone is needed to work and motivated towards their job so that effective performance can be obtained for quick and high profit earning. The electricity problem should also be solved by the search of alternative power supply. The mobilization and utilization of

means and resources should be paid high attention by the management. The policies and plans should make it clear to go ahead in the business track for Radio Nepal. Political interference should be stopped. The organization should be led by knowledge, skill, experience and wide and long vision but not by the short and individualistic attitude.

4.15 Major findings:-

After the above analysis of some functional budgets, variance and trend analysis and the overall study of income and expenditure of Radio Nepal, the following conclusion can be drawn as the major findings of the study. The best efforts were made but internal and external problem in the formulation and implementation of profit plan causes inefficiency in the performance. Only few budgets like expenditure budget is prepared.

1. Radio Nepal suffered from huge loss during the fiscal years from FY 2060/61 BS to FY 2066/67 BS.
2. High expenditure on employees and operating expenses and lack of full utilization of capital resources has caused loss.
3. The loss of Radio Nepal had decreasing trend in the beginning fiscal years from the FY 2060/61 BS to FY 2062/63 BS and shows increasing trend from the FY 2063/64 BS to FY 2066/67 BS.
4. The major sources of income for Radio Nepal are programmes and advertisement revenue and it spends a major share of its income on the employees and operation of radio broadcasting system.
5. From FY 2063/64 BS to FY 2066/67 BS, the trend line of the programmes and advertisement income has ups and downs continuously.
6. The unscientific division and lack of co-ordination among the departments of Radio Nepal creates problems like delay and inefficiency in the performance.
7. It has no any planning for the sales revenue or the programmes and advertisement income for future.
8. It has partially depended on the government for the operation activities.
9. Unnecessary expenses and very low income from the few sources are making Radio Nepal poor in economic condition.
10. The budgets like expenditure budgets are prepared only once in a year.

- 11.** Radio Nepal has not prepared clear annual goal or target briefly. Like expansion of market, development of product, profit margin, etc.
- 12.** The employees are divided into different politically sheltered unions.
- 13.** The board of directors or top level executives is only involved in planning and decision making. The middle and lower level employees are not encouraged in planning and decision making job.
- 14.** It does not have separate planning committee or planning experts.
- 15.** The budgeted programmes and advertisement income and actual income do not have more variance.
- 16.** Both budgeted and actual programme and advertisement income are positively correlated.
- 17.** The profitability situation is improving over the years. The loss is in decreasing trend.
- 18.** Government is using Radio Nepal for communicating with public to transmit the information related with health, notice, awareness, etc.

Chapter 5

Summary, Conclusion and Recommendation

5.1 Summary

A comprehensive profit planning and control is a systematic and formal approach for stating and communicating the firm's expectation and accomplishing management in such a way so as to maximize the case of a profit plan and to achieve the maximum profit from the resource available to an organization over the particular span of time. It serves basically as for management control. The effective operation of a business concern resulting into the excess of income over expenditure fully depends upon as to what extent the management follows proper planning, effective co-ordination and dynamic control. Organization cannot achieve its goals without proper planning and implementation. So profit planning is one of the most important management tools for planning and control business operations. Profit planning represents overall operation. It covers a definite period of time.

A public enterprise has been defined as an entity/organization owned or controlled by public authorities, which sells its products in the market. In some cases, these perform to be capital- and/or technology-intensive operations that are regarded as essential to economic progress or to national security, which as mining hydropower and petroleum products. Radio Nepal is also government owned enterprises making significant contribution to the information and public awareness in the country and also assisting to the growth of business and trade activities through advertising and programmes broadcasting.

A number of public enterprises, covering different sectors of the development, were set up during different periodic plans of the country. Although the establishment of public enterprise had greatly assisted in the country's industrial and professional development and helped to prepare the necessary institutional base, the enterprise themselves could not succeed. To accelerate the pace of national development it has become necessary to increase efficiency in all areas through proper and efficient management. Together with this, it has become

necessary to bring about services rendered by them. For this reasons the privatization of public enterprises become a necessity by government.

Success of any enterprises basically depends on the strengths of management along with efficiency in managing the various functional aspects and modeling them to achieve the corporation objectives. Profit is the excess of revenue earned over its cost. To increase the profit means to increase the revenue or to reduce the cost by the cost rather to increase the efficiency-cost. To learn to minimize the profit by running organization in much efficiency way is the sole goal of the study of profit with the use of optimum resources in the main objectives of any organization. Though public enterprises are accepted as an effective instrument to speed up the economic growth in the developing countries like Nepal, in practice the public enterprises that have been established so far have not been able to contribute in this process. One of the main reasons is that the administrative problem arises both at conceptual as well as practical level.

Profit planning is the only latest management techniques, which can be used to achieve the specific objective and to run management efficiently. It is the systematic and continuous process to achieve the objectives of the enterprises for certain period of time. In other word, the process of preparing and using budgets. Profit planning can be studied by categorizing. It is strategy or long term planning and technique or starts with planning the sales or sales budgets that is an estimation of the future sales revenue and sales volume. Sales budget reduced the uncertainties of future revenue and are the corner stone for preparing all the other budgets. All budgets, except sales budget are related with cost. On the basis of sales budget, production budget or planning is made. This planning depends upon the capacity of plant. And other functional budgets are prepared on the basis of production budgets. Nepal is a land-locked and agricultural country. It is backward in industrial sectors. Thus industrial sector should be developed for economic development and social reform. Nepal has started planning system for the development of the nation from 2013 B S.

In Nepal, public enterprises are established for the purpose of creating opportunities for employment producing needed goods for the people, earning foreign money by selling its products in Nepal and abroad. Radio broadcasting is

doing this by conveying the positive aspects of Nepalese culture, tradition, natural and archaeological heritages and the people of Nepal to the foreigners. It also makes people aware about the mobilization and utilization of resources and produces the goods and services that can compete in the international market. They are the path-finders for other similar organizations in the country. They help to know the price situations, mobilize resources and earn reasonable profit necessary for the development of the country. The public enterprises are giving poor performance or even negative results may be ascribed to the factors such as system lacking and inefficiency in management, formal and informal intervention the influential channels, the prevalence of corruption and abuse of power, vested self-interest of some public authorities including public officials over public affairs. Most of the public enterprises are suffering from excess amount of production cost, high amount of fixed cost and the problem of over staffing. Due to these causes they are running at continuous losses. To operate business successfully it is important to generate profit. Without the proper management of the cost and expenses, enterprises cannot achieve their goals and objectives. If there is no improvement in the efficiencies of public enterprises, they cannot exist for a long run because the investment in such enterprises is the financial wastage for the government. Hence, the public enterprises should at least generate reasonable surplus for existence. It showed that, the system of profit planning in public enterprises in Nepal wasn't systematic as well as scientific.

Radio Nepal is selected as representative enterprises in the present study. Radio Nepal is government owned public enterprise. It was established in 2007 B.S. The head office of Radio Nepal is located in Singh Durbar, Kathmandu. It has been operating in losses from last few years. Radio Nepal provides information, entertainment and other many educational programmes to the people of whole Nepal in cheap price. All the people like children, youth, adults and the old-aged groups of persons get the services of Radio Nepal. The demand of the services of Radio Nepal is increasing day by day in Nepal. Business organizations are also finding this radio broadcasting a very useful media for their trade promotion activities. Even government uses this as a medium of communication about the public concern matters. So the demand of radio broadcasting is increasing day by day in Nepal.

This study has tried to seek the answer to the extent that the comparative situation of income and expenditure of Radio Nepal, condition of programmes and advertisement income in budgeted and actual performance analysis and other research objectives of the study. The main objective of the present study is to highlight the current practice and prepare of sales budget and its effectiveness in Radio Nepal. For that purpose of analyzing, seven years data from the FY 2060/61 to FY 2066/67 BS are taken. Both primary and secondary data are used in this study. The data have been analyzed with the help of various statistical techniques like mean, standard deviation, correlation, regression, co-variance, probable error, time series, variance and financial tool like BEP Analysis are used.

From the analysis of sales budget and actual sales reports of the Radio Nepal, it is found that the actual sales are always less than budgeted sales. Loss is increasing when actual sales is increasing due to inadequate use of systematic budgeting system and high burden of management expenses.

5.2 Conclusion

There are a number of factors which are the causes of poor economic condition of Radio Nepal. At the present, the major problems in the management of Radio Nepal that are identified during the research intervals mentioned below which contains problem and that are described as follows:

Though the objectives underlying the establishment of public enterprises, Radio Nepal are ambiguous, performance has not matched expectations. From the above research interpretation the overall economic condition of public enterprise; Radio Nepal is poor. Radio Nepal is financially very weak and its financial condition is becoming more and more unmanageable. Lack of planning, management and poor distribution of resources to the right place and number and lack of efficient response have always contributed to the resources of the enterprises.

Radio Nepal prepares some functional budgets like sales budget, annual expenditure budget, and purchase budget. These budgets are prepared on an annual basis. Radio Nepal doesn't have any long range and medium range forecasts, forecasting mechanisms of past experiences and personal judgment of

the managers. Regular financial appraisal is absent. No financial indicator has been identified.

Functional budget and cash flow budget has not been properly used and followed up analysis to budgetary allocation has been poorly conducted. The enterprises has no planning section, it has no skilled and expert planner as well as budgeting experts. Budgets are prepared on traditional basis. The sales and distribution division and the administrative division's poor performance have lead to the less sales and high managerial and administrative expenses.

There are not any effective programs to increase the productivity of manpower. Lack of employees' motivation, performance evaluation, incentives and training and career development etc becomes the major causes for the lower profitability of Radio Nepal and lower income for advertisement of the media. The performance appraisal system is not satisfactory. Based on the work performance or on seniority based the promotion is not done. Political interference and other unusual factors play roles in decision making of the enterprises.

Radio Nepal has no clear pricing method. Costs are not classified as variable, fixed and semi-variable. These costs are also not diagnosed as controllable and non-controllable cost. So, cost control programs are not effectively applied in Radio Nepal. Radio Nepal has not adequately prepared capital expenditure plan and long term planning following the project evaluation techniques such discounted cash flow. The enterprise's budget and actual sales are positively correlated. That is the decrease in the budgeted sales results the decrement in the actual sales performance. Least square straight line of sales and production shows that the sales and expenditure will be fluctuated in future. The concept of variance analysis is completely ignored.

Planning section is very poor. Planning division's personnel have lack of forecasting techniques. A lot of problem of road transportation are being increased by the political parties, which indirectly affects the earning of the enterprise, Radio Nepal faced various problems and hindrances such as managerial autonomy, inefficient use of means and resources, production of such programmes which are not changed as per the choice of the public, lack of competitive ability,

adoption of traditional technology, uncontrolled administrative expenses and minimum use of professionalism.

The management of the Radio Nepal has tended to be oriented more towards administrative and political matters than towards business. As the higher management is appointed on the basis of political loyalty and commitment, the decision making process apparently lacks capability and efficiency. Due to the lack of managerial autonomy, the working style and concerns tend to undermine rather than promote the interest of the enterprise.

As a general problem, it became clear that in today's competitive world, the goods and services delivered in sub-standard and in most cases irresponsible and inadequate as against the people's needs and expectations. Moreover, the political and administrative corruption, frequent Nepal bandhs and the country's main highways being closed by the different parties hampering the trade and business of the country have greatly affected the earning of Radio Nepal.

However, the most of Public enterprises including Radio Nepal are reportedly suffering from economic crises and bearing loss. Some of them have already turned into liquidation. Private companies with small investment in comparison with the public organization are earning profit and are in the state of sound economic condition. But public enterprises like Radio Nepal with huge investment and using monopoly and support of government are making loss or a little profit. Nowadays Radio Nepal is going in good direction. So to make more profit and to give more satisfaction to its customers, Radio Nepal should follow profit planning and control.

5.3 Recommendation

The findings of analysis and conclusion of the present study of Radio provided background for some suggestions to improve the budgeting system in Radio Nepal for its better operation. The study has clearly shown that the objectives of Radio Nepal are not clear, profit planning is not systematic and lack of business knowledge and lack of co-ordination between department (production, marketing, selling and distribution, collection and processing etc). It seems too necessary to

develop, implement and improve the process of budgeting system for enterprise. Following suggestions can be recommended to improve the performance of the Radio Nepal:

1. Radio Nepal should formulate systematic and scientific sales plan by considering different factors affecting sales. Sales forecasting should be done on realistic ground
2. Radio Nepal should develop its overhead budget in scientific and systematic classification. All expenses related with purchase and production should be included in service and manufacturing overhead and similarly administrative overhead and selling and distribution overhead should be categorized systematically.
3. For effective implementation of budgeting system worksheet or manuals should be communicated higher level to lower level of the management.
4. Radio Nepal should develop the effective pricing policies according to competitive market situation, to gain high market share.
5. Radio Nepal should maintain its income and expenditure of the operating expenses of AM, FM and Internet service separately so that it makes it easy to know the situation of earning of different category of services.
6. Radio Nepal should adopt long range and short range plan. The plan should be formulated with the participation of the most of the personnel to give them feeling that they have formulated them and committed to accomplish them.
7. Radio Nepal should evaluate the profitability of the product line. There should be market studies focusing on demand, supply and pricing of time of advertising and programmes, and the loss-causing programmes should be identified and drop them.
8. Radio Nepal should prepare its periodic performance report for evaluating of performance of the poor achievement.
9. R & D (Research and Development) in the field of radio broadcasting is very important; listeners' survey, business survey etc are required.
10. The enterprise has been suffering from huge loss, due to high amount of employees' salary, electricity charges and capital expenditure. Without eliminating these expenses, there is no possibility of operating in good profitability condition. To avoid these expenses, the enterprise should refund

its long-term loan. The unnecessary number of employees should be controlled and the electricity charges should be brought under the reducing either by the help of alternative source of power or controlling load shedding problems.

11. It is recommended to employ budgetary control, and sales and cash forecasting and cash management to improve the operation and effectiveness and financial condition of Radio Nepal as a whole.
12. Difference from budgeted allocation to actual situation must be analyzed and necessary corrective steps should be taken based on actual sales and production.
13. Radio Nepal needs to work out control mechanism so that corruption can be controlled.
14. Radio Nepal should be used feedback mechanism to control overall activities.

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APPENDIX

Radio Broadcasting Service, Radio Nepal

Comparative Chart of Income and Expenditure for Seven Fiscal Years

Details:	2003(2060/61)	2004(2061/62)	2005(2062/63)	2006(2063/64)	2007(2064/65)	2008(2065/66)
Income\Advertise	87371925.63	79871619.19	79461513.6	74793255.36	80364542.68	79569747.04
Rental	3017700	5396575	9624404	12262055.7	9359316.25	9295903.74
\Misc.	3717731.93	3024275.11	2449359.02	3451189.13	4198446.91	5478224.72
Income Total	94107357.56	88292469.3	91535276.62	90506500.19	93922305.84	94343875.5
Received from debtors	7796824.44	5134281.33	8190828.3	7829411.8	10671200.01	7062605.46
from Gov.	92300000	72400000	70000000	121413000	96339879	115752000
received	81243.62	804709.78	2225655.21	935088.47	1419313.15	1200000
Opening Balance	21693053.46	33864354.08	26810266.97	21518458.81	63439308.56	48050750
Total	215978479.1	200495814.5	198762027.1	242202459.3	265792006.6	266409231

Expenses Details:	2003(2060/61)	2004(2061/62)	2005(2062/63)	2006(2063/64)	2007(2064/65)
Employees' Expenses	70231934	75692256.53	79528888.97	87805383.82	111106394
Operating Expenses	78806892.38	66537756.07	59325067.25	64545561.99	45469744.
Capital Expenses	16809914	12371192.99	17803057.52	9480012.98	14693230.
VAT	4015311.95	5406495.28	5118874.54	6194883	72861
Total Expenses	169864052.3	160007700.9	161775888.3	168025841.8	1785554
Debtors	9725341.17	11272311.77	13315045.46	6302796.45	5326634.
Adjustment	298307.69	501816.79	707978.16	2062657.33	3170277.
Pension and Gratuity	2226423.81	1903718.09	1444656.39	2371855.14	30688861.

Closing balance	33864354.08	26810266.97	21518458.81	63439308.56	480507
Total	46114426.75	40488113.62	36986138.82	74176617.48	87236522.
Grand Total	215978479.1	200495814.5	198762027.1	242202459.3	265792006