QUESTIONNAIRE ON MANAGEMENT OF WORKING CAPITAL

Q 1 What is the objective of Working Capital Management?
(Tick more than one if necessary)
i) Efficient use of current assets
ii) Liquidity and profitability
iii) Liquidity profitability and efficient use of current assets
iv) Profitability
v) Confer strictly to Govt regulation
vi) Any other (Please Specify)

Q 2 State the policies of Working Capital to achieve its objectives?
(Tick more than one if necessary)
i) Efficient and timely production
ii) Minimum level of cash balance in each component of working capital and continuous reviews of situation
iii) Managing inflows and outflows without affecting production and sales
iv) Maximizing creditors and minimizing receivables
v) Effective management of inventory
vi) Review and follow up of credits
vii) Any other (Please Specify)

Q 3 What are the different methods of determining working capital requirements?
(Tick more than one if necessary)
i) Overall budgeting methods
ii) Cash forecasting
iii) Any mathematical/statistical methods
iv) Any other (Please Specify)

Q 4 Which of the following forms the basis for working capital determination?
i) Production
ii) Sales
iii) Operating Cycle
iv) Installed capacity
v) Capacity actually used
vi) Any other (Please Specify)
Q.5: (a) On what basis is the working capital budget prepared?
   i) On long term basis
      (say annually for 5 years)
   ii) Only Annual Budget

(b) State the budget period (Budget Cycle)
   i) Weekly
   ii) Monthly
   iii) Quarterly
   iv) Any others (Please Specify)

(c) If a budget cycle is followed, are the subsequent period budget figures reviewed?
   Yes/No.

Q.6: Are working capital budgets prepared in co-ordination with the budgets of production, sales and collection function? Yes/No

   What problems have you experienced in the matter of co-ordination?
   (Tick more than one if necessary)
   i) Matching the production with sales due to slippages in production on account of slippages in delivery schedules in respect of materials, stores, equipments etc.
   ii) Variation in consumption of raw materials and stores and high obsolescences of materials and products.
   iii) Uncertainties associated with the supply position of fuel oil, coal etc.
   iv) Uncertainties associated with the receipt of subsidy from Government, wherever applicable.
   v) Inadequate information from the coordinating departments.
   vi) Delay in collection of receivables.
   vii) In certain cases even if production forecast was less inventory was required to be provided for a higher capacity utilisation.
   viii) Scheduling of production of long production cycle items and short production cycle items was difficult.
   ix) Forecasting of customer clearances for long production cycle items and forecasting of orders for short production cycle items was difficult.
   x) Determining the despatch schedule to meet customer requirements and to suit the terms of payment and invoicing was difficult.
   xi) Any other (Please Specify)

Q.7: Who is the executive responsible for the overall working capital management of your organisation?

Q.8: What are the duties and responsibilities of your Financial Executive with regard to working capital management?
   (Tick more than one if necessary)
   i) Laying down working capital policies and reviewing financial position.
   ii) Planning, forecasting and assessment of working capital requirements through the introduction
of budgetary control system, periodic review of budgets, and generating information reports for managerial action.

iii) Fixation of norms for the components of working capital, monitoring the levels of working capital keeping in view the opportunity plans, and correction of imbalances in the composition of working capital.

iv) Report to the management and the Board, the money locked up in working capital suggest methods of controlling working capital and utilisation of working capital for maximisation of profitability.

v) Monitoring the fund flows and controlling the activities relating to the sources and application of funds.

vi) Advise on and generate the sources for meeting the working capital requirements, wherever possible, without hypothecation of stocks.

vii) Procurement of supplies enforcement of purchase policy, installation of a system of inventory valuation, and accounting of stocks.

viii) Formulation of accounting policies for valuation of finished goods, work in process and inventories.

ix) See that inventory carrying costs are maintained at a reasonable level.

x) Assessment of debtors according to terms of payment and maintenance of records in respect of debtors according to statutory requirements.

xi) Formulation of a system of effective cash management, including credit arrangements, and control over cash operations based on annual and monthly budgets.

Q.9: Do you follow the policy of authorisation of working capital expenditure? Yes/No

if Yes, please state the

i) Levels of authorisation

ii) Limits of each level

Please state briefly the important reasons for exceeding the authorisation limits.

(Tick more than one if necessary)

i) Change in the volume of price escalation.

ii) Shortage of raw material, stores and spares, etc.

iii) Changes in plan priorities resulting in delayed budget allocation.

v) Price variations and unforeseen statutory levies.

vi) Changes in Government policies and credit control

vii) Increase in costs and volume of output.

Q.10: Is there any 'manual' containing rules and procedures related to working capital? Yes/No.

If Yes, please explain briefly how is it followed at different management levels.

Q.11: Do you follow any of the following ratios as working capital norm?
(Tick more than one if necessary)

i) Current assets to fixed assets

ii) Net working capital to network.

iii) Net working capital to total assets

iv) Current assets to current liabilities

v) Any other (please specify)

Which of the following is the ratio stated by you above?

i) an industry norm

ii) an organisation norm which is:
   a) an average of past achievement
   b) any other (please specify)

Q.12: Please explain the method and technique of Control and Review of Working Capital in your organisation

(Tick more than one if necessary)

a) Ratio Techniques
   (Tick more than one if necessary)
   i) Current assets to fixed assets
   ii) Net working capital to net worth
   iii) Net working capital to total assets
   iv) Current assets to current liabilities.
   v) Any other (Please Specify)

b) Information System (reports, statements, feedback and review)

c) Government Guidelines

d) Any other control and review techniques (please specify)

Q.13: Do you review your working capital norms? Yes/No

If yes how often?

i) Monthly

ii) Quarterly

iii) Yearly

iv) Any other

What difficulties have you experienced in the working capital control?

a) Human
   (Tick more than one if necessary)
   i) Playing safe by the operating executives
   ii) Dislike of controls by executives and delay in compiling statements/information.
   iii) Production executives want to keep as much inventory as possible whereas financial executives want to keep optimum levels.

iv) Any other (Please Specify)
b) Other Problems
   i) Maintenance of priced stores ledger on electronic data processing and wrong codification resulting therefrom.
   ii) Diversity of product-lines.
   iii) Increased outstandings from the Government/semi Government parties due to non-availability of funds (due to delay in allocation of funds as a result of plan priorities) with them and price disputes.
   iv) Sudden changes in prices of crucial products in the world market, for example crude oil and petroleum.
   v) Government decision on pricing
   vi) Liquidation of finished goods due to difficulty in organising special despatch facilities such as special wagons, heavy trolleys etc.

Q.14 : Have you experienced working capital shortage ? Yes/No
       If yes, does it occur:
       a) very frequently ? Yes/No
       b) Occasionally ? Yes/No
       Please state briefly the main reasons for the shortages
       (Tick more than one if necessary)
       i) price fluctuations.
       ii) shortfall in receipts from sale proceeds
       iii) delay in realisation of dues from debtors.
       iv) decrease in credit period for purchase of raw material.
       v) increase in duty on inventory holding
       vi) excessive credit granting to customers,
       vii) payments withheld by clients.
       viii) any other (please specify)

Q.15 : Were there any excess working capital situations ? Yes/No
       if yes, how was the surplus utilised ?
       i) Temporarily invested
       ii) Invested in long-term securities
       iii) Invested in fixed assets
       iv) Utilised for repayment of debt
       v) Any other (please specify)

Q.16 : Please state the difficulties you have experienced in the implementation of Tandon Committee norms.
What are your comments on the Tandon Committee Recommendations related to the following:

i) Inventory and Receivables norms
ii) Working Capital Gap
iii) Style of credit and information system

Q.17 : What are the problems peculiar to your organisation with regard to working capital management?

(Tick more than one if necessary)

i) Inability to obtain a major portion of requisite goods and services on credit terms.
ii) Inadequate return due to Government restrictions on price increase.
iii) Power and water supply
iv) Difficulties in collection of dues.
v) Stock levels maintained were not based on market condition.
vi) Inventory build ups on account of most of the raw materials having been imported and little control over supplies.
vii) Problem of collecting receivables from the Government.
viii) Too much of decentralised organisational set up.
ix) Non standardisation of materials on account of reliance on indigenous technology.
x) Non availability of peripherals and other key components in time.
x) Keeping long lead times in view of the need to import most of the equipments and spares resulting in large inventories.
xii) Long cycle of manufacture
xiii) Many of materials/components used in manufacture having to be imported, the safety levels to be maintained have to be high because of long deliveries quoted by foreign supplies and because of transit delays.
xiv) Current assets had to be kept at a fairly high level mainly due to contingent payments and the magnitude of inventory as compared to credit/loan given on short-term basis.
Q.1 : What is the approach of financing of working capital?
i) Hedging approach
ii) Conservative approach
iii) Any other (please specify)

Q.2 : Whether working capital forecasting is done by
A) Informal/Judgemental
B) Formal/Statistical
If done by (B) then which statistical tools do you use.
   a) Judgement forecast
      i) Delphi technique
      ii) Panel of experts
   b) Extension of past history
      i) Moving averages
      ii) Exponential smoothing
      iii) Trend adjusted exponential smoothing
      iv) Trend projection
   c) Causal forecasting models
      i) Regression model
      ii) Econometric model
      iii) Input output analysis.

Q.4 : Has there been situations when your forecasted values deviated from actual requirements of working capital? Yes/No.
   a) If yes then did the deviations occur owing to
      i) Controllable factors
         (Please specify factors)
      ii) Uncontrollable factors
         (Please specify factors)

Q.5 : What is the duration of operating cycle? ..... days

Q.6 : Does the operating cycle remain constant / varies during an accounting year? Yes/No

Q.7 : Is the concept of operating cycle incorporated in forecasting working capital requirement? Yes/No.
   a) If 'Yes' How is it done? Please Specify
b) If ‘No’ the reasons for not doing so
   i) Irregular demand
   ii) Irregular production
   iii) Irregular payment of debtors
   iv) Irregular delivery by creditors
   v) Fluctuating policies of the govt.
   vi) Any other (please specify)

Q.8 : What are the sources of working capital finance?
   (Tick more than one if necessary)
   
   a) Long term external
      i) Ordinary shares
      ii) Preferences shares
      iii) Debentures
      iv) Loans from financial institutions
      v) any other (please specify)

   b) Long term internal
      i) Retained earnings
      ii) Provisions
      iii) any other (please specify)

   c) Short term external
      i) Goods on credit
      ii) Bank borrowings
      iii) Discounting of bills
      iv) Overdraft
      v) Advances
      vi) Any other (please specify)

   d) Short term internal
      i) Gratuity
      ii) Dividend contingencies
      iii) Pension
      iv) Provision for taxation
      v) Unclaimed dividend
      vi) Outstanding salaries and wages.

Q.9 : What are the major forms of financing working capital requirements?
   (Tick more than one if necessary)
   
   i) Current liability
   ii) Cash credit
   iii) Deferred credit
iv) Working capital loan from central government
v) Equity/long term loans
vi) Any other (please specify)

Q.10: What is the overall policy of the organisation regarding financing of working capital?
i) All variable need with short term sources and only for the periods needed
ii) A portion of the variable need with long term sources
iii) Inventories only from long term sources
iv) A portion of the permanent needs from short term sources
v) One half of the current assets financed by long term sources.
vi) Any other (please specify)

Q.11: What are the problems peculiar to your organisation with regard to financing of working capital?
MANAGEMENT OF CASH

Q.1 : What constitutes your cash balances?
(Tick more than one if necessary)
  i) Cash in hand
  ii) Cheques in hand
  iii) Cash with scheduled banks in current accounts, saving/deposit schemes and margin money.
  iv) Cash in transit
  v) Cash in foreign banks
  vi) Any other (please specify)

Q.2 : How are the levels of cash determined?
  i) Day to day requirements
  ii) Minimum cash balance and an optimum cash balance.
  iii) Any other (please specify)

Q.3 : Are the cash balances to be maintained (minimum and optimum) determined? Yes/No.
    If yes, please state the factors which influenced their determination (please state whether any
    mathematical techniques are used and if so kindly attach any material to explain it).
    Minimum Cash level:
    Optimum Cash level:
    Do you follow any contingency approach in the cash management? Yes/No.
    If yes, please explain its operation.

Q.4 : Is there any cash budgeting in your organisation? Yes/No.
    If yes, please state the periodicity of preparing them.
  i) Daily
  ii) Weekly
  iii) Fortnightly
  iv) Monthly
  v) Any other
    Are the cash flow statements prepared separately for:
  i) Capital Operations Yes/No.
  ii) Revenue Operations Yes/No.
    Please explain briefly the method of preparing them.

Q.5 : Who is the executive responsible for the overall cash management operations?
What are the responsibilities of your financial executive in this regard?
See the funds were available in the required amount at correct time and at correct place, and invest the surplus cash, if any, in short term securities to avoid loss of interest.

Plan the disburesements on the basis of expected collections.

Ensure optimum utilisation of cash balances and avoid overdrafts.

Ensure that cash operations were in accordance with the approved budget for the year.

Make cash flow analysis and ensure an equation of receipts with payments.

Q.6: Is the cash management function of your organisation centralised or decentralised?

Do you face the following problems under centralised cash management?

i) lack of coordination

ii) centralisation of power and decentralisation of responsibility

iii) lower than anticipated amounts received by Divisions/Units from Head office

iv) lack of adequate planning and arrangements for cash collection

v) inadequate planning for allocation of resources to the Divisions/Units based on their requirements

vi) unexpected cash outflows on account of emergency purchases and difficulties in finding ways and means for procuring finance.

vii) Any other (please specify)

Do you think the following benefits of decentralized cash management?

i) Elimination of delays in receipt of funds from Head Office and avoidance of operational inconvenience as a consequence thereof.

ii) Considerable reduction in inter-office transfer of funds resulting in sufficient saving in bank charges and interest cost, reduced use of cash credit, and minimum delays in the availability of funds.

iii) Elimination of difficulties in accounting for a large number of transfer credits by banks.

iv) Elimination of idle pockets where funds were kept, as entire balances in the banks accounts held by the Divisions were to be transferred to the Head Office at the end of each day.

v) The organisation earned a substantial amount as compensation from banks for the latter's failure in effecting transfers within the stipulated time.

vii) Any other (please specify)

Q.7: Are any of the following ratios computed and used as cash level norms?

(Tick more than one if necessary)

i) Normal days of cash

ii) Peak days of cash

iii) Cash required at \('X' days safety level

iv) Cash required at peak \('X' days safety level

v) Any other (please specify)
Q. 8 : How is control exercised on cash flows?
(Tick more than one if necessary)

i) Regular / periodic review and reporting of cash available and cash required. Excess cash
invested and short fall made good from banks.

ii) By mobilising efforts for collection of receivables and staggering payments.

iii) By disposing of each case of payment on merits.

iv) By comparing the actual expenditure with budgeted figures and taking corrective action.

v) The balance in the cash credit account was reviewed on daily basis for exercising control on
cash operations.

vi) By maintaining minimum cash balances.

vii) Any other (please specify)

Q. 9 : How are the cash balances of Divisions/Units controlled?
(Tick more than one if necessary)

i) Divisions are asked to furnish to the Head Quarter a specific time requirement of cash and actual
cash balance at the end of a specific time. Received from sales are deposited in collection
account a divisions and transfer to Head Quarters.

ii) The cash operation of the divisions are controlled through budget and reports and they are asked
to send cash balance reports as well as ways of spending during the preceeding month and
expected receipts and payments during ensuing month.

iii) Expenditure involving outflow of cash beyond budgeted figures and sanctioned limits are to be
approved by the Head Office.

iv) Payment scheduled of the regions / divisions were to be submitted in advance and are made
accordingly.

v) Any other (please specify)

Q. 10 : What are the problems peculiar to your organisation with regard to cash management?
(Tick more than one if necessary)

i) Less coordination regarding flow of information about cash receipts and payments

ii) Cash flows were affected on account of fall in production due to natural calamities.

iii) There were larger cash needs on account of uncertainties in the availability of credit for major
inputs

iv) There were heavy contingency payments

v) Any other (please specify)

Q. 11 : Are you facing the problem of differences in planned cash flows and actual cash flows?
(Tick more than one if necessary)

i) Lesser involvement of Heads of Divisions in the preparation and review of cash flow data

ii) Non receipt of funds in time

iii) Variations in sales forecasts and achievements and delay in realisation of anticipated
receivables
iv) Price fluctuations and production fluctuations
v) Unusual disburements/payment of bills for raw material etc., for which no provision was made in the monthly forecast. This may be due to late or early receipt of materials etc.
vi) Uncertainties in the availability of credit on imports of raw materials and products
vii) Major customer payments were linked with the allocation of funds by Government and their budget position.
viii) Changes in the credit policy and fluctuation in the collection and payment by sundry debtors and to sundry creditors
ix) Any other (please specify)

Q.12 : Please state the problems in the phasing of expenditures and revenues ?
(Tick more than one if necessary)
i) Slippages in the production and delivery schedules of purchases
ii) Sales scheduling in respect of revenues and procurement scheduling in respect of expenditure was difficult
iii) Expenditure was high at the time of production where as revenues depends on sale.
iv) Capital expenditure could not be estimated correctly
v) Production plans were dislocated due to uncertainty in the supply position of fuel oil and coal and frequent power failure has affected sales revenue and influenced the cash credit position.
vi) There was difficulty in meeting fixed expenses such as personnel payments, statutory requirements, etc., which were always related to the corresponding inflows.
vii) Any other (please specify)

Q.13 : Were there any cash inadequacy situations ? Yes/No.
If yes, state the reasons therefore.
(Tick more than one if necessary)
i) Because of new projects involving excess capital expenditure there was temporary shortage of cash
ii) There was delay in commissioning new projects and increase in project cost estimates.
iii) There were sudden increases in costs of inputs
iv) Unforeseen payments were made, especially on account of materials and statutory levies, followed by failure of anticipated receipts
v) Initial long capital payments and new projects consumed huge funds in addition to huge expenditure on infrastructure and blocking up of funds in pipelines
vi) Any other (please specify)

Q.14 : What are the bottlenecks in cash flows ?
(Tick more than one if necessary)
i) Communication gap between Divisions and Departments
ii) Non availability and slow movement of wagons for carrying goods.
iii) Variations in production/despatch targets and schedules.
iv) Delays in payment by customers.
v) Problems of product distribution affecting the cash sales.
vi) Any other (please specify)

Q.15: How does the problem of going in for a cash credit arise?
(Tick more than one if necessary)
i) Shortage in expected cash flows.
ii) Inadequate internal resources
iii) Cash requirements for day to day working capital needs.
iv) Cash requirements for new projects.

Q.16: What factors do you consider in determining the cash credit requirements?
(Tick more than one if necessary)
i) Expected payments and expected time to receive cash from debtors.
ii) Production and sales activities
iii) Cash flow forecasts.
iv) Total working capital requirements less amount financed by the Government.
v) Requirement in respect of stores, spares, raw material, finished and semi finished goods.
vi) Requirement of additional funds for expansion scheme.
vii) a) Terms of payment of respect of receipts from customers.
    b) Purchase policy and advances to suppliers.
    c) Inventory build up.
    d) Production plan and capacity utilisation.

Q.17: Do you have any problem with regard to:
i) Obtaining cash credit from banks? Yes/No
ii) Working capital loans from Central Govt.? Yes/No
If yes, please state the problems you are facing regarding:
   a) Cash credits from banks
   b) Working Capital Loans from Central Govt.

Q.18: How is the Reserve Bank of India’s policy of reducing cash credit limits affecting the cash management of your organisation?

Q.19: How are fixed asset expansion affecting the cash flows in your organisation?

Q.20: Are the construction funds helpful in times of inadequate cash for working capital needs? How?
Q.1: What is your credit policy?
   (Tick more than one if necessary)
   a) Open credit
      i) Without approval
      ii) Without approval if exceeds a specified limit
   b) Limited credit with frequent checks
   c) Restricted credit
   d) No credit
   e) Any other (please specify)

Q.2: What are the objectives of your credit policy?
   (Tick more than one if necessary)
   a) Growth in sales
   b) Meet competitors
   c) Increase profits
   d) Finance the customer
   e) Any other (please specify)

Q.3: On what basis is the credit plan prepared?
   a) Long term basis (for ... years)
   b) Short term basis (for ... years)

State the method of determining and planning the size of credit granting from period to period.
(if any mathematical technique is applied please attach any material to explain the technique).

Q.4: What are the credit terms in respect of (please provide any typed matter describing the terms).
   Indigenous Customers          Foreign Customers
   a) Government Enterprises
   b) Private and others

Q.5: On what basis are such credit terms or conditions of sale determined?
   (Tick more than one if necessary)
   a) Based on usual terms of sale of the industry
   b) Based on the terms of sale of the competitor
   c) Based on the terms followed by the organisation in the past.
   d) Any other (please specify)

Q.6: Is any risk analysis of customer made before granting credit?
   If yes, please state what are the problems in determining the risk category of customers.
(Tick more than one if necessary)

a) There are long delays in payment of debts and chase the parties for collection.
b) Outdated rules and codes are followed by Government department.
c) There are differences in the interpretation of the terms of contract with reference to dues.
d) Any other (please specify)

Q.7: Who is the executive responsible for the overall credit granting and collection operations in your organisation?

Q.8: What are the responsibilities of your finance executive with regard to credit management?
(Tick more than one if necessary)

a) Laying down credit policies and monitoring the levels of receivables.
b) Follow up and timely action in relation to debts outstanding.
c) Insurance, prompt billing, realisation and review of outstandings.
d) Avoid possible loss due to bad debts and control receivables.
e) Collect the dues, keep receivables within norms, ensure that credit is granted to renowned parties of good previous performance and on fully secured basis to others.
f) Collection of at least undisputed amounts pending settlement of disputed portion of the bills whenever disputes arise.
g) Preparation of outstanding bills periodically and ascertaining from Marketing Department the reasons for outstanding for taking appropriate action.
h) Enforce budgetary control on receivables review budgets and introduce effective reporting system thereon.
i) Undertake financial scrutiny of the proposed credit terms.
j) Periodic agewise review of receivables position and supply of information thereon to sales executives for initiating collection efforts.

Q.9: Are any techniques of credit control applied in your organisation? Yes/No
If yes, please state what are the techniques?
(Tick more than one if necessary)

a) Ratio analysis
b) Agewise analysis
c) Reporting and review system
d) i) Fixing credit limits for major renowned customers keeping in view their monthly off-take and past performance
   ii) In other cases restricting credit limits to the extent of bank guarantees only.

Q.10: Do you follow any of the following ratios as credit norms?
Q.11 : What is the management information system for credit management?

Q.12 : State the credit collection procedures undertaken in your organisation under ordinary circumstances and in the case of delinquent accounts?

(Q.12: (Tick more than one if necessary)

a) Collection were taken by thorough personal follow up.
b) Collections were taken by follow up through telephone talks, telegrams, personal contacts.
c) Disputed items were constantly reviewed and settled by mutual negotiations.
d) Payment was demanded through correspondence and reminders. The due dates of payment were indicated in invoices.
e) Claims were made through banks against bank guarantees.
f) Collections were made through agencies identified within the organisation.
g) The reasons for pendency of debts were identified and follow up was initiated according to the reason for delay.
h) The problem of collecting overdues was relayed to appropriate levels in the customer organisations and, where appropriate, to the Government.
i) Collection of dues was made by sending sales personnel to the customers end.
j) Further credit was stopped until clearance of old dues.
k) Legal action was taken where all other efforts had failed.
l) Any other (please specify)

Q.13 : What is your policy regarding charging of penal interest on overdues?

Q.14 : How are the following aspects linked with the decisions involving extension of credit?

(Q.14: (Tick more than one if necessary)

a) Increase in demand and variations in the level of sales
b) Extra clerical costs
c) Cost of excessive investment
d) Increased probability of bad debt losses
e) Excessive collection costs
f) Delayed payments by existing customers
g) Capacity utilisation

Q.15 : What are the problems peculiar to your organisation with regard to granting excessive credit and belated collections? How are they solved?
Q.16: State the names of major items constituting Loans and Advances in order of their importance and give briefly the reasons for granting them?
(Tick more than one if necessary)
a) Advances to suppliers for raw materials, stores and spares, plant and equipment and other scarce material.
b) Advances to employees for meeting expenditure on the occasions of festivals, marriages etc., for purchase of household utensils and conveyance equipment such as cycles, scooters, cars etc., and for construction of houses.
c) Advances to contractors for the construction of projects under various expansion schemes.
d) Deposits with Customs, Central Excise and Port Trust Authorities in connection with the import of stores and equipment.
e) Advances to Electricity Boards for supply of power for expansion schemes and to certain local bodies for the supply of water and other services.
f) Advance income tax.
g) Any other (please specify)

Q.17: In respect of Loans and Advances what is the policy of your organisation with regard to:

i) Granting
(Tick more than one if necessary)
a) Whenever there was an absolute need for such granting 
b) As per the rules, terms and conditions prescribed by their managements and the budget provision. 
c) According to the normal policy practised by others. 
d) According to the terms of agreement after negotiation.

ii) Financing
(Tick more than one if necessary)
a) Short terms sources 
b) Advances received from customers 
c) Financing from operating funds 
d) Financing from cash savings through a policy of getting proportionate credit from suppliers and restricting credit to customers. 
e) Loan funds 
f) Any other (please specify)

iii) Charging Interest on over dues
(Tick more than one if necessary)
a) Charging interest on personal advance only 
b) Charging interest on advances at a predetermined rate 
c) Do not charge interest if not included in the terms of agreement for supply. 
d) Charging interest on the nature of the component supply. 
e) Charging interest on case to case basis 
f) Any other (please specify)
Q.18: What type of financing do you recommend for Loans and Advances?

Q.19: Do you recommend charging interest on Advances outstanding for long period? Yes/No
   If yes, state the reasons for not charging interest on any advances in the case of your organisation.

Q.20: Who is the executive responsible for the overall Loans and Advances granting and collection operations?

Q.21: Are the limits of expenditure for Loans and Advances determined Yes/No.
   If yes, what is the procedure for authorisation of expenditures?

Q.22: How is managerial control exercised with regard to granting and collection of Advances?
   (Tick more than one if necessary)
   a) Budgetary control and preparation of outstandings statement
   b) Obtaining financial concurrence
   c) Demanding clearance of unadjusted overdue advances before granting fresh ones.
   d) Grants based on need and essentiality and collection of the same immediately after the purpose of granting was over.
   e) Granted advances only after fulfilling the required conditions. In respect of advances to suppliers, adjustments were watched through periodical reviews.
   f) Operated special accounts called suspense accounts which formed the basis for monitoring and control of advances on monthly, quarterly and annual periodicity.
   g) Any other (please specify)

Q.23: Are any recovery and/or adjustment schedules prepared in respect of Loans and Advances?
   Yes/No
   If yes, please explain the method of its preparation and working.
   (Tick more than one if necessary)
   a) Preparation of monthly recovery schedules for advances to employees.
   b) Statement of outstanding with age-wise analysis in the case of advances to suppliers.
   c) Party wise accounts in subsidiary registers and watch the monthly recoveries/adjustments.
   d) Any other (please specify)

Q.24: What are the problems peculiar to your organisation in the management of Loans and Advances? How are they solved?

Q.25: Is there any possibility or scope for minimising any advance? Yes/No
   If yes, please state how can the following advances be minimised:
   i) Advance to suppliers
(Tick more than one if necessary)

a) By insisting on bank guarantees which can be invoked
b) By negotiating and choosing a standard supplier.
c) By paying bills and simultaneously adjusting to materials account.
d) By making effective purchase from suppliers giving credit terms.
e) By negotiating the bills through banks.
f) Any other (please specify)

ii) Advances to Contractors
(Tick more than one if necessary)

a) By choosing a financially sound contractor
b) By passing the bills and charging to concerned work through accounting entries at a faster rate.
c) By granting advances strictly based on the stage of completion of works.
d) Any other (Please Specify)

iii) Advances to Employee
(Tick more than one if necessary)

a) By obtaining surety bonds from permanent employees.
b) By reviewing the balance of dues.
c) By asking them to approach commercial banks
d) By restricting further grants until earlier dues were refunded.
e) Any other (please specify)

iv) Deposits with Customs, Excise, Port Trusts etc.
(Tick more than one if necessary)

a) By attending Government’s policy regarding requirement of deposits
b) By monthly adjustment of deposits by obtaining bills from appropriate authorities.
c) By restricting the deposits only to the extent required.
d) Any other (Please Specify)

v) Advance Income Tax
(Tick more than one if necessary)

a) By preparing quarterly estimate of income after taking into consideration the trends of business.
b) By proper tax planning
c) Any other (please specify)
MANAGEMENT OF INVENTORY

Q.1: State the objectives and policy of inventory management in your organisation?
   (Tick more than one if necessary)
   a) Avoid losses of sales
   b) Gain quantity discounts
   c) Reduce order costs
   d) Achieve efficient production
   e) Any other (please specify)

Q.2: Do you revise your inventory objectives and policies whenever variations occur? Yes/No
   If yes, which of the following factors influence such variations?
   (Tick more than one if necessary)
   a) Shifting demand
   b) Changing cost
   c) Changing competition
   d) Changing contribution
   e) Any others (please specify)

Q.3: State briefly the method of planning the following components of inventory. (Please explain briefly the method of determining Economic Order Quantities, Safety, Stocks, Anticipation Stocks etc. It would be helpful if you can kindly attach any printed or cyclostyled material explaining the method)
   i) Raw material (Indigenous)
      (Tick more than one if necessary)
      a) Based on input consumption efficiency statistics computed.
      b) Based on annual order with monthly delivery schedule matching with production.
      c) Based on production programme, norms of consumption, cycle of recoupment, and storage capacity.
      d) Based on Government guidelines
      e) Based on annual reviews coupled with inventory level monitoring
      f) By determining economic order quantities
      g) Any other (please specify)
   ii) Raw material (Foreign)
      a) Adhoc procurements even through levels are determined, on account of delays in importation, on availability of shipping space, cargo unloading delays etc.
      b) Any other (please specify)
   iii) Stores and Spares (Indigenous)
      a) Based on the ordering quantities and safety stocks determined with reference to the nature of the component/product to be manufactured and the lead time of manufacture.
b) Based on specific percentage of production cost or manufacturing facilities or according to previous practice.
c) Based on past consumption pattern plus ad hoc requirements.
d) Based on production.
e) By determining minimum, maximum stocks and economic order quantities.
f) Any other (please specify).
iv) Stores and Spares (Foreign)
a) Planned for specific time requirement.
b) Based on supply lead time and cycle time of manufacture.
c) General practice to get a spare set of spare parts.
d) By determining minimum and maximum stocks levels.
e) Any other (please specify).

v) Work in process
a) Based on process parameters.
b) Based on usual period of ageing.
c) Based on customer requirements and production cycle.

vi) Finished Goods
a) Based on sales planning, subject to constraints of production and storage capacity.
b) By determining economic order quantities.
c) Keeping in view the limiting factor.
d) Based on customer requirements.
e) Any other (please specify).

Q.4: On which basis is the inventory planned in your organisation?
a) Long range (for .... years)
i) Indigenous (for .... years)
ii) Foreign (for .... years)
b) Short range (for .... years)
i) Indigenous (for .... years)
ii) Foreign (for .... years)
c) Scheduling
d) Any other (please specify)

Q.5: Do you have production scheduling in your organisation? Yes/No
If yes, please state what is the contribution of production scheduling towards the inventory management?
(Tick more than one if necessary)
a) Minimise the production cycle time.
b) Pinpoint the need for a particular item and given the basis for inventory management and other policies regarding economic order quantities.
c) Form the main basis for inventory budgeting.
d) Help in forecasting the requirement of raw materials, stores and spares both in terms of quantity and time of demand / need.

e) Regulate inventory planning especially work in process and finished goods.

f) Any other (please specify)

Q. 6 : What is the policy of your organisation with regard to financing of inventory ?

a) Short term sources only
b) Long term sources only
c) Partly short term and partly long term
d) No clearly defined policy
e) Any other (please specify)

Q. 7 : Who is the Executive responsible for the overall inventory management in your organisation ?

Q. 8 : What are the responsibilities of your financial executive with regard to investment in inventory?

(Tick more than one if necessary)
a) To verify all proposals for purchase of inventory, scrutinise them with regard to terms of payment and requirements indicated by the designs and planning department, and ensure compliance with purchase policy.
b) To give clearance for disposal of surplus inventory.
c) To review inventory, limit procurement as per budget and minimise procurement cost.
d) To introduce and operate suitable methods of control in order to reduce inventory levels to the optimum level.
e) To evolve basic inventory policy, budgets and targets for each department and cost centre.
f) To see that the norms, minimum and maximum levels, are fixed for various items of inventory.
g) To enforce budgetary control on the allocation of funds for purchase of stocks.
h) To provide management information for control of various components of inventories.
i) To avoid undue locking up of funds in inventory and loss of production on account of shortage of material.
j) Any other (please specify)

Q. 9 : Who will control the investment in inventory in your organisation ? What techniques are applied in exercising such control ?

(Tick more than one if necessary)
a) Budgetary control
b) Review of stocks and production requirement
c) ABC analysis
d) Lead time analysis
e) Performance budgeting and information system
f) Preparation of daily stock statement in respect of raw material and approving orders after ascertaining the stock and movement position
g) Fixed ordering level system
h) Any other (please specify)

Q.10 Is the investment in inventory determined from time to time? If yes, please state the bases of
determination and the periodicity? Yes/No
(Tick more than one if necessary)
a) Production requirements of next two to three years
b) Past consumption, production programme, replacement programme, overhauling programme,
as reduced by the material in stock and pipeline
c) Days requirements based on production level
d) By analysing total inventory and identifying the lock up of funds for non moving items and surplus
stocks
e) With the help of percentage ratio of monthly inventory holding to monthly consumption

Q.11 Please state briefly the problems with regard to the purchase and stores functions in your
organisation
i) Problems in purchasing
(Tick more than one if necessary)
a) Inadequate staff Many of them are not qualified to work in purchase or stores departments
b) Difficulties in the procurement of material for anticipated customer orders where the scope
of supply and specification of material are not available in detail
c) Whenever rejections arise in the case of materials exclusively required for specific
projects, it is difficult to provide for unforeseen requirements.
d) At times indents for materials are received at short notice.
e) Fluctuations in the price of basic raw materials
f) Any other (please specify)

ii) Problems in Store keeping
(Tick more than one if necessary)
a) Inadequate storage accommodation
b) There are human problems, especially the attitudes of people working
c) Wrong stocks shown in electronic data processing records vis-a-vis ground balances, and
defects associated with computensed stores records
d) High obsolescence
e) Variety of plant spares
f) Difficulties in machine wise or group wise codification
g) Inadequate handling facilities in moving stores
h) Longer shelf life of products, mostly in the case of imported and high lead time items
i) Lack of coordination between production, purchase and stores functions
j) Difficulties in storage to facilitate location of materials with reference to product and
material classification.
k) Any other (please specify)
Q.12: Do you follow any of the following ratios as inventory norms?
   (Tick more than one if necessary)
   a) Raw material, work in process, stores and spares and finished goods as % of total inventory
   b) Total inventory as % of total current asset investment
   c) Inventory as % of net working capital
   d) Inventory as % of fixed asset investment
   e) Inventory sales ratio
   f) Any other (please specify)

Q.13: What techniques and methods are applied for inventory control in your organisation?
   Techniques
   (Tick more than one if necessary)
   a) ABC Analysis
   b) Analysis on the basis of the essentiality, size, shelf life etc.
   c) XYZ Analysis
   d) Any other (please specify)

   Methods
   (Tick more than one if necessary)
   a) Annual verification
   b) Continuous verification
   c) Automatic Data Handling system
   d) Any other (please specify)

Q.14: Are you applying 'systems approach' for the inventory management in your organisation?
   Yes/No
   If 'yes', please explain briefly its application and working

Q.15: Do you make an analysis of inventory turnover and its audit? Yes/No
   If 'yes', please state the method of analysis and audit.
   a) Compare with the industry norm of inventory turnover.
   b) Compare inventory sales ratio with that of the competitor
   c) Compare current inventory turnover ratio with the ratio of past.
   d) Any other (please specify)

Q.16: Is the performance of the inventory department evaluated or have you instituted periodic inventory turnover audit? Yes/No
   If yes, please explain the method of conducting it.
   (Tick more than one if necessary)
   a) Comparing current inventory turnover ratio with the industry norm of inventory turnover and with the ratio of the past.
b) Inventory to sales ratio  
c) Comparing inventory to sales ratio with that of the competitor  
d) Performance evaluation by measuring standards with actual performance  
e) Formulation of inventory policies  
f) Any other (please specify)  

Q.17 : What are the methods of purchasing followed ?  
a) Open purchase method  
b) Limited purchase method  
c) Tenders : Single / Repeated / Others  
d) Any others (please specify)  
Are any time limits fixed for each stage of purchasing ?  
Yes/No  
If yes, please state the reasons for not adhering to the limits :  

Q.18 : How do you deal with the problem of price fluctuations in the purchase of material ?  
(Tick more than one if necessary)  
a) Price escalation during the pendency of the order was not accepted. Where it became unavoidable, prior intimation and negotiations were resorted to.  
b) Fluctuations are absorbed in cost.  
c) By regular business dealings with vendors, rapport is built whereby for large orders price increases are limited and tied to an agreed price.  
d) Normally prices quoted are to be maintained by suppliers throughout the contract period.  
e) While contractors who quote fixed prices are preferred, price variations to the extent of statutory requirements are allowed. In the case of controlled commodities and items difficult to procure, normal escalation are considered on merit.  
f) Quoting firm prices with validity up to a certain forementioned date are requested from parties.  
g) Based on the trend of price fluctuations, the quantum of purchase is suitably raised, taking into consideration other economies of inventory management.  

Q.19 : Do you have any method by which the existence of excess inventory in your organisation is detected ?  
Yes/No  
If yes, please state briefly the method and the reasons for holding excess inventory.  
(i) Methods of detecting excess inventory  
(Tick more than one if necessary)  
a) Constant review and movement analysis  
b) Perpetual inventory  
c) Analysis of slow moving and non-moving stocks  
d) Budgetary control  
f) Age-wise analysis of items  
g) Observing minimum, maximum limits and declaring obsolete items in order to detect them.  
h) Any other (please specify)
(ii) Reasons for holding excess inventory
   a) Changes in product design and/or changes in production plan
   b) Short supply and/or long lead time items retained as excess inventory
   c) Change in the assumptions/estimates for material/purchase/consumption
   d) Increasing price trends
   e) Any other (please specify)

Q.20: Did stock outs arise at any time in your organisation? Yes/No
   If yes, please state briefly the main reasons therefore.
   (Tick more than one if necessary)
   a) Irregular and uncertain deliveries, erratic and uncertain consumption patterns
   b) Lead time fluctuations, poor quality of supplies obtained, and heavy rejections calling for replacements
   c) Defective accounting leading to wrong stock shown by book balances and actual ground balance
   d) Limited number of suppliers of raw materials and stores
   e) i) Non-availability of single source items.
      ii) Errors in forecasting and bad planning
      iii) Non-availability of transport facilities
      iv) Human delays in taking timely action in individual cases
      v) Strikes, lock outs and power cuts in the works of suppliers
      vi) Late indenting and ordering delays
      vii) Any other (please specify)

Q.21: Do you have the problem of under utilisation of capacity? Yes/No
   If yes, how is it affecting the inventory management?
   (Tick more than one if necessary)
   a) Stock piling of inventory towards the end of the financial year.
   b) Holding of minimum stocks and fixed inventories are affected
   c) Ways and means position are affected since funds are locked up in inventory and led to the increased cost of production.
   d) Any other (please specify)

Q.22: What are the problems peculiar to your organisation with regard to inventory management?
   (Please mention human problems also, if any).