Appendix II

Various concepts used in the present study are defined below:

Industry

In the present study the term 'industry' refers to the aggregate of all the sample units selected for study. In other words the term 'industry' here means the sample units taken as a whole.

Public Sector

For the purpose of the present study the total of all the public sector units selected for study represents the public sector.

Private Sector

This sector is represented by the total of all the private sector units taken for study.

Working Capital

For the purpose of the present study the gross concept of working capital has been used. Thus the sum total of all the current assets represents the working capital.
Net Working Capital

The difference between current assets and current liabilities is represented by the net working capital.

Current Assets

These include inventory, receivables, cash & bank balances and other current assets which are expected to be turned into cash within a short period, say one year.

Inventory

In the present study the term inventory comprises of the following:

(I) Raw Materials
(II) Work-in-Progress
(III) Finished Goods.

Raw Materials

This item includes raw materials and components used in the process of manufacture, including those in transit. Stores, spares, loose tools and implements are also included in raw materials for the purpose of the present study.

Work-in-Progress

It represents the items which are being currently used in the production process and also includes the system work (at site).
Finished Goods

Final or completed products available for sale represent finished goods. Besides, items purchased for direct sale are also included under this item.

Aggregate Inventory

In this study the term 'aggregate inventory' is used to refer to the sum total of raw materials, work-in-progress and finished goods.

Dead inventory i.e. scrap or obsolete items have been excluded from the inventory.

Receivables

The term 'receivables' used in the present study means receivables arising out of sale of goods or rendering of services on credit other than deferred receivables. In addition to this bills purchased and discounted by banks are also included in the receivables.

Cash & Bank Balances

This term includes cash on hand, cash in current accounts with banks and cash in deposit accounts with banks. Cheques in hand, stamps in hand and cash in transit are also included in cash on hand.
Deposits which are sticky in nature or deposits which are kept permanently with the depositee organisation e.g. deposits pledged with excise department, deposits with IDBI, deposits with port trusts and custom authorities or other deposits which are kept for some specific purpose are excluded from the term 'cash and bank balances'.

Other Current Assets

These assets include advances to suppliers for purchase of raw materials, components and consumable stores, advance payment of tax (net of provision), pre-paid expenses, export incentive to be received, interest/income due, loans and advances recoverable within one year.

Current Liabilities

Amounts payable within twelve months from the date of balance sheet are included under the term 'current liabilities'. For the purpose of the present study the following items have been treated as current liabilities:

(i) Short-term bank borrowings i.e. cash credit, short-term bank loans, bills purchased and discounted by the banks

(ii) Non bank short-term loans

(iii) Public deposits maturing within one year
(iv) Sundry creditors (trade) for raw materials, consumable stores and spares, including bills payable and letters of credit outstanding

(v) Advance payments from customers

(vi) Instalments of term loans, deferred payment credits, long-term deposits payable within one year

(vii) Miscellaneous current liabilities/provisions such as provision for taxation (net of advance tax paid), provision for dividend, gratuity payable within one year, outstanding expenses, interest due on cash credit, interest payable on public deposits, interest accrued but not due for payment. Any other payment due within twelve months.

**Gross Sales**

In the present study the term 'gross sales' represents total sales including services, as given in the income statements of the sample units.

**Sales**

The term 'sales' is inclusive of services but is net of excise, commission, discount, sales tax and internal transfers.
Value of Production.

It is computed by adding/deducting increase (+)/decrease (-) in the stock of finished goods and work-in-progress to the value of sales.

Value of Production at Cost

This value is arrived at by deducting/adding the profit/loss from sales to the value of production.

Profit or Loss from Sales

Profit/loss before taxes is adjusted with non operating income and expenses to arrive at profit or loss from sales.

Total Assets

Total assets are computed by eliminating fictitious assets e.g. profit & loss account, misc. expenditure from the total of the balance sheet. In other words the total of all current assets, net block and other non current assets represents total assets.

Capital Employed

This term represents net block and all current assets.

Net Block

Net block represents net fixed assets (fixed assets minus depreciation) and capital work-in-progress.