The Rapid growth of the corporate sector in India and the increasing of its operation and investment have turned into the most dominant form of economic organisation. The Indian corporate sector, generally, does not make the best use of financial resources. The main reason for such low performance is wrong management of working capital, mostly emanating from misapplication of working capital. Thus, management of working capital is one of the most important aspects of an industry’s overall financial performance.

The Indian Aluminium Industry is the second only to the Steel Industry among the top ranking metal industries. It has grown phenomenally since the independance. Starting with installed capacity of 2500 tonnes per year in 1958, today it stands at 6,10,000 tonnes per year. In India, there are five major aluminium producing companies, e.g., NALCO, BALCO, INDLALCO, HINDALCO and MALCO. Out of these, some have reported use reduction in profits and in some cases even losses. One possible reason of such vicious down cycle might be the poor management of liquid assets and working capital. Hence, at this juncture an analysis of working capital management particularly in the Aluminium Industry was felt relevant.

With this end in view, an effort has been made in this piece of work to make an indepth study of Aluminium Industry of India in respect of
its performance and its working capital management. The findings of this study not only throw light on the weakness in the managerial activity of the industry, but may also help scholars and researchers to develop new ideas, techniques and methods in respect of the managing working capital.

The study has taken sufficient care to analyse and interprete the working capital elements based upon the collected data from Annual Reports, Official Directory of Stock Exchange, Mumbai and Internet services for last twelve years comprising from 1991-92 to 2002-03.

This study comprises nine chapters. The first chapter is introducing in nature. The second chapter contains the methodology used in the analysis of working capital, while growth and development of Aluminium Industry of India has been discussed in third chapter. Chapter fourth and fifth discuss the concept of Working Capital and it’s management respectively. The chapter six describes the different sources and problems of the financing the working capital. The seventh and eighth chapters deal with analysis and interpretation of the sample companies with the help of different statistical tools, ratios, funds flow statement and cash flow statement. The last chapter embodies the findings and suggestions arising out of the present study.

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