An organization needs two forms of capital in order to make its business successful. Capital employed in fixed assets that form the infrastructure of the organization and working capital that makes the fixed assets operative. Lack of fixed assets will no doubt lead to lower profits but shortage of working capital will lead to business failure. Thus the significance of working capital is much more than fixed assets.

A unique character of working capital is that its excess or deficiency both are undesirable. A high level of working capital will mean high liquidity but it will adversely affect profitability and vice-versa. The main thrust of working capital is to provide funds when needed. Thus a trade off has to be made between profitability and liquidity.

The present study is an endeavor by the researcher to find how working capital is managed in different companies of the automobile industry, the extent to which working capital has been efficiently managed and also to find the aspects of inefficiency in this regard.
Chapter I describes the methodology adopted for this research. The chapter starts with a review of literature followed by identification of research gap, and the need for the study on the basis of which the research problem has been stated. A brief profile of automobile industry and the companies under study is given. Next the questionnaire design, data collection, method of analysis of data and finally limitations of the study are given.

A uniform structure has been adopted in chapter II to VI which deal with the individual issues in working capital management. First the concept is described followed by the responses to the research questionnaire. The third part of each chapter presents the analysis of relevant ratios.

The first part of Chapter II briefly explains the concept of capital followed by the concept of working capital, its objectives, policy and planning. The second part of the chapter provides the responses of the questionnaire given by the executives of six companies regarding objectives, policy and planning of working capital, organization, control and review of working capital. Finally, the last part of the chapter presents the ratio analysis in thirteen major companies in the three segments of the industry.
The first part of Chapter III briefly explains the concept of financing of working capital followed by forecasting of working capital, the concept of operating cycle and finally the sources of working capital finance. The second part of the chapter provides the responses of the questionnaire given by the executives of six companies regarding approaches of financing, forecasting, sources and forms of financing and the policy of the companies in this regard. Finally the last part of the chapter presents the ratio analysis in thirteen major companies in the three segments of the industry.

The first part of Chapter IV briefly explains the concept of cash management and its objectives, its process and marketable securities as a special case of cash management. The second part of the chapter provides the responses of the questionnaire given by the executives of six companies regarding cash planning, organization of cash management, control, review and problems in cash management. Finally the last part of the chapter presents the ratio analysis in thirteen major companies in the three segments of the industry.

The first part of Chapter V briefly explains the objectives of receivables, loans advances and its management. The second part of the chapter provides the responses of the questionnaire given by the executives of six companies
regarding objectives, policy and planning of working capital, organization, control, review, credit collection, constituents of advances, policy, financing and interest on advances, its organization, control and review of advances, and some general aspects in this regard. The last part of this chapter presents the ratio analysis in thirteen major companies in the three segments of the industry.

The first part of Chapter VI briefly explains the concept and motives of inventory, forms of inventory control, cost of holding inventory, concerns of inventory management, and inventory management system. The second part of the chapter provides the responses of the questionnaire given by the executives of six companies regarding objectives, policy and planning of working capital, organization, control and review, and problems of inventory management. Finally, the last part of the chapter presents ratio analysis in thirteen major companies in the three segments of the industry.

The last chapter, i.e. Chapter VII states the summary, conclusions and suggestions on the basis of the study done. In the end, direction for future research are given to help researchers to make further studies in this regard.

The evaluation of working capital management can help one to understand how working capital is managed in the organization. It can also
help the executives taking decisions in this regard about how to make such
decisions more effective. Others, especially students, interested in corporate
finance will get an insight about how different companies manage working
capital and also learn how to interpret the hidden information.

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( MOHD. AAMIR KHAN )