VOLUME NO. 3 (2013), ISSUE NO. 10 (OCTOBER) ISSN 2231-1009

INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,

Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Polandwith IC Value of 5.09 &number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2840 Cities in 164 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF .**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:
a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS**: The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6. **MANUSCRIPT:** Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT:** The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES &TABLES:** These should be simple, crystal clear, centered, separately numbered &self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS:**These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.
- **ONLINE RESOURCES**
- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

AN ANALYSIS OF WORKING CAPITAL MANAGEMENT EFFICIENCY IN INDIAN TEXTILE INDUSTRY

OMID SHARIFI
ALUMNI
DEPARTMENT OF COMMERCE & BUSINESS MANAGEMENT
KAKATIYA UNIVERSITY
GOPALPUR

ABSTRACT

The objective of Working Capital Management is to make certain that the firm is able to carry on its operations and that it has enough cash flow to satisfy both maturing short-term debt and upcoming operational expenses. In order to improve the working capital management practices, it is essential for the finance managers to adopt a proper approach of working capital decisions making to drive their respective firms towards success in order to generate the value for the shareholders. Textile Industry in India is the second largest employment generator after agriculture. The industry employs about 35 million people and contributes to approximately 4% of the GDP of India and 17% of the country's export earnings. Indian textiles industry also contributes nearly 14% of total industrial production of the country. Therefore, in this paper investigates the Effective management of working capital in Indian Textile Industry. The data required for the study was collected from Annual report of the company, financial statements of the SHREE NARAYAN SILK HOUSE PVT. LTD. for the period of 4 years, from 2008 to 2011.

JEL CODE
G3

KEYWORDS
liquidity, profitability, Textile Industry, Working Capital Management.

INTRODUCTION

Textile Industry in India is the second largest employment generator after agriculture. It holds significant status in India as it provides one of the most fundamental necessities to the people. Textile industry was one of the earliest industries to come into existence in India. In fact Indian textile industry is the second largest in the world. The Indian Textile Industry is as diverse, large, colorful yet full of complexity like the country itself. The industry employs about 35 million people and contributes to approximately 4% of the GDP of India and 17% of the country's export earnings. Indian textiles industry also contributes nearly 14% of total industrial production of the country. Textile industry is unique in the terms that if is an independent industry, from the basic requirement of raw materials to the final products, with huge value addition at every stage of processing. Textile industry in India has vast potential for creation of employment opportunities in the agricultural, industrial, organized sectors and rural and urban areas, particularly for women and disadvantaged. Indian textile industry is constituted of the following segments: Readymade Garments, Cotton Textiles including Handlooms, Man-made Textiles, Silk Textiles, Woolen Textiles, Handicrafts, Coir, and Jute. Till the year 1985, development of textiles sector on India took place in terms of general policies. In 1985, for the first time the importance of textile sector was recognized and a separate policy statement was announced with regard to development of textile sector. In the year 2000, National Textiles Policy was announced. Its main objective was: to provide cloth of acceptable quality at reasonable prices for the vast majority of the population of the country, to increasingly contribute to the provision of sustainable employment and the economic growth of the nation, and to compete with confidence for an increasing share of the global market.

STRENGTHS OF INDIAN TEXTILE INDUSTRY

India has rich resources of raw materials of textile industry. It is one of the largest producers of cotton in the world and is also rich in resources of fibers like polyester, silk, viscose etc.India is rich in highly trained manpower. The country has a huge advantage due to lower wages rates. Because of the low labor rate the manufacturing cost in textile automatically comes down to very reasonable rates. India is highly competitive in spinning sector and has the presence in almost all processes in the value chain. Indian garment industry is very diverse in size, manufacturing facility, type of apparel produced, quantity and quality of out put, cost, requirement for fabric etc. It comprises suppliers of readymade garments for both, domestic or export markets.

WEAKNESSES OF INDIAN TEXTILE INDUSTRY

Indian textiles industry is highly fragmented in industry structure, and is led by small scale companies. The reservation of production for very small companies that was imposed with the intention to help out small scale companies across the country, led substantial fragmentation that distorted the competitiveness of industry. Smaller companies do not have the fiscal resources to enhance technology or invest in the high-end engineering of processes. Hence they lose in productivity.

- Import of cheap textiles from other Asian neighbors.
- Use of outdated manufacturing technology.
- Huge unorganized and decentralized sectors.
- High production cost with respect to other Asian competitors.

LITERATURE REVIEW

Sagan in his paper (1955), perhaps the first theoretical paper on the theory of working capital management, emphasized the need for management of working capital accounts and warned that it could vitally affect the health of the company. He realized the need to build up a theory of working capital management. He discussed mainly the role and functions of money manager inefficient working capital management.

Welter, in his study (1970), stated that working capital originated because of the global delay between the moment expenditure for purchase of raw material was made and the moment when payment was received for the sale of finished product.

Chakraborty (1973) approached working capital as a segment of capital employed rather than a mere cover for creditors. He emphasized that working capital is the fund to pay all the operating expenses of running a business. He pointed out that return on capital employed, an aggregate measure of overall efficiency in running a business, would be adversely affected by excessive working capital.

Lambrix and Singhvi (1979) adopting the working capital cycle approach to the working capital management, also suggested that investment in working capital could be optimized and cash flows could be improved by reducing the time frame of the physical flow from receipt of raw material to shipment of finished goods, i.e. inventory management, and by improving the terms on which firm sells goods as well as receipt of cash.

Vijaykumar and Venkatachalam (1995) studied the impact of working capital on profitability in sugar industry in Tamil Nadu by selecting a sample of 13 companies; 6 companies in co-operative sector and 7 companies in private sector over the period 1982-83 to 1991-92. They applied simple correlation and multiple regression analysis on working capital and profitability ratios.

Samiloglu F.and Demirgunes K (2008), studied that the effect of working capital management on firm profitability. In accordance with this aim, to consider statistically significant relationships between firm profitability and the components of cash conversion cycle at length, a sample consisting of Istanbul Stock Exchange (ISE) listed.

Beneda, Nancy; Zhang, Yilei (2008), studied impact of working capital management on the operating performance and growth of new public companies. The study also sheds light on the relationship of working capital with debt level, firm risk, and industry. Using a sample of initial public offerings (IPO's), the study finds a significant positive association between higher levels of accounts receivable and operating performance. The study further finds that maintaining control (i.e. lower amounts) over levels of cash and securities, inventory, fixed assets, and accounts.

Raheman and Nasr (2007), studied the effect of different variables of working capital management including average collection period, inventory turnover in days, average payment period, cash conversion cycle, and current ratio on the net operating profitability of Pakistani firms. They selected a sample of 94 Pakistani firms listed on Karachi Stock Exchange for a period of six years from 1999 - 2004 and found a strong negative relationship between variables of working capital management and profitability of the firm. They found that as the cash conversion cycle increases, it leads to decreasing profitability of the firm and managers can create a positive value for the shareholders by reducing the cash conversion cycle to a possible minimum level.

Falope and Ajilore (2009), used a sample of 50 Nigerian quoted non-financial firms for the period 1996 -2005. Their study utilized panel data econometrics in a pooled regression, where time-series and cross-sectional observations were combined and estimated. They found a significant negative relationship between net operating profitability and the average collection period, inventory turnover in days, average payment period and cash conversion cycle for a sample of fifty Nigerian firms listed on the Nigerian Stock Exchange. Furthermore, they found no significant variations in the effects of working capital management between large and small firms.

Ghosh and Maji (2003), attempted to examine the efficiency of working capital management of Indian cement companies during 1992 - 93 to 2001 - 2002. They calculated three index values - performance index, utilization index, and overall efficiency index to

Measure the efficiency of working capital management, instead of using some common working capital management ratios. By using regression analysis and industry norms as a target efficiency level of individual firms, Ghosh and Maji [8] tested the speed of achieving that target level of efficiency by individual firms during the period of study and found that some of the sample firms successfully improved efficiency during these years.

PROBLEM STATEMENT

Working capital is the fund invested by a firm in current assets. Now in a cut throat competitive era where each firm competes with each other to increase their production and sales, holding of sufficient current assets have become mandatory as current assets include inventories and raw materials which are required for smooth production runs. Holding of sufficient current assets will ensure smooth and uninterrupted production but at the same time, it will consume a lot of working capital. Here creeps the importance and need of efficient working capital management. Working capital management aims at managing capital assets at optimum level, the level at which it will aid smooth running of production and also it will involve investment of nominal working capital in capital assets."The problem generally explains that, less attention has been paid to the area of short-term finance, in particular that of working capital management. Such neglect might be acceptable were working capital considerations of relatively little importance to the firm, but effective working capital management has a crucial role to play in enhancing the profitability and growth of the firm. Indeed, experience shows that inadequate planning and control of working capital is one of the more common causes of business failure."

OBJECTIVES

The following are a few straight forward goals which I have tried to fulfil in this paper:

1) To study the various components of working capital.
2) To study the size of working capital.
3) To analyze the working capital trend.
4) To appraise the utilization of current asset and current liabilities and find out short-comings if any.
5) To suggest measure for effective management of working capital.

HYPOTHESIS

1) The firm is facing difficulty in paying short-term debt.
2) The firm is not properly managing the sundry debtor.
3) The current liabilities are increasing than current assets year by year.

RESEARCH METHODOLOGY

Research methodology is a systematic approach in management research to achieve pre-defined objectives. It helps a researcher to guide during the course of research work.

SOURCES OF DATA COLLECTION

The data required for the study was collected from Annual report of the company, financial statements of the SHREE NARAYAN SILK HOUSE PVT. LTD. for the period of 4 years. I.e. from 2008 to 2011.The data collection was aimed at study of working capital management of the company.

STATISTICAL TOOLS USED FOR DATA ANALYSIS

The various statistical tools used for data analysis is as follows:

a) Tables
b) Bar-chart
c) Graphs
d) Correlation

ANALYTICAL TOOLS USED

The analytical tools used for data analysis is as follows:

a) Ratio analysis
b) Schedule of change in working capital
c) Cash flow statements

RATIO ANALYSIS

Ratio analysis is the powerful tool of financial statements analysis. A ratio is define as "the indicated quotient of two mathematical expressions" and as "the relationship between two or more things". Ratio analysis is one of the best possible techniques available to management to impart the basic functions like planning and control. As future is closely related to the immediately past, ratio calculated on the basis historical financial data may be of good assistance to predict the future. As the ratio analysis is concerned with all the aspect of the firm's financial analysis liquidity, solvency, activity, profitability and overall performance, it enables the interested persons to know the financial and operational characteristics of an organization and take suitable decisions.

- **Liquidity Ratio:**Liquidity refers to ability of a concern to meet its current obligations as and when these become due.
- **Current Ratio:**Current assets include cash and those assets which can be converted in to cash within a year, such marketable securities, debtors and inventories.

CURRENT RATIO = CURRENT ASSET/ CURRENT LIABILITIES

- **Quick Ratio or Acid Test:** Quick ratios establish the relationship between quick or liquid assets and liabilities.

QUICK RATIO = total liquid asset/ total current liabilities

- **Absolute liquid Asset:** Even though debtors and bills receivables are considered as more liquid then inventories, it cannot be converted in to cash immediately or in time.

ABSOLUTE LIQUID RATIO=absolute liquid asset/ total current liabilities

- **Efficiency Ratio:** Funds are invested in various assets in business to make sales and earn profits. The efficiency with which assets are managed directly affects the volume of sale.
- **Debtors Turnover Ratio:** Receivable turnover ratio provides relationship between credit sales and receivables of a firm.

DEBTORS TURNOVER RATIO= SALES/ AVERAGE ACCOUNT RECEIVABLES.
AVERAGE A/C RECEIVABLES= opening trade debtor+ Closing trade debtor/2
AVERAGE COLLECTION PERIOD= (365/DTR) days
Or RECEIVABLES * 365/ sale

- **Working Capital Turnover Ratio:** It signifies that for an amount of sales, a relative amount of working capital is needed. The ratio measures the efficiency with which the working capital is being used by a firm

WORKING CAPITALTURNOVER RATIO=cost of sales/ net working capital

- **Current Asset Turnover Ratio:**

CURRENT ASSET TURNOVER RATIO= sales / current asset

INTERPRETATION & ANALYSIS

TABLE – 1: STATEMENT SHOWING CURRENT RATIO

YEAR	2007-08	2008-09	2009-10	2010-11
CURRENT ASSETS	41448434.67	58992470.00	60656134.11	96042936.68
CURRENT LIABILITIES	18302296.00	23752077.00	23495460.05	47408653.00
CURRENT RATIO	2.26	2.48	2.58	2.03

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

TABLE – 2: NET WORKING CAPITAL

Years	2008($)	2009($)	2010($)	2011($)
Net W.C (A-B)	23146138.67	35240393.00	37160674.06	48634283.68
W.C. Indices	100	152.25	160.54	210.11

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

FIGURE 1

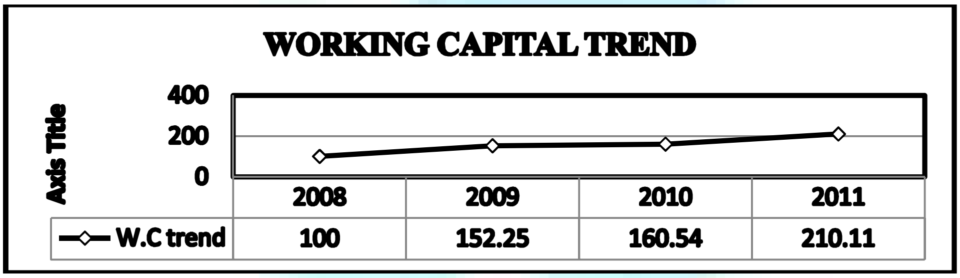
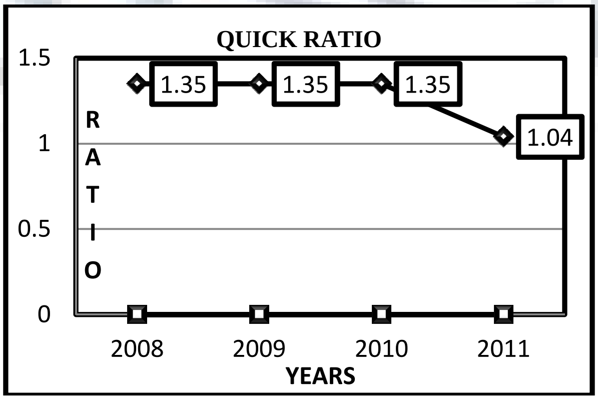


TABLE –3: STATEMENT SHOWING QUICK RATIO

YEAR	2007-08	2008-09	2009-10	2010-11
CURRENT ASSETS	41448434.67	58662470.00	60656134.11	96042936.68
STOCK	16659582	26706188	28872425.78	46834815
PREPAID EXPENSES	48798.00	63340.00	99714.00	155803.00
QUICK ASSETS	24788852.67	31956282.00	31783708.33	49208121.68
CURRENT LIABILITIES	18302296.00	23752077.00	23495460.05	47408653.00
QUICK RATIOS	1.35	1.35	1.35	1.04

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

FIGURE 2



SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

TABLE –4: STATEMENT SHOWING DEBTORS TURNOVER RATIO

YEAR	2008-09	2009-10	2010-11
TOTAL SALES	201396422.80	216400747.87	254703004.00
OPENING DEBTORS	22744004.00	29901535.00	27607316.00
CLOSING DEBTORS	29901535.00	27607316.00	43705617.00
AVERAGE TRADE DEBTORS	37694771.50	43705193.00	49460124.50
DEBTOR TURNOVER RATIO	5.34	4.95	5.15

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

TABLE –5: DEBT COLLECTION PERIOD

YEAR	2008-09	2009-10	2010-11
DAYS	365	365	365
DEBT TURNOVER RATIO	5.34	4.95	5.15
DEBT COLLECTION PERIOD	68.35	73.74	70.87

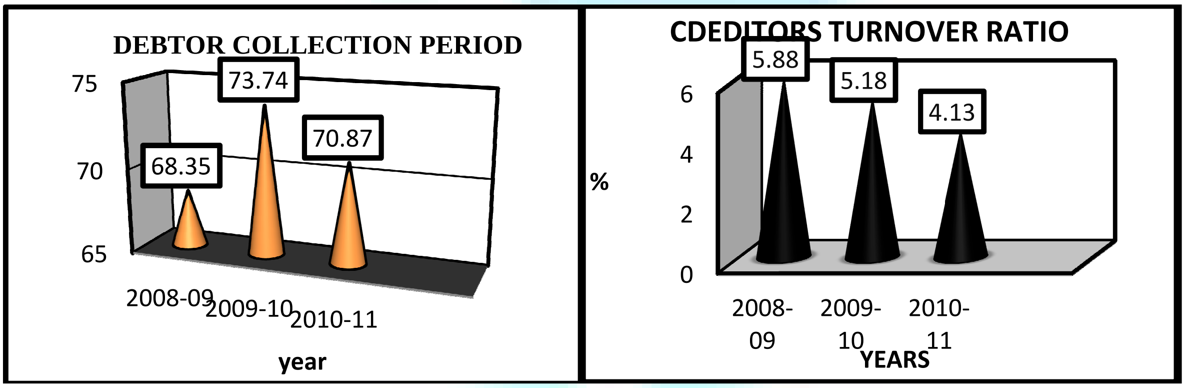
SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

TABLE – 6: CREDITORS TURNOVER RATIO

YEAR	2007-08	2008-09	2009-10	2010-11
CREDIT PURCHASE	86415115.00	122701914.00	121187739.46	145166364.50
OPENING CREDITORS		18123500.00	23599500.00	23157931.05
CLOSING CREDITORS	18123500.00	23599500.00	23157931.05	47126235.00
AVERAGE TRADE CREDITORS		20861500.00	23378715.53	35142083.03
CREDITORS TURNOVER RATIO		5.88	5.18	4.13

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

FIGURE 3



SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

TABLE –7: INVENTORY TURNOVER RATIO

YEAR	2008-09	2009-10	2010-11
SALES	201396422.80	216400747.87	254703004.00
OPENING INVENTORY	16659582.00	26706188.00	28872425.78
CLOSING INVENTORY	26706188.00	28872425.78	46834815.00
AVERAGE INVENTORY	21682885.00	27789306.89	37853620.39
INVENTORY TURNOVER RATIO	9.29	7.79	6.73
DAYS	365	365	365
INVENTORY TURNOVER RATIO	9.29	7.79	6.73
INVENTORY HOLDING PERIOD	39.29	46.85	54.23

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORT

TABLE –8: WORKING CAPITAL TURNOVER RATIO

YEAR	2007-08	2008-09	2009-10	2010-11
SALES	132202310.00	201396422.80	216400747.87	254703004.00
NET WORKING CAPITAL	23146138.67	35240393.00	37160674.06	48634286.68
WORKING CAPITAL TURNOVER RATIO	5.71	5.71	5.82	5.24

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

TABLE –9 : GROSS PROFIT RATIO

YEAR	2007-08	2008-09	2009-10	2010-11
PROFIT BEFORE TAX	3783800.00	5091320.13	5695352.93	6439653.42
NET SALES	132202310.00	201396422.80	216400747.87	254703004.00
GROSS PROFIT RATIO	2.86	2.53	2.63	2.53

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

TABLE –10: ANALYSIS OF NET PROFIT RATIO

YEAR	2007-08	2008-09	2009-10	2010-11
NET PROFIT AFTER TAX & INTEREST	2584535.00	3460108.13	3932132.93	4398093.42
NET SALES	132202310.00	201396422.80	216400747.87	254703004.00
NET PROFIT RATIO	1.95	1.72	1.82	1.73

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

TABLE –11: Average Collection PERIOD

YEAR	Net Sales	Average Debtors	Ratio	Average Collection Period (365/DTR)days
2008	132202310.00	33194756.40	3.98	92
2009	201396422.80	37694771.50	5.34	69
2010	216400747.87	43705193.00	4.95	74
2011	254703004.00	49460124.50	5.14	72

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

TABLE –12: HYPOTHESIS: 1- THE FIRM IS FACING DIFFICULTY IN PAYING SHORT-TERM DEBT

Years	Average collection period (x)	Average payment period(y)	XY	X^2	y^2
2007-2008	92	67	6164	8464	4489
2008-2009	69	63	4347	4761	3969
2009-2010	74	71	5254	5476	5041
2010-2011	72	89	6408	5184	7921
	∑x= 307	∑ Y=290	XY=22173	∑ x2 =23885	∑ y^2 =21420

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

KARL PEARSONS'S COFFICIENT OF CORRELETION

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2}\sqrt{n(\sum y^2) - (\sum y)^2}}$$

From the calculation value of "r" come =17.17 which is a positive one. As the correlation came a positive one which ensures that the firm is facing difficulty in paying short-term debt. It is the case where current liabilities are increased throughout the financial years from, 2007-2008, 2008-2009, 2009-2010 and 2010-2011.

HYPOTHESIS 2: The Firm is not properly managing the sundry debtor.

TABLE –13

years	Average collection period (x)	sundry debtors (in crore)	Xy	X^2	y^2
2007-2008	92	337	31004	8464	113569
2008-2009	69	376	25944	4761	141376
2009-2010	74	437	32338	5476	190969
2010-2011	72	494	35568	5184	244036
	∑x= 307	∑Y=1644	XY=124854	∑ x2 =23885	∑ y^2=689950

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

KARL PERSON'S COFFICIENT OF CORRELETION

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2}\sqrt{n(\sum y^2) - (\sum y)^2}}$$

After putting the data "r" is found= **0.21** so the hypothesis is rejected. As the firm is able to manage the sundry debtor.

HYPOTHESIS 3: The Current Liabilities are increasing than current assets year by year.

TABLE –14

years	CURRENT LIABILITIES (in crore)	CURRENT ASSETS (in crore)	XY	X2	y^2
2007-2008	183	414	75762	33489	171396
2008-2009	237	589	139593	56169	346921
2009-2010	234	606	141804	54756	367236
2010-2011	474	960	455040	224676	921600
	∑x=1128	∑Y=2569	XY= 812199	∑ x2 = 369090	∑ y^2 = 1807153

SOURCE: SECONDARY DATA FROM SNSHPL ANNUAL REPORTS

KARL PERSON'S COFFICIENT OF CORRELETION:

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2}\sqrt{n(\sum y^2) - (\sum y)^2}} = 0.98$$

As the hypothesis is positive which ensures that the current liabilities of firm is increased at a speed than current assets. So the firm should have an eye to this one.

FININGS & OBSERVATIONS

a) The current ratio is a test of the short term solvency of the business enterprise since this ratio assumes current assets could be converted into cash to meet current liabilities.**It is often accepted that current assets should be 2 times the current liabilities.** Current ratio during the year 2007-08 was 2.26 and it increase 2.48 at 2008-09 and 2.58 by 2009-10 decreased to 2.03 by the year 2010-11. The standard norm for this ratio is 2:1 required. SNSHPL had maintained sufficient amount of current assets in order to maintain the standard form of current ratio.
b) The quick ratio in the year 2007-08 was 1.35 and it's remained same in the years 2008-09, 2009-10 and decreased to 1.04 in the year 2010-11. The standard norm for this ratio is 1:1, means for every 1 rupee of current liability, company must have 1 rupee of quick assets. SNSHPL had maintained sufficient amount of quick assets in order to maintain the standard form of quick ratio.
c) In the year 2008-09 the debt is higher 5.34 comparing to the other years. In the year 2009-10 it is 4.95 and in the year 2010-11 it is 5.15.
d) The debt collection period of SNSHPL in the 2008-09 was 68 days and in goes to 2009-10 it was increased in 73 days. In 2010-11 it decreased to 70.
e) The Creditors turnover ratio of SNSHPL was 5.88 in the year 2008-09, 5.18 in the year 2009-10, and 4.13 in the year 2010-11. 2008-09 has the greater Greater the CTR the more time firm has to pay to their creditors.
f) Inventory turnover of SNSHPL for 2008-09 was 9.29. In 2009-10 the inventory turnover ratio was decreased to 7.79 and it was lowest to6.73 in 2010-11.
Inventory Holding Period in the year 2008-09 was 39 days, it increased to 46 days in 2009-10, and it increased to 54 days in 2010-11, which was a not a good period, as Inventory holding period continuously increasing.
g) Working capital turnover ratio for the year 2007-08 & 2008-09 was 5.71 times. It is. was 5.28 in the year 2009-10, it was lowest in 2010-11 5.24 when compared to the last 3 years. The working capital management has to improve by more concentration on collection strategies.
h) Gross Profit Ratio of SNSHPL is 2.86 in the year 2007-08, it decreased to 2.53 in the year 2008-09, it again increase to 2.63 in the year 2009-10, it again decreased to 2.53 in the year 2010-11. Gross Profit Ratio was highest in the year 2007-08.
i) Net Profit Ratio of SNSHPL is 1.95 in the year 2007-08, it decreased to 1.72 in the year 2008-09, it again increase to 1.82 in the year 2009-10, it again decreased to 1.73 in the year 2010-11. Net Profit Ratio was highest in the year 2007-08.

CONCLUSION

Measures to Improve Working Capital Management in cooperatives: The essence of effective working capital management is proper cash flow forecasting. This should take into account the impact of unforeseen events, market cycles, loss of a prime customer and actions by competitors. So the effect of unforeseen demands of working capital should be factored by company. This was one of its reasons for the variation of its revised working capital projection from the earlier projection.
a) It pays to have contingency plans to tide over unexpected events. While market-leaders can manage uncertainty better, even other companies must have risk-management procedures. These must be based on objective and realistic view of the role of working capital.
b) Addressing the issue of working capital on a corporate-wide basis has certain advantages. Cash generated at one location can well be utilized at another.
c) An innovative approach, combining operational and financial skills and an all-encompassing view of the company's operations will help in identifying and implementing strategies that generate short-term cash. This can be achieved by having the right set of executives who are responsible for setting targets and performance levels. They could be then held accountable for delivering, encouraged to be enterprising and to act as change agents.
d) Working capital management is an important yardstick to measure a company operational and financial efficiency. This aspect must form part of the strategic and operational thinking. Efforts should constantly be made to improve the working capital position. This will yield greater efficiencies and improve customer satisfaction.
e) Cash should be managed properly.
f) Effort should be made to reduce the current liabilities and to increase the current asset.
g) Placing the responsibility for collecting the debt upon the centre that made the sale

LIMITATIONS

Following are the limitations of the study:
1) The topic working capital management is itself a very vast topic yet very important also. Due to time restraints it was not possible to study in depth in get knowledge what practices are followed.
2) Many facts and data are such that they are not to be disclosed because of the confidential nature of the same.
3) Since the financial matters are sensitive in nature the same could not acquired easily.
4) The study is restricted to only the Four Year data from Annual report of the company.

REFERENCES

1. Beneda, Nancy; Zhang, Yilei., (2008), "Working Capital Management, Growth and Performance of New Public Companies", Credit & Financial Management Review.
2. Falope OI, Ajilore OT., (2009), "Working capital management and corporate profitability: Evidence from panel data analysis of selected quoted companies in Nigeria. Research", Journal of Business Management, 3: 73-84.
3. Firm Profitability: Evidence from Turkey." The International Journal of Applied Economics and Finance. 2(1), 44-50.
4. Ghosh SK, Maji SG., (2003). "Working capital management efficiency: a study on the Indian cement industry", The Institute of Cost and Works Accountants of India. [http://www.icwai.org/icwai/knowledgebank/fm47.pdf]
5. John Sagan.,(1955), "Towards a Theory of Working Capital Management", The Journal of Finance, May 1955, pp. 121-129.
6. Paul Welter., (1970), "How to Calculate Savings Possible Through Reduction of Working Capital", Financial Economist, October 1970, pp. 50-58.
7. R. J. Lambrix and S.S. Singhvi.,(1979), "Managing the Working Capital Cycle", Financial Executive, June 1979, pp.32-41.
8. Raheman A, Nasr M.,(2007)," Working capital management and profitability – case of Pakistani firms". International Review of Business Research Papers, 3: 279-300.
9. S.K. Chakraborty., (1973), "Use of Operating Cycle Concept for Better Management of Working Capital", The Economic and Political Weekly, August, 1973, Vol.8, pp. M69-M76.
10. Samiloglu, F. and K. Demirgunes., (2008), "The Effects of Working Capital Management on
11. Vijaykumar and A. Venkatachalam., (1995), "Working Capital Capital and Profitability – An Empirical Analysis", The Management Accountant, October 1995 p-748-750, "Working Capital Managaement in Sugar Mills of Tamil Nadu – A Cash Study", Management and Labour Studies, Vol. 20, No.4, October 1995, pp. 246-354.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Computer Application and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you tosupply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail**infoijrcm@gmail.com** for further improvements in the interest of research.

If youhave any queries please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals