Questionnaire on "Management of Public Enterprises of Orissa with special reference to Manufacturing Organisations".

I. BASIC INFORMATIONS ABOUT THE ENTERPRISE

1. Name of the Enterprise :-

2. Address of the Enterprise :-
   (Registered Office)

3. Date of Incorporation :-

4. Number of Divisions/Units under its control :-

5. Is there a separate "Finance Department" in the enterprise ? Yes/No
   a) If 'yes', what are its functions in relation to the Working Capital Management ?
   b) If no, how the management of Working Capital is taken care of ?

6. a) What reports are prepared at different levels of the enterprise about :
   i) Financing of Working Capital
   ii) Inventory Management
   iii) Receivables Management
   iv) Cash Management
   v) Other related matters on Working Capital Management

   b) To whom these reports are submitted ?

7. a) How is your enterprise accountable to the Administrative Ministry of the Government in regard to the Management of Working Capital ?
b) How many directives have been issued by the Ministry about the Management of Working Capital in the last five years?

II. MANAGEMENT OF WORKING CAPITAL

1. State the Working Capital objectives of your enterprise:
   a) Liquidity
   b) Efficient use of current asset
   c) Profitability
   d) Liquidity & profitability
   e) Any other (Please Specify)

2. a) What is the policy of the enterprise with regard to the Working Capital size?
   b) How is the policy formulated & practised?

3. State the methods of determining Working Capital requirements.
   a) Cash forecasting Method
   b) Mathematical Model (Please specify)
   c) Overall Budgeting Method
   d) Any other (Please specify)

4. Is there any manual of your enterprise containing the rules and procedure relating to Working Capital? Yes/No! If 'yes', please explain briefly how it is followed at different levels.

5. Which of the following forms the basis for determination of Working Capital.
   a) Installed Capacity
   b) Operating Cycle
6. What is the basis of preparation of the budget?
   a) For a long term (5 years)
   b) Yearly
   c) Quarterly
   d) Any other (Please specify)

7. Do you prepare the budget in coordination with sales, production & collection budgets? - Yes/No

8. If 'Yes', what are the problems that you face in their coordination? (Name a few)

9. How do you control the Working Capital?

10. Is the Working Capital reviewed at regular intervals? - Yes/No. If 'yes', please mention:
    a) Monthly
    b) Quarterly
    c) Half-Yearly
    d) Any other (Please specify)

11. What technique do you follow to review Working Capital position?

12. What basis do you adopt for allocation of Working Capital to its various segments? Is it:
    a) By preparing different budgets
    b) By determining ratios (name of ratios)
    c) Any other (Please specify)

13. What, in your opinion, could improve the Working Capital
III. FINANCING OF WORKING CAPITAL

1. Which policy is followed regarding the financing of Working Capital in your enterprise?
   a) Variable needs with short-term sources and only for the periods needed
   b) A portion of the permanent needs from short-term sources.
   c) A portion of the permanent needs from short-term sources.
   d) Half of the current assets financed by long-term sources.
   e) Any other (Please specify).

2. Specify your sources of Working Capital financing?

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<th>Source</th>
<th>Reason</th>
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<td>a) Short term Loans from the Banks</td>
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<td>b) Loans from the Government</td>
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<td>c) Advance from Customers</td>
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<td>d) Equity &amp; Long term sources</td>
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<td>e) Retained earnings</td>
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<td>f) Depriciation Reserves</td>
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<td>g) Trade Credit</td>
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<td>h) Any other (Please specify)</td>
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3. a) How does the enterprise avail short-term loans from banks?
b) Is there any fixed line for raising such loans to meet the Working Capital requirement?

c) What amount has the concern raised through this source?

d) Could the concern acquire overdrafts also? If Yes, what proportions were financed by this way?

4. Whether the enterprise acquire short term finance by going to market and allowing private equity?

5. What has been the policy of the Government of Orissa in relation to Working Capital financing of the enterprises?

6. Have there been situations when the enterprise could not cope-up with the demand? If 'Yes', how often -
   a) Very frequently
   b) Occasionally.

7. a) How are the products priced?
   b) What factors determine the pricing of the products?
   c) Does the pricing system lead to profitability & plough back?

8. Do you follow the policy of authorisation of the expenditure? Yes/No.
   If 'Yes', please state the
   a) Levels of authorisation
   b) Limits of each level

9. Do you follow any of the following ratios as Working Capital norm? Please state the figure of the norm against the ratio which you tick?
   a) Current assets to fixed assets
b) Net Working Capital to net worth

c) Net Working Capital to total assets

d) Current assets to current liabilities

e) Any other (Please specify)


a) Ratio technique

b) Any other control & review technique

c) Information System

d) RBI guidelines

e) Government of Orissa guidelines

f) Any other (Please specify)

11. Do you review your Working Capital norms? Yes/No

If 'Yes', how often?

a) Monthly

b) Quarterly

c) Yearly

d) Any other (Please specify)

12. What difficulties have you experienced in the Working Capital control.

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<th>Human</th>
<th>Others</th>
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13. Were there any excess Working capital situation? Yes/No
   If 'yes', how the surplus is utilised?
   a) Temporary investment
   b) Used for debt repayment
   c) Fixed asset investment
   d) Any other (Please specify)

14. Is there any problem peculiar to your concern with regard to Working Capital Management?

15. What is the company’s policy regarding wage, salary and fringe benefits?

16. Please state the proportion of 'wage, salary and fringe benefits' to the total Working Capital.

17. What has been the relation between production & emoluments since the operation of the business?

18. a) Has there be any strike in the concern during the last ten years? Yes/No

   b) If 'yes', what is the impact of the strike on Working Capital.

   c) What were the other kinds of suspension of work besides the strikes which held up the production schedule?

   d) What was their impact on production cycle/programming?
19. a) Is there any seasonal variation in your enterprise?  Yes/No

   b) What is the impact of seasonal variation on Working Capital?

20. a) Is your concern amenable to cyclical change? (Yes/No)

   b) What were the effects of recession on your concern?

   c) Did you face this situation on account of reduction of orders from the customers?

   d) What is the volume of such reduction in various years?

21. a) Is the unit's full capacity utilised? Yes/No

   b) If 'no', in which production lines have the capacities remained unutilised? Please, state the reasons.

   c) What are the schemes for raising such capacities.

IV: MANAGEMENT OF CASH

1. a) What are the functions of Cash Management in your enterprise?

   b) What is the role of cash as a component of Working Capital?

2. What is the enterprise's policy about 'liquidity'?

3. How do you determine the optimum level of cash balance?

4. a) How does the company initiate its financial planning about cash?
b) How is the financial planning about cash effected?

5. a) Is there any cash budgeting in your organisation?
   If 'Yes', please state the periodicity of preparing them.

   b) Does the company prepare funds flow/cash flow statement?

   c) In the case of variance, does the company prepare the cash summary report?

   d) Are the cash-flow statements prepared separately for:
      a) Capital Operations Yes/No
      b) Revenue Operations Yes/No

6. Are any of the following ratios computed and used as Cash level norms.
   a) Normal days of cash ( )
   b) Peak days of cash ( )
   c) Cash required for 'A' days safety level ( )
   d) Cash required to peak 'A' days safety level ( )

7. How do you exercise control on cash-flows?

8. Did the company hold 'cash balance' more than its usual needs? Yes/No

9. How do you invest excess cash, if any?
   a) In purchasing marketable securities
   b) In paying short/long terms liabilities
   c) In lending to associates
   d) Any other (Please specify)
10. a) Were there any cash inadequacy situations earlier?  
Yes/No.

b) If 'yes', State the reasons thereof and immediate steps taken to solve them?

11. How do you meet your requirements of cash when the cash balance goes below the minimum desirable level?
   a) By utilising bank credit line
   b) By liquidating marketable securities
   c) By raising loans or deposits from institutions or persons other than bank
   d) By delaying payments
   e) Any other (Please specify)

12. What are your costs of running out of cash?
   a) To pay higher rate of interest
   b) To lose discount on payment
   c) To lose credibility
   d) Any other (Please specify)

13. i) What techniques do you adopt to intensify the inflow of cash?
   a) Centralised cash collection centres
   b) Lock-box system
   c) Concentration of banking
   d) Any other (Please specify)
ii) What are the bottlenecks in improving the cash flows?

14. Do you prepare cash report? Yes/No
   If 'yes', please mark the appropriate place
   a) Daily
   b) Weekly
   c) Fortnightly
   d) Monthly
   e) Any other (Please specify)

15. How is the RBI's policy (recommendations of Tondon and Chore Committees) of reducing cash credit limit affecting the cash management of your organisation?

V : MANAGEMENT OF RECEIVABLES

1. What is the credit policy of your enterprise?
   1) Open Credit
      a) Without approval to a certain limit
      b) With approval if exceeds a specific limit
   11) Limited Credit
   1ii) Restricted Credit
   1v) No credit

2. What is the enterprise's policy about the financial Credit.
   a) to Public Sector Consumers
   b) to Private Sector Consumers
3. What are the objectives of your Credit Policy?
   a) Meet the Competitors
   b) Increase the profits
   c) Finance the Customers
   d) Growth in Sales
   e) Any other (Please specify)

4. How do you determine the level of investment in receivables?
   a) By making sales forecasts
   b) By adjusting past figures
   c) By trade off between cost of carrying receivables and profit from sales
   d) Any other (Please specify)

5. On what basis are such credit terms and conditions of sale determined?
   a) Based on usual terms of sales of the industry.
   b) Based on the terms of the sales of the compositors.
   c) Based on the enterprise's past behaviour.
   d) Any other (Please specify)

6. a) Does the company allow discounts to its debtors for prompt payments? Yes/No
   b) What is its impact on (i) Private Sector customers (ii) Public Sector customers
   c) What is the practice of the enterprise, when payments are not made by specified period?
7. a) Whether, any investigation is made about the customer before granting the credit. Yes/No

b) If 'yes', how do you evaluate a particular credit application?
   i) By analysing the financial statements of the firm.
   ii) By bank checks
   iii) By making reference to other firms in the trade
   iv) By experience
   v) Any other (Please specify)

8. Do you prepare accounts receivable statement regularly? Yes/No

   If 'yes', please indicate:
   a) Monthly
   b) Quarterly
   c) Yearly
   d) Any other (Please specify)

9. Who determines the credit and collection policies of your enterprise?

10. Are your terms and conditions of credit, different from the other firms in the same industry? Yes/No

    If 'yes', please mention it.

11. a) What is the debt collection policy of the enterprise?

    b) How is the efficiency of the debt collection department?

    c) Total amount of outstanding with
       
       Public Sector --
       
       Private Sector --
12. Is any of the following ratios followed as credit norms (please give the figure of the norm against the ratio you choose).

a) Receivables to current assets 

b) Receivables to sales 

c) Collection period

d) Any other (Please specify)

13. How are the following aspects linked with the decisions involving extension of credit?

a) Cost of excessive investment

b) Increased probability of bad debt

c) Capacity utilisation

d) Delayed payment of existing customers

14. a) What are the problems of your enterprise regarding grant of excess credit and belated collections?

b) How do you solve it?

VI : MANAGEMENT OF INVENTORY

1. Who looks after the overall inventory management in your enterprise?

2. What is the policy of your enterprise with regard to financing of inventory?

a) Long-term sources only

b) Short-term sources only

c) Partly long-term and partly short-term
3. State the objectives and policy of inventory management in your enterprise.

a) Gain Quantity discounts
b) Reduce order costs
c) Achieve efficient production
d) Avoid losses on sales
e) Any other (Please specify)

4. Is there any integrated inventory management system in the enterprise? Yes/No

If 'yes', how does it work?

5. a) Is there any revision of inventory objectives and policies whenever variations occur? Yes/No

b) If 'yes', which of the following factors influence such variations?

i) Shifting Demand
ii) Changing Cost
iii) Changing Competitions
iv) Changing Contribution
v) Any other (Please specify)

6. How do you determine the minimum level of inventory?

a) Consumption during lead period
b) Consumption during lead period plus safety margin
c) Opportunity cost of the funds required
d) Non availability of storage space
e) Any other (Please specify)

7. How do you determine the maximum level of inventory?
a) Availability of storage space
b) Carrying Cost of inventory
c) Supply conditions of goods
d) Future production plans
e) Opportunity cost of the funds required
f) Any other (Please specify)

8. Do you review the minimum and the maximum level of inventory regularly? Yes/No

9. Do you have optimum level of inventory?

10. How do you determine the safety stock?
a) Variation in consumption rate
b) Variation in lead period
c) Any other (Please specify)

11. Do you maintain safety stock throughout the year? Yes/No

12. What system of ordering do you follow?
a) Fixed Order Quantity (F.O.Q.) System.
b) Fixed period system/periodic review system/replenishment system
c) Single order and scheduled part-deliveries system
d) Any other (Please specify)

13. Who controls the investment in inventory and what techniques are applied/used in exercising such control?
14. Do you follow any of the following ratios as inventory norms? Yes/No. If 'yes', please mention the figure of the norms in the bracket.

a) Total inventory as % of total current asset investment ( )
b) Raw materials, work in process, stores and spares and finished goods as % of total inventory. ( )
c) Inventory as % of net Working Capital ( )
d) Inventory as % of fixed asset investment ( )
e) Inventory as % of sales ( )

15. Do you prepare inventory report? Yes/No. If 'yes', please specify the period.

16. Do you have ABC classification of inventory? Yes/No, If 'yes', please answer the following:

a) Who looks after the procurement of A items?
b) What is the period of stock reports of A items to the top management?
c) Who looks after the procurement of B and C items?

17. Have you adopted any of the following methods to control your inventory?

a) Continuous verification
b) Periodic verification
c) Continuous verification
d) Automatic Data Handling system
e) Any other (Please specify)

18. Do you make any analysis of inventory turnovers?
a) Compare current inventory turnover ratio with the previous ratio. (Yes/No)

b) Compare inventory - sales ratio with the competitor/leader of the industry. (Yes/No)

c) Compare inventory turnover ration with the norm fixed for the industry. (Yes/No)

d) Any other (Please specify)

19. Have you instituted periodic inventory turnover audit? (Yes/No)

20. What method do you follow in purchasing the materials?
   a) Open purchase method
   b) Limited purchase method
   c) Tenders
   d) Any other (Please specify)

21. Do you follow any technique/method to determine the excess inventory? (Yes/No) If 'yes', please mention it.

22. What are the reasons for holding excess or inadequate inventory?

23. Do you have the problem of under-utilisation of capacity? (Yes/No)

   If 'Yes', how it affects the inventory management?

24. Do you have production Programming in your enterprise? (Yes/No)

   If 'yes', what is its contribution towards inventory Management?
25. Please state the problems, if any, with regard to your purchase and stores function in your enterprise.

26. Do you face any peculiar problem in connection with inventory management of your enterprise? Yes/So
   If 'yes', please state the problems briefly.

27. Please write any other information, comment or suggestion which would help the inventory management functions of your enterprise.