

A STUDY OF CAPITAL BUDGET IN MARUTI SUZUKI PVT. LTD. IN NAGPUR

Payal Todase, M Com-II, Dr S. C. Gulhane Prerna College of Commerce, Science and Arts, Nagpur, MS, (India)

Ms. Swarda Gulhane Assistant Professor, Dr S. C. Gulhane Prerna College of Commerce, Science and Arts, Nagpur, MS, (India)

Abstract

In our present-day economy, finance is defined as the provision of money at the time when it is required. Every enterprise, whether big, medium and small, needs finance to carry on its operations and to achieve its targets. In fact, finance is so indispensable today that it is rightly said that it is the life blood of an enterprise. Without adequate finances, no enterprise can possibly accomplish its objectives. “Business finance can be broadly defined as the activity concerned with planning, raising, controlling and administering of the funds used in the business”. “Business finance is that business activity that concerned with the acquisition and conservation of capital funds in meeting financial needs and over all objectives of a business enterprise

Keywords: Business Finance, Financial Planning, Capital Acquisition, Fund Management, Financial Control, Enterprise Operations

1. Introduction

Financial management refers to the efficient and effective management of money (funds) in such a manner as to accomplish the objectives of the organization. It is the specialized function directly associated with the top management. The significance of this function is not seen in the 'Line' but also in the capacity of the 'Staff' in overall of a company. It has been defined differently by different experts in the field. The term typically applies to an organization or company's financial strategy, while personal finance or financial life management refers to an individual's management strategy. It includes how to raise the capital and how to allocate capital, i.e. capital budgeting. Not only for long term budgeting, but also how to allocate the short-term resources like current liabilities. It also deals with the dividend policies of the shareholders. Financial Management is a vital activity in any organization. It is the process of planning, organizing, controlling and monitoring financial resources with a view to achieve organizational goals and objectives. It is an ideal practice for controlling the financial activities of an organization such as

procurement of funds, utilization of funds, accounting, payments, risk assessment and every other thing related to money.

In other terms, Financial Management is the application of general principles of management to the financial possessions of an enterprise. Proper management of an organization's finance provides quality fuel and regular service to ensure efficient functioning. If finances are not properly dealt with an organization will face barriers that may have severe repercussions on its growth and development.

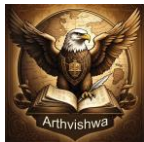
2. Types of Capital Budget in Planning Help

A Capital budget in plan isn't a static document it's a tool to track your progress, and one you should adjust as your life evolves. It's helpful to reevaluate your financial plan after major life milestones, such as getting married, starting a new job, having a child or losing a loved one.

Complete Capital budget in plan and investment advice

Online Capital budget in planning services offer virtual access to human advisors. A basic service

would include automated investment management (like you'd get from a robo-advisor), plus the ability to consult with a



team of Capital budget in advisors when you have other financial questions. More comprehensive providers basically mirror the level of service offered by traditional Capital budget in planners: You're matched with a dedicated human Capital budget in advisor who will manage your investments, create a comprehensive Capital budget in plan for you, and do regular check-ins to see if you're on track or need to adjust your Capital budget in plan.

Specialized guidance and/or want to meet with an advisor face-to-face If you have a complicated Capital budget in situation or need a specialist in estate Capital budget in, tax Capital budget in or insurance, a traditional Capital budget in advisor in your area may fit the bill. To avoid conflicts of interest, consider fee-only Capital budget in advisors who are fiduciaries (meaning they've signed an oath to act in the client's best interest). Note that some traditional Capital budget in advisors decline clients who don't have enough to invest; the definition of "enough" varies, but many advisors require \$250,000 or more. If you want to know more about how much seeing an advisor will cost, read our guide to Capital budget in advisor fees.

Portfolio management only

Robo-advisors offer simplified, low-cost online investment management. Computer algorithms build an investment portfolio based on goals you set, and your answers to questions about your risk tolerance. After that, the service monitors and regularly rebalances your investment mix to ensure you stay on track. Because it's all digital, it comes at a much lower cost than hiring a human portfolio manager.

Why is Capital budget in planning important?

Capital budget in planning can help you feel more confident about navigating bumps in the road

like, say, a recession or historic inflation. According to Charles Schwab's 2023

Modern Wealth Survey, Americans who have a written Capital budget in plan feel more in control of their finances compared with those without a plan.

Once your basic needs and short-term goals have been addressed, a Capital budget in plan can also help you tackle big-picture goals. Thoughtful investing, for example, can help build generational wealth, and careful estate planning can ensure that wealth gets passed down to your loved ones.

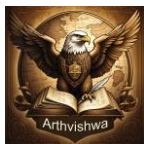
3. Strategic Planning and Capital Budget in Planning Processes

According to Runy (2005), the following are steps in the strategic planning goal process and the Capital budget in planning goal process:

- a) step one: establish a mission and vision statement of the organization;
- b) step two: develop a long term plan that supports the mission and vision of the organization;
- c) step three: create plans at each organizational level that integrate the mission and vision;
- d) step four: identify and evaluate the organization's external environment for new opportunities;
- e) step five: develop forecasting for market opportunities;
- f) step six: develop a plan based on capital budgets, and
- g) step seven: monitor and evaluate the results. Revise, as needed.

Capital Budget In Planning Goals

- (a) step one: evaluate the current performance of the organization;
- (b) step two: compare the organization's performance against historical data;
- (c) step three: develop financial projections;
- (d) step four: assess the organization's financial status;
- (e) step five: integrate the Capital budget in goals with the strategic goals to ensure compatibility, and
- (f) step six: monitor and evaluate the



results. Revise, as needed.

Based on Runy's step by step process of strategic and Capital budget in planning, the following is a step by step strategic financial planning process that can be successfully utilized by a healthcare organization.

4. Proposed Steps of The Strategic Capital Budget in Planning Process in HSOs

- (a) step one: establish the mission and vision statement of the organization.
- (b) step two: create mission and vision statements at all department levels that support the organization's mission and vision;
- (c) step three: assess the current performance of the organization and compare it to historical data;
- (d) step four: develop a plan based on capital budgets which support the mission and vision of the organization;
- (e) step five: integrate the Capital budget in goals with the strategic goals to ensure compatibility;
- (f) step six: identify and evaluate the organization's external environment for new opportunities;
- (g) step seven: develop Capital budget in projections based on new opportunities. Assess the risk associated with these new opportunities;
- (h) step eight: monitor and evaluate results and revise as needed.

5. Benefits of Capital Budget in Planning

Creating a Capital budget in plan is an extremely beneficial way for an individual to evaluate their current financial situation and plan ahead for future objectives and expenses. Listed below are the advantages of creating a Capital budget in plan.

- Better management of personal income.
- Increased preparation for future

expenses

- Clarity in retirement objectives. Reduced risk of debt.
- Increased likelihood of achieving personal and financial goals.
- Decrease in stress levels, anxiety, and worry.
- Increased probability of financial success.

Producing a Capital budget in plan brings forth an assortment of benefits that would not be present

previously. Other than time loss, there are no disadvantages to creating a financial plan.

6. Reasons to Create A Capital Budget in Plan

If you are not quite sure if you are ready to allocate personal time to create a Capital budget in plan, the following factors should convince you why it is an advantageous idea.

1. Prioritize financial goals

If an individual is saving up for a down payment on a house, mortgage, or car, a financial

plan helps organize associated expenses, allowing the individual to plan ahead for a large

future purchase.

2. Prioritize personal goals

Personal goals such as a specific savings account balance, portfolio value, or luxury vehicle

can be achieved by constructing a Capital budget in plan that assigns income effectively to achieve preset goals.

3. Standard of living

The ongoing collection and distribution of finances is a stressful topic for most individuals but can be minimized by the creation of a Capital budget in plan. This is because a Capital budget in plan is organized, laid out, and provides information on how to reduce debt.

7. When to Create or Adjust Your Capital budget in Plan

On average, an individual should review



and adjust their financial plan every year. However, if you've not yet created a Capital budget in plan, here are some of the factors that should influence and motivate the idea to begin the process.

1. Change in income

When an individual is granted a change in income, their purchasing power will either increase or decrease. The change will significantly lead to a change in the ability to spend money, invest, and pay off debt.

2. Job change

because a number of new expenses will be added, which will affect personal income.

4. Inheritance

Receiving some sort of inheritance could significantly impact the allocation of income towards expenses and investment, which would warrant an individual to either create or adjust their financial plan. Beyond the criteria above, it is recommended that every individual who is earning should eventually create a financial plan to ensure comfortability, relief, and success.

8. Conclusion

The study concluded that the implementation of strategic capital budgeting positively influences overall strategic performance, particularly in the areas of financial performance, customer satisfaction, and learning and growth. A strong relationship was observed between strategic planning and these three perspectives, indicating that well-structured financial and operational planning enhances business outcomes. However, the relationship between strategic planning and the internal business process perspective was found to be moderate, highlighting the need for commercial banks to focus more on improving internal processes. Enhancing internal business processes will directly contribute to faster service delivery and higher service quality, leading to increased customer satisfaction, retention, and loyalty. This, in turn, will positively impact financial performance. The study also

When an individual land a new occupation, an assortment of new expenses and costs must be accounted for. For example, a new job may result in an increase in transportation or communication expenses.

3. Change in family dynamics

The creation or adjustment of a Capital budget in plan should occur when a change in family dynamics occurs, such as the birth of a child, marriage, or divorce. It is necessary

emphasized that business planning is an essential knowledge area that significantly contributes to both short-term and long-term organizational development. Strategic planning plays a vital role in guiding business growth, ensuring sustainability, and enhancing competitiveness in today's dynamic environment.

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