

CHAPTER – I

INTRODUCTION & METHODOLOGY

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INTRODUCTION & METHODOLOGY

1.1 Introduction :

Working capital management is one of the very important issues in financial management of any organization. The smooth working of any organization depends to large extent on adequate & regular flow of working capital in the business. Working capital management is not that easy because the requirement of working capital goes on changing, some times the requirement is high & some times it is low. The problem remains more complicated in case of seasonal business like sugar production. The working capital management is therefore very important for co-operative sugar factories. The present study is an attempt to investigate the situation regarding working capital management in Daulat Shetkari Sahakari Sakhar Karkhana Ltd., Halkarni.

1.2 Statement of the Problem :

The present study is a critical study of working capital management in Daulat Shetkari Sahakari Sakhar Karkhana Ltd., Halkarni. The specific issues which are proposed to be dealt with are -

- a) Status of working capital & its composition during the period.
- b) Adequacy, shortage or surplus of working capital .
- c) How far working capital is professionally managed ?
- d) Problems of working capital & suggestions to solve such problems of working capital management.

1.3 Objectives of the Study :

- a) To study historical background & establishment of Karkhana.
- b) To assess the working capital management in the -
 - D.S.S.S.K. Ltd., Halkarni in relation to following factors
 - composition of current assets & current liabilities in percentage.
 - Trends of gross working capital
 - Trends of current liabilities.
 - Trends of net working capital.
- c) To analyse the working capital with the help of the various ratios & identify the strengths & weakness in working capital management.
- d) To suggest remedial measures in the light of the conclusions & observations drawn to have an efficient working capital management in D.S.S.S.K. Ltd, Halkarni.

1.4 Scope of the Study:

The scope of the study is limited to 5 years commencing from 2003-04 to 2007-08. The scope is based on the data available from the financial statements i.e. Trading & Profit & Loss A/c & Balance Sheet. The data obtained in the annual reports published by the factory from time to time since last 5 years.

1.5 Methodology of the Study:

A case study method is adopted for the present study confined to the five years period i.e. from 2003-04 to 2007-08. The study is based on secondary data.

Secondary Data:

Under this the researcher had access to the factory records, the annual reports of the factory & books of various libraries.

1.6 Limitations of the Study :

- a) This is the case study method & the study is limited to the factory.
- b) The duration taken up for the study is limited to five years i.e. 2003-04 to 2007-08.
- c) Since the study is based almost entirely on the data available in the financial statements published by the organization covered under study The analysis & interpretation of the data is limited to the figures available in the annual reports & other records of the factory.