

CHAPTER V

SUMMARY

CHAPTER V

SUMMARY

Management of Working Capital means monitoring various components of current assets and current liabilities and other components of internal and external environment.

5.1 Monitoring Cash -

The company has been monitoring Cash on daily basis. The cash in hand and cash with bank is monitored well.

5.2 Monitoring Debtors –

The company has its own debtor's policy. Accordingly, the cash collection is insisted from debtors. Management of debtors is good except few occasions.

5.3 Monitoring Inventory -

The company tries to maintain the inventory at optimum level so as to keep the production cycle uninterrupted. Normally FIFO method is adopted but some times based on demand of production unit the company has to change the order. Despite taking due care some times blockage of funds in inventory is happened.

5.4 Monitoring Creditors -

The company is less depended on credit purchases. The creditors are paid in time to get benefit of cash discount etc. However, company has to think over to increase the amount in creditors rather than making payment from cash credit account which attracts interest.

5.5 Monitoring Production Cycle -

The company is monitoring the production cycle extremely well with due care, without wastages of raw materials, without wastages of man power and machine power. It has made the company successful to great extent in managing working capital.

5.6 Monitoring Operating Cycle according to need of Business Cycle -

The company is monitoring the operating cycle as per order of stage in business cycle. As the company changes its stage in business cycle they adapt their policies and customs of managing current assets and current liabilities. The company is monitoring the operating cycle successfully.

5.7 Monitoring Internal Environment -

Working capital management is not limited with management of C.A. and C.L. It is comprehensive term and also includes every thing that plugs and curtails the expenses. Company's HR policy and House keeping policy is full blown. Man power recruitment, training, career development are undertaken to cope up with recent market changes and

trends. The house keeping is transparent and strict leading to discipline and developing organizational cultural.

5.8 Monitoring External Environment -

The company has panel of consultants to make changes in its policies as per changing scenario in external environment. The company is observing all statutory norms without deviations. This all makes to company to utilize the funds at appropriate places at appropriate time.

In nutshell we can say that the company is managing the working capital is prudent way which is helping it to reaching towards the goals / objectives. We feel that company has to contemplate or rethink on certain areas .