



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)



04814



DISTR.  
LIMITED

ID/WG.147/7  
11 April 1973

ENGLISH\*  
Original: RUSSIAN

**United Nations Industrial Development Organization**

Interregional Seminar on Operation  
of Industrial Planning Systems  
Nessebar, Bulgaria, 21 May - 2 June 1973

**PLANNING IN THE INDUSTRIAL ENTERPRISES**

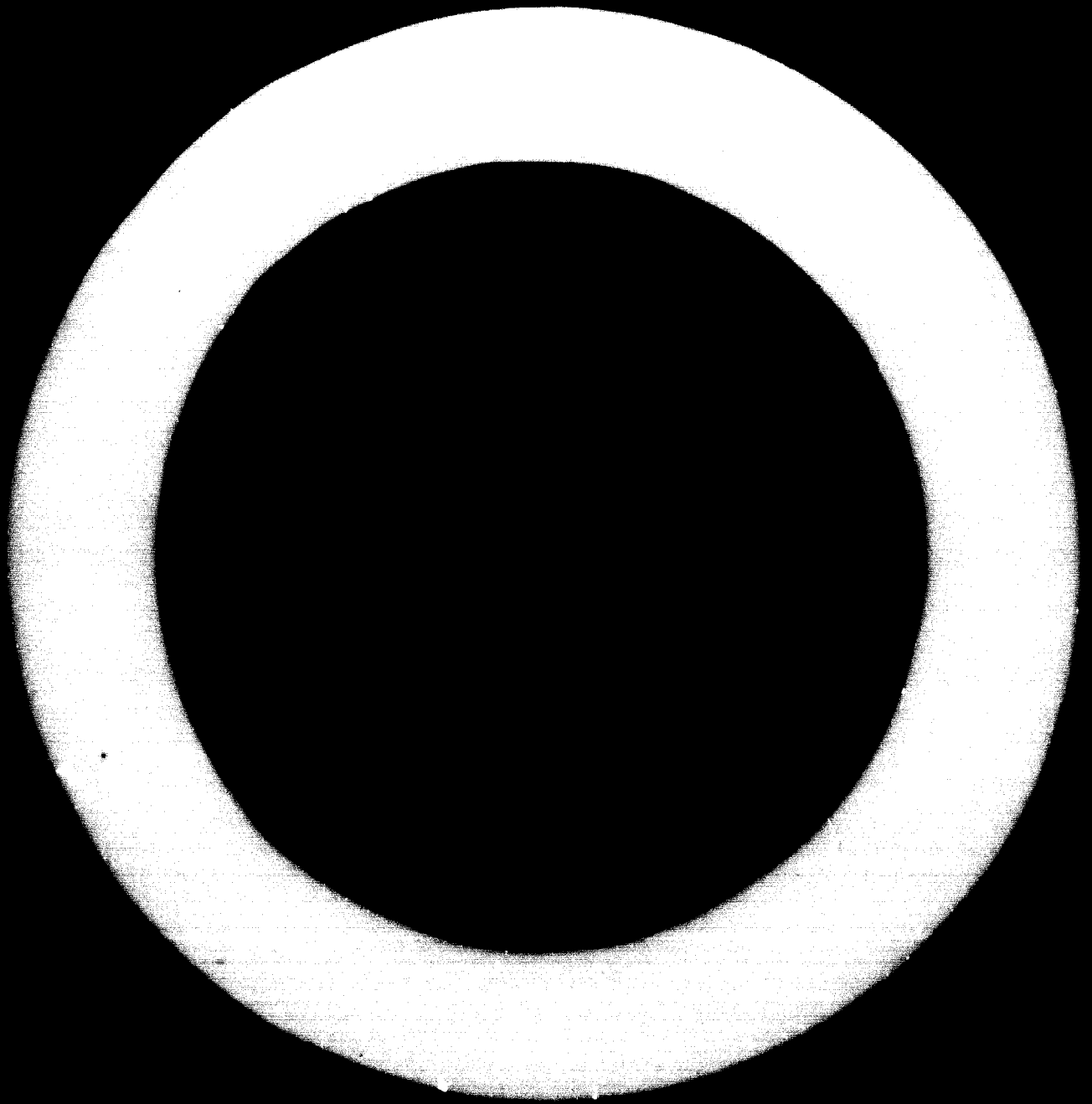
by

S.Videnov, Head of Division  
T.Krestev, Chief Specialist  
State Committee on Planning  
Sofia, Bulgaria

The views and opinions expressed in this paper are those of the authors and do not necessarily reflect the views of the secretariat of UNIDO. This document has been reproduced without formal editing.

\* Unofficial translation.

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.



## S U M M A R Y

The introductory part of the report includes a general characteristic about the essence of the branches and units of the industrial enterprises incorporated into the state economic corporation, as well as an elucidation of their economic, administrative and legal /juridical/ positions.

The report is also intended to elucidate the place and the part of the branch enterprises and units within the system of the state economic corporation. It contains explanations about the basic functions of the branch enterprises and units, as well as an account about their interrelations with the state economic corporation and the other administrative and economic institutions.

The report is also intended to define and determine the functions of the branch enterprises and units in the planning, by indicating their rights and obligations related to and proceeding from the planning, and the realization of their economic work and activities.

The report makes also clear the methods and the means used for the planning of the economic work and activities of the branch enterprises and units of the state economic corporation. The report considers the use of the basic methods in planning, as a balance, and backward analysis, correlation, index-factor analysis, etc. as well as the elaboration of appropriate technical-economic norms.

The report contains a description of the organization of preparing the plans for the economic work and activities of the branch enterprises and units of the state economic corporation. The report elucidates the order and the way of preparing the respective parts of the plan and their interrelations, on the one hand, and their relations with the respective parts of the plan of the state economic corporation, on the other hand. The reception of the normative acts, limits, and direct indices, as well as any other kind of necessary information for the planning activities is also elucidated in the report.

There is a detailed account of the way for preparing and working out the plan by each of its separate parts, as well as of the indices, which characterize it, and the obtaining and use of all the necessary data for that purpose. The report considers in succession the parts concerning: the technical level and the quality of the production; the production programme; the material and technical supply; labour, salaries and wages, working cost and net price /production expenses/; financial plans, including the planned draught-accounts about the funds, which are to be formed in the branch enterprises and units; the intensification and the effectivity of production; the labour, social, living, and cultural conditions.

The report deals also with some basic problems concerning the formation and the distribution of the profits in the branch enterprises and units of the state economic corporation, the formation of the funds intended for investment or consumer purposes; the problems concerning the material stimulation of the collective bodies and the individual workers and officials, as well as the interrelations of the branch enterprises and units with the state budget, the banks and the state economic corporation.

## PLANNING IN THE INDUSTRIAL ENTERPRISES

Two years ago the traditionally operating enterprises in this country were turned into divisions of the Corporations in the majority of cases. Through them the State Economic Corporation realises its economic activity.

The enterprise is a division of the Corporation, having a separate name and seat, balance and bank account. It can conclude agreements by power of the Corporation in connection with its determined activity, be a side of juridical, arbitration and other cases. The division is responsible by its property for the obligation it has undertaken. In case of bankruptcy the Corporation is fully responsible for the divisions.

There is also legal possibility that some of the divisions, which have taken the form of enterprises to have other separate type of internal divisions in their structure.

In the past the enterprises were separate juridical entities with their own balance sheets and full economic account and were the basic economic units in the national economy. They were fully entitled to conclude agreements with other enterprises, etc. After the foundation of the State Economic Corporations and their transformation into basic economic units, the basic part of these functions were transferred to the Corporations and only some of them by transferred power were left with the divisions.

Both the Corporations as a whole and their divisions are formed, reorganised and cease their activities on the decision of the Council of Ministers. Proposals for that are made by the Corporations. The decisions taken on these problems are published in the printed edition of the National Assembly, "The State Gazette". The name of the unit, or division, the subject of its

activity, the scope of its activity, its seat, the funds it has at its disposal and the manner in which it obtains them are published. In principle the name of the division should be such as to express the subject of its activity and to differ from that of the other divisions which are set up on the territory of the same urban district.

If a division is transferred from one Corporation to another, by rule all its property, assets and liabilities are transferred to the new Corporation.

The divisions and their sections conduct their economic activity in accordance with the principles of the internal economic account which is expressed mainly in the following:

a) the divisions are granted the necessary basic and turnover funds by the Corporation with the intention of effecting self-support;

b) the divisions have operational and economic independence in utilising these funds with a view to the efficient implementation of the tasks with which they are entrusted;

c) the divisions have material incentives from the constant improvement of the end economic results;

d) the divisions bear material responsibility for non-fulfilment (or inadequate fulfilment) of the tasks with which they are entrusted.

The internal economic account ensure conditions for:

a) implementation of the tasks laid down by the Corporation, a result of the uniform plan for the country's social and economic development, contracts made, etc.;

b) rational use of material, labour and financial resources for lowering the cost of production, increasing the productivity of labour and raising the technical standards and the quality of production;



c) effecting lasting unity between the interests of the Corporation, the interests of the division and the interests of the workers and employees;

d) activation of the participation of the working teams and the management of the productive activities for increasing the efficiency of production.

Apart from the division, some of its units can also be on internal economic account, such as factories, plants, mines, farms, centres, affiliated branches, factory shops, sections, stores, etc. which have basic auxiliary or supplementary activities in respect of the basic activity of the division.

To start operation on a separate internal economic account presumes that the organisational structure should be specified in advance, the boundaries of operational and economic independence be determined, and the indicators and normative basis for planning and accounting for their activities should be set up which are necessary for the evaluation and stimulation of the division and its units such as norms and indicators in accordance with the results of its activity. Relations between the divisions and the separate units which operated on their own internal economic account should be also determined as well the way and means for the solution of disputes arising under these interrelations. The basic provisions of the organisation of wages and material incentives in accordance with the acting normative costs on these problems are also determined.

The relations of the division with the respective economic ministry are effected through the Corporation. The division has no direct interrelations with the Ministry. As regards its interrelations with the state budget, the relation between the division and the District People's Council is effected by means of percentage contributions for the profits of the division on behalf and in the name of the Corporation.

Within the framework of the normatives, limits and indicators determined by the Corporation and which are compulsory, the divisions also develop their own comprehensive counter plan. The latter is an extended programme for the division's production and economic activity aimed at the successful implementation of tasks and the fullest use of production capacities, raising the efficiency of production, improving the financial results and the incomes of the working teams. The plan is worked out for a five-year period and is divided by years. At the beginning of each year the annual plan is specified. The annual plan is divided by quarters, and if necessary by months.

The compulsory normatives, limits and indicators approved by the Corporation for its division serving as a basis in the elaboration of the counter plan, are the following:

1. Volume (in value or kind), structure and quality of production and the economic activity.
2. Assignments for technical standards and the quality of production.
3. Limits for the expenditure of the basic raw and other materials.
4. Normative for turnover funds.
5. Normatives for cost of production including normatives for material expenditure and normatives for wage distribution by separate commodities, groups of commodities, activities, etc.
6. Normatives for allocating fund percentages;
7. Normative for the utilisation of basic machines, units, production lines, etc.
8. Norms for the expenditure of basic raw and other materials;
9. Norms for the expenditure of manpower for the manufacture of basic commodities, operations, servicing of factory shops, production lines, etc.

Wherever necessary the State Economic Corporations can approve additional normatives and indicators for their divisions depending on the characteristics of their specific activities.

On their turn, the division approves normatives and indicators for its units which are operating on an internal economic account which are also compulsory for the units in the elaboration of the plans for the sections. Such normatives and indicators include:

1. Volume, structure and quality of production.
2. Normative production cost by commodities, including wage expenditure;
3. Normatives for the use of capacities,
4. Quality standards,
5. Bonuses normatives
6. Normatives for the expenditure of raw and other materials and use of capacities;

Wherever necessary the divisions can also approve additional normatives and indicators specific for a given section.

If any change of the conditions of work occurs, the division is entitled to make redistribution by quarters and months within the following periods of time:

- for the month - not later than the 15th day before the expiry of the respective month;
- for the quarter - not later than 30 days before the expiry of the respective quarter.

The Corporation, the bank branch and the District People's Council are informed about any changes made.

In order to set up material incentives amongst the working teams, as well as in the Corporation, the division and its sections, they work out their own counter plans in which except the tasks proceeding from their compulsory normatives, limits and indicators approved for them, should also include additional tasks which

have been discovered as reserves in the divisions and units themselves. This refers both to the quantitative indicators and to the quality indicators - the increase of labour productivity, reduction of production costs, raising the technical standards and the quality of production and increasing the profits. In this way the plan ensures higher amount of the resources for the fund "Additional Material incentives" and for the fund "Social, living and cultural measures" about which the personnel is interested.

In planning the economic activity of the divisions, the balance sheet method is mainly employed with a view to obtaining complete binding between the separate sections of the plan.

The formation of a system of normatives and indicators is an initial principle in planning.

In working out their plans, the divisions comply also with the forecasts and the complex programmes of the State Economic Corporations and the long-term plans, as well as with the general outlay for the territorial position of the country's productive forces. This creates prerequisites and premises for equal distribution of the productive forces by areas in the country.

The divisions, in working out their plans for the comprehensive activities, except with the prognosis, complex programmes and the normatives, limits and indicators approved for them, also comply with the demand of their output by the consumers, reflected mainly in the economic agreements and contracts for the supply of production or rendering services.

In practice the working out of the plans of the divisions is done in two stages.

The first stage includes the period of preparing the proposals (draft plans) of the divisions, and materialises in the following trends:

- collection of the tasks proceeding from the prognosing,

concepts and complex programmes for the respective industry, or division respectively.

- making of general analysis of the economic activity of the division on the utilisation of production capacities, technologies employed, the supply of materials and equipment, the organisation of production, labour and management, the nature of the specialisation of production in the individual sections and in general for the division;

- making an analysis and comparison of the technical standards and the quality of production with similar output in other divisions in this country and abroad and elaboration of measures for raising the technical standards and the quality of the manufactured goods.

- determine the specific nomenclature, variety of goods and volume of production and services on the basis of the economic contracts;

- organisation of collection of proposals by workers, employees and the engineering and technical staff for improving the organisation of labour, production and management and for improving the efficiency of the economic activity.

The second stage of the plan elaboration takes place after the compulsory normatives, limits and indicators approved by the Corporation are received and further determination of the indicators of the draft made during the first stage is made after which the plan is approved by the head of the division before the beginning of the planned period.

Depending on the industry and the division, the indicators and the tasks in the plan are differentiated and are split to the factory shops, services, and if possible and adequate even to the smaller units, including sections and separate places of work with a view to mobilising all producers to implement

the plan on time and in good quality so that the contribution of the specific producers can be reflected in the general results of the work of the division.

The elaboration of the plan ends by marking measures for ensuring actual control for the punctual and high quality implementation of the laid down tasks.

After the plan of the division is completed and is approved, the head of the division sends it to the Corporation to be incorporated in the final draft of the comprehensive plan of the corporation as well as for supervision during its implementation.

The comprehensive production and economic plans of the divisions have the following sections:

- technical standards and quality of production;
- production programme;
- supply of materials and equipment;
- labour and wages;
- cost (production expenses)
- financial plan, including account plans for the funds which are set aside in the division;
- intensification and efficiency of production;
- labour, cultural and living conditions.

The plan of the two stages is worked out by these sections: in the elaboration of the draft for the development of the division and in the approval of the comprehensive plan after the approval of the compulsory normatives, limits and indicators.

There is direct relations between the separate sections of the production-economic plan of the division. The basic requirements in the elaboration of the comprehensive plan include the realisation of full binding amongst its individual sections, as well as amongst the interrelated indicators.

The section of the technical standards and the quality of production is one of the most important sections of the plan as it is directly associated with all the remaining sections of the plan creating prerequisites for setting up a realistic and efficient plan of the division.

The section for the production programme is directly linked with the sections for the supply of materials and equipment, the export programme, the section for labour and wages, the production expenses and the financial plan.

The section for the supply of materials and equipment is most closely associated with the section for the production programme, the production expenses and the financial plan.

The section for labour and wages is linked above all with the sections for the production programme, the production expenses, the financial plan and the indicators for efficiency and the intensification of production.

The section for production expenses is tied above all with the sections for the production programme, the supply of materials and equipment and labour and wages. It is also associated with the financial indicators characterising production efficiency.

The section for the financial plan is a binding unit for securing the financial needs for the comprehensive production and economic activity of the division and the sources for that. The income and revenue accounts for the funds which are established in the division are a component of this section and they are related to the results of the division's production and economic activity.

The section for efficiency and intensification includes the basic quality indicators of the remaining sections of the plan systematically, and for this reason this section is

directly associated with all the sections of the plan.

The section for the labour, cultural and living conditions is comparatively more independent as its relations with the remaining sections of the plan are indirect and are associated with the efficient development of the division.

The working out of each section of the plan and the indicators characterising it is done in the following manner.

The following serve as initial data in the elaboration of the plan for the technical standards and the quality of production;

- the elaborated prognosis and the long-term plan for the development of the division aimed at increasing the efficiency of production;

- the general trends for the development of science and the introduction of new equipment and technology in the respective industry, the scientific technical problems and measures on the introduction of scientific organisation of labour in compliance with the methods on these problems which is uniform for the whole country;

- making use of the scientific technical achievements and the designs of the research and design organisations for the respective industry or industrial branch;

- basic trends for the development of the industrial branch, generally for the country, and own research for the demand of the output manufactured;

- the results of the completed research work in the laboratories of the division, the industry branch institutes, the Academy of Sciences and the Higher Educational Establishments;

- making use of patents and licences, authors' certificates, sources in literature and the scientific technical information in the country and abroad;



- making use of the proposals for technical improvements by the sections and units of the division, the scientific-technical conferences of the teams of the division held and other measures aimed at improving the quality of production during the planned year.

The measures on the tasks for raising the technical standards and the quality of production earmarked are made more systematic in a separate section of the plan of the division and strict supervision for their observation is maintained during the period covered for by the plan.

The section for the production programme is developed on the basis of the preliminary established needs of a given output, its demand of the internal and foreign markets and the capabilities of the division to manufacture it.

The section for the production programme is drafted mainly in two sub-divisions:

- a) expression in kind;
- b) expression in price - by comparable and by current prices.

The following are the initial data for the elaboration of the production programme for expression in kind:

- developed prognosis, the long-term development plan, the economic contracts for the supply of raw and other materials and for the sales of the finished articles concluded, the obligatory norms, limits and indicators approved by the Corporation, the presence of finished but unsold output at the beginning of the planned period, measures marked for specialisation and co-operation with other division within the system of the same Corporation or with division in other Corporations, the production capacity of the division based on its basic production funds, the calculations for commissioning of new capital funds and their utilisation.

Furthermore, the elaboration of the production programme is also complied with the constantly growing requirements for improving the technical standards and the quality of output both for the home and the foreign market.

To ensure the binding between the envisaged volume of production with the necessary production capacities, a balance of the capacities of the division is drafted.

Under production capacities of the division is meant the maximum possible annual production output or the volume of the processing of the raw materials by nomenclature and variety, provided for during the planned period, with the full use of the production equipment (machines, etc) and the production floor space at the existing or planned new equipment and technology of production and the organisation of labour and management.

In determining the production capacities, the compulsory nomenclature of the production programme, the

time of the equipment and the inevitable technological stopover, the established regimes of operation of the equipment, the time required for manufacturing unit output for each variety, as well as the established norms for the duration of the planned servicing and repair of the separate machines and equipment.

After determining the capacities of the basic production sections, machines, units and equipment, these capacities are synchronised with the remaining capacities of the other sections, including the auxiliary, with a view to non-admitting they to become the reason for the nonfulfilment of the earmarked production programme during the period of the plan.

In value expression the production programme is shown in: total industrial output by comparable prices and in stock production by acting (current) prices.

The volume of the stock production is determined as a value of the finished output designed to be supplied to the clients or semifinished products, as well as of operations of industrial nature. It also includes the general overhaul of the own equipment, the output which is used in the own capital construction and in the non-industrial sections belonging to the division (workers' canteen of the division, etc).

The volume of the stock production is determined on the basis of the production plan expressed in kind and is found by summing the total output by separate quantities (or volume of work, services) and the current prices, and the total industrial output on the basis of the production plan expressed in kind, multiplied by established comparable prices for a fairly long period of time, usually for five years.

The prices of the legal place of free supply: ex works, free on station, free on frontier, etc.

Output with a K quality mark (for quality standards above world level) and marked 1 (at average world standards) are included in the volume of the stock production at prices higher than normal (i.e. with premiums established in the unusual manner).

No indicator for the export of the output is approved for the divisions of the Corporation. But they are given instructions by the Corporation for the output which they should manufacture for exports in accordance with specified nomenclature and variety which they should turn out at given times to the Corporation or a specialised divisions of the Corporation to be sold outside the country in accordance with concluded contracts by the Corporation.

The section for the supply of materials and equipment is an integral part of the general plan for the development of the division. On its correct understanding depends the success-

ful implementation of the division's production programme, as well as the implementation of the plans of the other divisions related with the supply and the sale of the output.

The following more important factors are considered when this section is elaborated:

Normatives and norms for the expenditure of raw and other materials developed in advance; expected surpluses (stocks) of raw and other materials at the beginning of the planned period; the section for production programme by commodities and variety of goods; measures undertaken for increasing the effectivity of production; introduction of new capacities and new types of production during the planned period; marked changes in the size of production reserves and the direct links established with the supply divisions and the contracts concluded with them.

A basic trend in compiling the section for the supply of materials and equipment is the achievement of economies of raw and other materials, power, etc. through the introduction of new economic and technical more beneficial materials in production (interchangeability of materials thus improving the quality, reducing the price, improving the technical and economic parameters of the articles and achievement of economic effect for the manufacturing division and for the consumer division); improvement of the quality of agricultural and other raw materials (ores and mined minerals) with a view to extracting higher percentage of useful content; improvement of the structure and the design of the articles with a view to improving their quality, extending the time of their use and improving the technical and economic parameters of the commodities.

It is very important to reflect in the plan measures for reducing losses in production (rejected goods in production), and the most useful utilisation of waste materials from the basic

production obtained in the process of operation to obtain supplementary output of consumer goods during the elaboration of the plan for the supply of materials and equipment.

Separate estimates, classified by the designation of the materials, on one side, and the use of the materials used are worked out to determine the actual necessity of material resources, namely;

- the needs for basic materials;
- the need for auxiliary materials;
- the needs for fuel (hard, liquid or gas - in general and by types);
- the need for complete commodities;
- the need for semi-finished goods.

The needs for material resources are singled out in separate groups by designation, as follows:

- basic production, auxiliary production, supplementary and side production;
- working out of technological completeness and tools;
- repair and operational needs;
- conducting measures for increasing the effectivity of production;
- capital construction conducted by economic methods, including the equipment (machines and equipment, etc);
- transitory inventory (remaining output) at the end of the planned period.

The sources for covering the planned needs for material resources are the following:

- expected inventory at the beginning of the planned period;
- decentralized semifinished products; supplied from elsewhere;
- own production;
- the funds of the senior organisations.

Card indices for the sequence of the entry of raw materials and other materials, semi-finished goods and complete articles is made to ensure control in the fulfilment of the plan for the supply of materials and equipment.

The percentage set aside for determining the needs for materials resources are done by the respective departments and services of the division in conjunction with the specialised Supply Department.

The section for labour and wages includes the following three sub-sections:

- for increasing the productivity of labour;
- for the numerical strength of the personnel;
- for the wages and for the average wages fund.

Here are the basic tasks in elaboration of the section for labour and wages:

- setting up conditions for increasing labour productivity during the planned period and for ensuring advantageous increase as compared with the growth of the average wage;

- setting up of correct relations in the average wages of workers in compliance with the quality and quantity of their labour, observing the amount of the wages fund in accordance with the normatives, norms and indicators approved by the division;

- setting up of incentives for each link of the production process and for the staff of the division as a whole, for improving the technical and economic indicators of their production and economic activity;

- to ensure staff possessing the necessary qualifications in compliance with the specific conditions in the division;

- to ensure optimal relations of the number of the personnel engaged directly in production, servicing and management;

- to ensure effective work of the specialised department for survey, design and introduction of automated management systems and for production by respective computing centres or by using the computing centres of other organisations.

The sub-section for improving the productivity of labour is characterised mainly by increasing labour productivity in absolute figures and in percentage of implementation in respect with a preceding period. The productivity of labour is determined by the quantitative output made by one person or by a worker per unit time (section, shift, month, quarter, year or by the time used for the manufacture of unit output or the performance of a given job). In addition, the following differentiated indicators are employed for computing the productivity of labour:

- in value expression (measured by: total industrial output, cost of processing, total incomes per employed, etc);

- expression in kind (tons, meters) per employee on an average;

- in conventional expression in kind (e.g. tractors equal to 15 h.p. as a basis, railway carriages expressed in two-axle ones, etc);

- by the method of labour (in norm/hours or the actual labour consumption of the output).

Generally for the division and its sections which operate in internal economic account, labour productivity for the planned period is determined by dividing the volume of work (in value, kind, etc. respectively) by the average number of the industrial and production employees, or only by the number of workers.

The increase of labour productivity is established by determining the effect of the separate technical and economic factors as internal, i.e.e directly dependant on the division,

as well as external, independent on the division (belonging to the industrial branch or of the national economy).

To establish opportunity for generalising the effect of the individual factors on the growth of labour productivity, these are divided into the following basic groups:

- changes of the volume and structure of the production programme;
- raising the technical standards of production;
- raising the standards of the organisation of production, labour and management;
- improving the quality of production;
- changes of natural conditions;
- other national economic or specific factors to the industrial branch.

The effect of each factor is established as economy of manpower from the effect of the respective factor under all other conditions equal. In case the economy of manpower achieved is at the expense of several factors and it is difficult to determine the degree of influence by each of them, then this economy is referred to the factor which has the predominant effect.

The sub-section for the number of employed in the division expressed the total number of the staff of the division, determined as average number in the list of employees for the respective year, divided into two main groups: industrial-productional and non-industrial staff.

The industrial production staff includes workers, the engineering and technical staff, employees, militia and fire protection personnel and the low service personnel directly engaged with the basic productional activity of the division.

To the non-industrial staff are referred workers and employees of service sections financed by specific funds of the



division such as workers' canteens, creches, kindergartens, medical points, libraries, courses for training and improving the qualifications of the division staff, etc.

In establishing the number of the staff not only the regular workers but also the part-time workers engaged seasonally or temporary should be considered. They are determined both as physical numbers and as average number of the employment lists for the respective year.

The numerical strength of the staff and the wages fund, generally for the division, apart in the above-mentioned two basic groups, are also subdivided into:

- staff paid by the normative;
- staff paid outside the normative.

The necessity of extra manpower is determined in accordance with the worked out labour plan by trades, also specifying the sources for meeting these needs. The division also develops its own plan for organising courses for the qualification of the staff and in particular of the workers, as well as for recruiting specialists of higher or specialised high education trained by the country's educational scheme in order to be able to operate the new equipment and technologies and with a view to improving production as a whole.

The sub-section of for the wages is compiled in such a way as to ensure general interest in every worker and each production unit to improve the results of work and of the division as a whole.

A basic factor in this field is to establish material incentives of the working teams so that they would include in the plan all and every opportunity for the most rational use of the production capacities, manpower, material and financial resources, improvement of the equipment, betterment

of the organisation of labour and increasing the profitability of production.

Factors on which depend the size of the planned average wages such as complexity of labour, labour conditions, the increase of labour productivity, etc. are taken into consideration in determining it.

The workers and the staff should be guaranteed all payments established in the respective system of payment of labour together with the average wages, such as salaries of the tables of organisation, tariff rates, remunerations for output in excess of the regular plan, bonuses and supplementary rates included in the Labour Code such as increments for harmful or difficult labour conditions, increments paid to workers who work by labour norms for any deviations from the normal conditions of labour, overtime, night labour increments, payment of idle time which is not the fault of the workers, payment of regular paid leave, increments for service years, etc.

The section for the cost of production (production costs) includes all expenses made by the division for the manufacture of the planned output. It consists mainly in the following sub-sections:

- lowering production costs under the effect of technical and economic factors;
- calculation of the cost of production of the individual types of production per unit article;
- calculation of production expenses;
- cost of stock production.

In principles, the elaboration of the plan for the production costs is done with the assistance of the normative method, in the basis of which lie the realistic normatives and norms for the use of manpower and material expenses developed by

the division.

The internal factors are accounted for in determining the effect of the various factors on the cost of production, i.e. those which depend directly on the division, as well as the external factors which do not depend on the division.

The separate factors are grouped in the same manner as is indicated in the sub-section for the productivity of labour.

The planned calculations of the cost of the individual types of output and the calculation of the expenses per unit production or services during the planned period are done by calculation expenditure items, i.e.:

- raw and other materials;
- semifinished produce, own make;
- wages;
- state social insurance contributions based on the wages;
- factory shop expenses;
- total factory expenses;
- losses from rejected output;
- other production costs;
- extraproduction costs;
- difference in wages and state insurance contributions.

The expenditure items <sup>up to</sup> "Other Production Costs" inclusive form the factory cost prices. Adding the expenses under the item of "Extraproduction costs" to it, on the basis of which is obtained the commercial value, and after adding to it the item "Difference in Wages and State Public Insurance Contributions" is formed the complete cost of the stock output.

Certain necessary changes can be made to the above-mentioned calculation items in accordance with the specific features of the industrial branches.

The expenses for the manufacturers of the stock production

are a sum of all planned expenses of the division and establish the relation of this section with the remaining sections of the plan.

The data for the calculation in determining the expenses for the production of primary elements are taken directly from the sections "Material Technical Supply", "Labour and Wages", etc.

The production expenses include all expenses both for the basic and the auxiliary production which are necessary for turning out the industrial output, as well as for work and services of an industrial nature for own needs and for outside organisations rendered.

By economic elements the production expenses are divided in the following groups:

- raw and other materials (after deducting the cost of the usable waste);
- fuel - purchased;
- power - purchased
- wages,
- state social insurance contribution based on percentage of the wages;
- pay out;
- other monetary expenses;
- extraproduction expenses;
- differences in wages and state social insurance contributions.

In cases of hired labour the cost of the raw and other materials of the client are not paid by the division and are not included in the production costs. Expenses on the processing of the raw and other materials belonging to the client, their supply and storage are, however, included in the cost of production.

The planned stock production costs for each commodity is determined by multiplying the planned cost of the individual article by the quantity of these articles.

The planned costs of the whole stock production obtained from the total sum of the production costs is equal to the complete planned stock production costs obtained by plan calculations for the individual articles multiplied by the amount of the stock production.

The expenses per 100 leva stock production are established by dividing the full cost of the whole stock production by the volume of the stock production at factory prices and multiplying the obtained result by 100.

The section for the financial plan is expressed in value the results of the elaboration of all the preceding sections of the plan of the division.

The main objectives which are achieved in the elaboration of the section for the financial plan are the following:

- assurance of financial resources necessary for the division's production and finance activities and for the timely materialisation of the measures marked in the remaining sections of the plan;

- mobilisation of the division's resources with a view to most rational use of the division's production capacities, its basic funds and turnover funds and to ensure <sup>the</sup> maximum possible increase of efficiency and profitability with the ultimate objective of receiving higher profits;

- determination of the interrelations between the division and the Corporation.

The profit estimates are compiled at current prices. The total profit includes the profits from:

- sales of the stock production at specified prices and contracts for sales and supply;
- other sales;

- planned incomes and expenditure outside the sales.

Under profit from the sales of stock production (goods and services) is meant that part of the profit which is obtained by the division after the sales of the output and is determined as difference between the planned costs of the sold output at factory prices and the cost of the same production.

The profit from the remaining sales is determined in the same manner in principle as is for the basic activity, i.e. proceeding from the volumes of the output and services, their cost and the sales prices.

For transport units which are established as separate structural sections to the division, the amount of profits is established on the basis of the volume of transportation, costs and the current tariffs.

The section for intensification and efficiency of production is a generalisation of the basic indicators of all the remaining sections of the plan which give the most clear characteristic for the production-finance activity of the division during the planned period.

The basic indicators which are characteristic of this section of the plan are the following:

- growth of the production programme is expressed in kind and in value;
- introduction of new technologies, mechanisation and automation of production;
- introduction of scientific organisation of labour and management;
- labour productivity and cost of production;
- scientific research and design work;
- sales and profits;
- other indicators specific for the industrial branch characteristic of the activity of the division during the

planned period.

The section for the labour, cultural and living conditions of the working teams contains specific measures which should be undertaken during the planned period for setting up conditions for safety of labour and modern labour hygiene, for improving the professional qualifications of the workers, the managing staff and the employees; for satisfying the needs of hygienic houses; for improving communal and living conditions; for cheapening and improving the quality of food in the workers' canteens in the division, as well as for setting up conditions for cultural, sport and other entertainment for the working people during their leisure time.

The measures allocated in this section of the plan are ensured by the own funds of the division ("Social, Living and Cultural Measures" fund) as well as by the "Extension and Technical Improvements" fund of the Corporation at the expense of the State Budget.

Apart from the above-mentioned sections of the plan, the divisions also draft a plan for charter estimates for forming and distribution of profits, every month with totals for the sum since the beginning of the year (see appendixes 1 & 2).

The making of the chart for the formation and distribution of the profit in the division is a particularly important moment in its plan-economic activity and is characteristic of the following basic provisions:

- by the plan and the estimate the divisions are forming the profit on the basis of the sales of their produce at factory prices. The profit reflects also results which are not directly linked with the economic activity, or more precisely with other profits or losses. In addition the profit reflects

also subsidies for internal economic activity which the Corporation grants to those of its divisions in which the incomes from the sales of the output cannot cover the normative expenditure for the maintenance of the economic activity for making the provided for allocation and payments;

- in the chart for forming and distributing the profit the divisions do not include profits achieved from the production of consumer goods utilising waste and scrap materials of the division. This profit is separately distributed for material incentives of the personnel engaged in this production and for filling in the "Social, Living and Cultural Measures" and the "Repairs and Improvement" funds;

- the profit of the State Economic Corporation which in most cases is achieved through its divisions is not considered as profit of the divisions. But from this profit the divisions are allocated means for their "Supplementary Material Incentives" and "Social, Living and Cultural Measures" funds which is a considerable material incentive for the division staff. In addition to the allocations for these two funds, the division also has allocations for interests for loans for turnover funds and for contributions to property insurance on behalf and in the name of the Corporation.

After the allocation of the means for the funds and the allocations and other payments, the division transfers the remainder of the profit to the Corporation within times laid down by the Corporation.

The amount of the allocations to the "Supplementary Material Incentives" fund of the division is determined in accordance with the fulfilment of the normative cost of the separate articles, groups of articles or activities, approved by the Corporation. The allocations for the "Supplementary



Material Incentive" fund of the divisions are made in accordance with the economies of production expenses achieved. They are done in the full amount of the economy of the "Wages" fund achieved and 40% of the economy of material expenses and the effect of improving the quality when the divisions are provided these economies in their own plans. When the achieved economies are greater than those which have been envisaged by the divisions in their plans, the allocations to the fund for material incentives are made in half size to the part of the economies over the plan. The funds set aside in the "Supplementary Material Incentive" fund are entered both generally for the divisions and for their sub-units which operate on their own internal economic account. In this way there is binding of the material incentive of the division with the material incentive of its sections and other component units.

The amount of the means for the "Supplementary Material Incentive" fund which belong to its separate units is determined in accordance with the implementation of the norms for the "Wages" fund, approved by the division, and for material and other expenses subdivided by individual articles, groups of articles, activities, etc.

Special Regulations for the organization of wages are approved for the correct use and distribution of the "Supplementary Material Incentive" Fund which enumerates the conditions for acquiring the right of bonuses by individual workers or employees and leading staff. The typical thing here is each of them should fulfil such indicators the implementation of which depends directly on their labour.

The means of the "Supplementary Material Incentive" fund of the division are spent for the following purposes:

- a) payment of annual bonuses to workers and employees;

b) single bonuses of workers and employees if they have made a considerable contribution to the implementation of important production, technical, economic and other tasks;

c) giving bonuses to leading members of the staff, specialists and other employees for results from their economic activity;

d) reserves for the wages fund.

The means from the "Supplementary Material Incentive" fund the separate factory shops and other units are used for:

a) single bonuses for workers and employees for considerable contribution to the implementation of important production and technical tasks;

b) bonuses for workers for individual months or quarters of the managing staff for the overfulfilment of specific annual objectives.

As can be seen from the range of the expenditure from the "Supplementary Material Incentive" fund it is really a fund which is designated for material incentive for improving the result of the economic activity.

The means of the "Social, Living and Cultural Measures" funds in the ~~an~~ division are set aside from the profit on a basis of an approved limit which becomes a normative to the approved normatives for the wages fund by separate articles, groups of articles or activities. The chief designation of this fund is to finance expenditure associated with the social and living activities in the divisions such as building and repair works of living quarters, hostels, rest and cultural measures, children's institutions, sanatoria, prophylactic hospitals, public baths, youth clubs, clubs, physical-cultural courses, canteens, expenses for the maintenance of these institutions, prizes for socialist competition, as well as other expenses related to the cultural and living services for the workers and employ

for the formation and the distribution of the profits  
of the state economic organizations

No. of order	I D I C E S	Sums by the plan or by the report /account/
1	2	3
1.	Returns from the realizations at selling prices without the tax on the turnover	
2.	Other receipts and expenditures: a/ accomplished by the branches ± b/ accomplished by the Central Management ± including the internal subsidies due to the branches	
3.	Subsidies from the budget for internal economic work and activities	
4.	Total / art.1 ± art.2 + art.3 /	
5.	Commercial work cost /net price/ of the realized production /turnover expenses,etc./	
6.	Profits of the state economic organization from the internal work and activities /art.4 - art.5/	
7.	Profits /losses/ from export work and activities /total amount/  including: a/ from export /art.6, "b" of part III of the report/ ± b/ from the activities of the export organization /art.7 of part III of the report/ ±	
8.	Difference in the subsidies for the export;	

1

2

3

- a/ positive /art.5, "b" of part IV of the  
reference report/ +
- b/ negative /art.5, "b" of the part IV of the  
reference record/ -
9. Profits from the whole work or activity of the  
state economic organization /art.6 ± art.7 ± art.8/
10. Fund "Social, living, and cultural arrangements"
11. Additional material stimulation fund
12. Fund "Economic influence and assistance"  
/art.9 of part I of the reference record/
13. Profits liable to taxation /art.9 - art.10 - art.11 - art.12/
14. Profits tax
15. Tax alleviations
16. The profits for distribution /art.13 - art.14 + art.15/
17. Interests from the loans for turnover means  
including: interests for overdue loans  
/only for account record/
18. Investments for property insurances
19. Profits from other and for other funds and deductions  
/art.16 - art.17 - art.18/  
including:  
a/ Fund "Increasing the export effectivity"  
b/ maintenance of the Central Administration /management/  
c/ specific funds  
d/ Fund "Expansion and technical improvement"

REFERENCIAL RECORD

I. Fund "Salaries and wages" of the state economic organization

1. Profits from the whole economic work or activity of the state economic organization /art.9 of the scheme/
  2. Fund "Salaries and wages", included in the commercial working cost /net price/ of the realized production /turnover expenses, etc./
  3. Total income /profit/ /art.1 + art.2/
  4. Reduction of the total income /only for report accounts/
    - a/ with the interests for overdue /expired/ loans for turnover work
    - b/ with the over-planned profits from the export activity in case of non-fulfillment of the state assignments for the currency receipts by tendencies.
    - c/ with the over-planned positive difference from the export subsidies, in case of non-fulfillment of the state assignments for the export receipts by tendencies.
  5. Reduced general income /art.3 - art.4/
  6. State norms for the fund "Salaries and wages"
  7. Fund "salaries and wages", calculated by means of the state norms:  
/ art.5 X art.6/
- 100
8. Fund "Additional material stimulation" of the branches
  9. Deductions for fund "Economic influence and assistance" / art.7 - art.2 - art.8/
  10. Means for fund "Economic influence and assistance" which are not included in the scheme.

1

2

3

11. Remaining part from fund "Economic influence and assistance"

Note: when the sum by art.5 is a negative value there is an evident over-expenditure of the "Salaries and wages" fund, for the whole economic organization.

II. Distribution of the maintenance of the central administration /management/

1. Means for the maintenance deduced from the profits /art.19, "b" from the scheme/
2. Material expenses for the maintenance
3. Deductions for the "Social, living, and cultural arrangements" fund
4. Means for the "Salaries and wages" fund, including:
  - a/ over-calculated salaries and wages
  - b/ Additional material stimulation fund
5. Difference for the fund "Economic influence and assistance" /art.1 - art.2 - art.3 - art.4/

III. Results of the export work and activities

A. From the export

1. Lev equivalent value of the currency realized through the export
2. Value of the export at factory-and-works prices or purchase prices
3. Normatively obtained subsidies /art.4 of part IV of the reference/
4. Payed export taxes
5. Payed off:

1

2

3

- a/ direct export expenditures or expenses
- b/ discounts for the assistance of the export organization /1,74%/

6. Results of the export work and activities

/art.1 - art.2 + art.3<sup>art.4</sup> - art.5/ profits  
losses

including:

- a/ additional discounts for the export organization from the over-planned profits
- b/ profits /losses/ of the state economic organization

b. From the activities of the export organization

7. Profits /losses/:

/art.10 of the scheme of the export organization

IV. Other data concerning the export

1. Equivalent value of the currency realized through the export in leva
2. Forms for subsidies for 100 leva of foreign currency
  - a/ established
  - b/ corrected by the Foreign Trade Ministry
3. Subsidies received from the budget
4. The sum of the subsidies related to the account of the export
5. Differences:
  - a/ art.3 - art.4 - for the increase of the receipts
  - b/ art.4 - art.3 - payed off from the profit

ACCOUNTS FOR THE POPULATION OF  
THE PROFIT OF THE STATE  
ECONOMIC ORGANIZATION

No. of order	INDICES	Class by the plan or the account record
--------------------	---------	--------------------------------------------

I. Formation of the profit

1. Receipts from the realization at selling prices without the tax on the turnover
2. Other receipts and expenditures  $\pm$
3. Total amount of receipts /art.1  $\pm$  art.2/
4. Commercial working cost /net price/ of the realized production /turnover expenses, etc./
5. Balance profit /art.3 - art.4/

II. Discounts for the funds of the branch and payments from the balance profit at the expense of the state economic organization

6. For the additional material stimulation fund /art.4, part I of the reference record/
7. For the fund "Social, living, and cultural arrangements" /art.5 of part II of the reference record/
8. Interests on loans for turnover means, including: the interests for overdue /expired/ loans - only for information
9. Investments for property insurances
10. Total amount of discounts and payments /art.6\* + art.7 + art.8 + art.9/
11. Remaining part to be remitted to the state economic organization /art.5 - art.10/

\* Only when the sum under art.6 is positive value.



REFERENCE - RECORD

I. Establishment and calculation of the means intended for the "Additional material stimulation" fund

1. From "Salaries and wages" fund

a/ due fund "Salaries and wages" according to the normative acts established by the economic organization

b/ due fund "Salaries and wages", according to the norms accepted in the counter-plan

c/ "Salaries and wages" fund, included in the commercial working cost /net price/ - the turnover expenses, etc.

d/ Economies /"a" - "b"/

e/ For the "Additional material stimulation" fund

including:

- from the planned economies /"a" - "b"/ X 100%

- from the over-plan economies /"b" - "c"/ X 50%

- from the over-expenditures /"b" - "a"/ X 100%

f/ for the fund "Additional material stimulation" in case of compensations through the economies /over-expenditures/ of the other factors.

g/ - the economies after the compensation

including:

- from the planned economy, 100%/

- from the over-planned economies /50%/

- from the over-expenditures after the compensation /100%/

2. From material expenses

a/ allowed expenditures by the norms established by the economic organization.

b/ expenses allowed by the norms adopted in the counter-plan

c/ actual expenditures

d/ economies /"a" - "b"/

e/ for the "Additional material stimulation" fund including:

- from the planned economies /"a" - "b"/ X 40%

- from the over-planned economies /"b" - "c"/ X 20%

- from over-expenditures /"b" - "a"/ X 40%

f/ for the "Additional material stimulation" fund in case of compensations with the economies /over-expenditures/ by the other factors.

- from the economy after the compensation

including:

- from the planned economies /40%/

- from the over-planned economies /20%/

- from the over-expenditures after the compensation /40%/

### 3. From the quality and the technical level

#### A. from the quality of the production

a/ receipts from the realization at the actual structure of the quality

b/ receipts from the realization at the planned structure of the quality

c/ receipts from the realization at a structure of the quality established and approved by the respective state economic organization

d/ difference /"a" - "b"/ ±

B. From the technical level of the production

/The sum of the imposed rate for the production of production with quality mark "2"/

C. Results of the quality and deterioration of the technical level

/ A - B / ±

a/ within the limits of the difference between the planned and the established structure of the quality /"b" - "c"/

b/ within the limits of the difference between the actual and the planned structure of the quality /"a" - "b"/

D. For the "Additional material stimulation" fund

a/ from the planned results /"B", "a" X 40%/

b/ from the over-planned results /"B", "b" X 20% /

c/ from over-expenditures /40%/

E. For the fund "Additional material stimulation" with compensations through the economies /over-expenditures/ by the other factors

a/ from the results achieved after the compensation

b/ from the planned results /"D", "a" X 40%/

c/ from the over-planned results /"D", "b" X 20%/

d/ from the over-expenditures after the compensation /40%/

4. Altogether /total amount/ for the "Additional material stimulation" fund

11. Establishment and calculation of the means intended for the fund "Social, living, and cultural arrangements"

1. Fund "Salaries and wages", according to the norms established by the economic organizations /art.1,"a", part I of the reference record/

2. Deductions or discounts for the fund "Additional material stimulation" from the material expenses and from the quality after the compensation with the economies /over-expenditures/ for the other factors /+/

3. A basis for the formation of the fund "Social, living, and cultural arrangements" /art.1 + art.2/

4. An established normative for deductions or discounts for the fund "Social, living, and cultural arrangements"

5. Discounts for the fund /art.3 & art.4/

100

III; Fund "Salaries and wages"

1. Fund "Salaries and wages" calculated in the commercial working cost /net price/ - the turnover expenses, etc.

2. Deductions and discounts for the fund "Additional material stimulation" /art.4 of part I of the reference record/

3. Restored sums for fund "Additional material stimulation" to fund "Economic influence and assistance"

4. Available means for fund "Salaries and wages" /art.1 ± art.2 ± art.3/

5. Economies /art.1 & art.4/

Over-expenditures /art.4-8rt.1/



**7 . 8 . 74**