CHAPTER-10
SUMMARY, FINDINGS AND SUGGESTIONS OF WORKING CAPITAL MANAGEMENT
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CHAPTER - 10

SUMMARY, FINDINGS AND SUGGESTIONS OF WORKING CAPITAL MANAGEMENT

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10.1 INTRODUCTION

The paper industry has contributed significantly to the industrial and educational development of our country India and all over the world. In the fast developing world, gradually heading towards civilization paper is the basic material used for written communication and the dissemination of information. The paper industry in India largely in the private sector. The public sector entered the field of paper and pulp industry in the year 1970 with the formation of Hindustan Paper Corporation Limited.

The present research study seeks in depth the a comparative study of working capital management of selected paper companies in India, with special reference on an examination of the management performance in regards to financial management. It is heraldry mentioning that inventory management, cash management, bill receivable management and bill payable management and loan and advance management and its alert administration can go a long way in solving the problem of efficient working capital management. In fact, the study of working capital management needs special attention for the efficient working and the survival of a business. The present study undertakes to deal with the net concept of working capital: excess of current assets over current liabilities. A number of industries for the past few years have been finding it difficult to solve the increasing problems of adopting seriously the management of working capital. The present research attempts to determine the efficient management of each component.

The sources of the basic data relating to the study have been the published accounts annual reports for seven years from 2005 –’06 to 2011 –’12 of all the ten companies as under:

1. The International Andhra Pradesh Paper Mills Limited (IAAPM)
2. Ballarpur Paper Mills Limited(BILT)
3. JK Paper Mills Limited (JKPML)
4. Orient Paper and Industries Limited (OPIL)
5. Seshasayee Paper and Boards Limited (SPBL)
7. South India Paper Mills Limited (SIPML)
8. Star Paper Mills Limited (SPM Ltd)
10. West Coast Paper Mills Limited (WCPML)

The present study is divided into ten chapters. Following is a brief resume of the summary and findings for the entire 10 chapter as under.

10.2. SUMMARY AND FINDINGS OF WORKING CAPITAL MANAGEMENT

10.2.1 WORKING CAPITAL MANAGEMENT: CONCEPT, IMPORTANCE AND OBJECTS

Chapter -1 deals with the basic concept of working capital management. In this chapter researcher had been discussed the basic theory of working capital as Definitions of working capital, Concept of working capital management, Circulation of working capital, Types of working capital, Factors determining of working capital, Operating cycle, Working capital term loan (WCTL), Adequacy of working capital, Excess of inadequacy of working capital, Optimum level of current assets, Liquidity versus profitability: risk-return tangle, Fixed capital versus working capital, Financing current assets, Tondon Committee Recommendations, Chore Committee, and S.S. Marathe Committee.

10.2.2 SAMPLE PROFILES OF PAPER COMPANIES IN INDIA

This chapter is related with the sample profile paper companies in India the researcher had discussed the point like as the history of paper in the world, paper information sheet, main types of paper, recycling of paper, what can recycle?, Where can recycle? How can paper recycle? What does paper get recycled into?, paper and its use, history, development and growth in Indian paper industry, ancient, Indian writing materials, paper in India, Indian paper manufacture centers, Indian technique of paper making, modern period in India, paper production in India, the first printing
of Indian characters, overview of Indian pulp & paper industry, geographical spread of Indian pulp and paper industry, sample profile of selected paper companies

10.2.3 RESEARCH METHODOLOGY

The chapters the specific research design followed by the researcher during the study period. In this chapter mainly included points like as title of the problem, review of literature, some important questions of the study, objectives of the study, testing of hypotheses, research methodology, the scope of the study, period of the study, sample of the study, method of data collection and methods of analysis and interpretation of data uses accounting and statistical tool like as use of financial ratio analysis, arithmetic mean, co-efficient of variation, f-test (analysis of variance), analysis of time series, chi-square test. Also discuses other point like as chapter plan, limitations of the study.

10.2.4 CAPITAL STRUCTURE AND FINANCIAL RESULTS OF PAPER COMPANIES IN INDIA WITH PROFITABILITY MANAGEMENT

Chapter for deals with capital structure and financial results of paper companies in this chapter researcher has been discussed all selected ten companies balance sheet and some important items of profit and loss account. In this chapter researcher also discussed some point related to profitability ratio like as introduction of financial ratio, concept of profitability, meaning and definition of profitability, profit and profitability, concept of financial efficiency, importance of profitability, weakness of profitability, measurement tool of profitability, profitability ratios in relation to sales like as gross profit ratio, operating profit ratio and net profit ratio findings as under:

⛏️ GROSS PROFIT RATIO

The gross profit ratio of selected paper companies during the study period has been shown an average 10.29%. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average gross profit ratio of 7.27%,
Ballarpur Paper Mills Limited was shown an average gross profit ratio of 12.82%, JK Paper Mills Limited was shown an average gross profit ratio of 11.84%, Orient Paper and Industries Limited was shown an average gross profit ratio of 16.78%, Seshasayee Paper and Boards Limited was shown an average gross profit ratio of 11.62%, Sirpur Paper Mills Limited was shown an average gross profit ratio of 5.3%, South India Paper Mills Limited was shown an average gross profit ratio of 11.84%, Star Paper Mills Limited was shown an average gross profit ratio of -0.52%, T. N. Newsprint Paper Mills Limited was shown an average gross profit ratio of 14.42%, West Coast Paper Mills Limited was shown an average gross profit ratio of 11.51%.

Maximum gross profit ratio was 24.42% in the Orient Paper and Industries Limited in the year 2007 –’08 and minimum gross profit ratio was -21.97% in Star Paper Mills Limited in the year 2011 –’12.

One way ANOVA test indicates the calculate value of ‘F’ was 6.1624 and the table value of ‘F’ at 5% level of significance was 2.04001. So, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in gross profit ratio of selected paper companies under study for the period.

**OPERATING PROFIT RATIO**

The operating profit ratio of selected paper companies during the study period has been shown an average 16.32%. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average operating profit ratio of 15.27%, Ballarpur Paper Mills Limited was shown an average operating profit ratio of 20.54%, JK Paper Mills Limited was shown an average operating profit ratio of 18.32%, Orient Paper and Industries Limited was shown an average operating profit ratio of 19.79%, Seshasayee Paper and Boards Limited was shown an average operating profit ratio of 16.57%, Sirpur Paper Mills Limited was shown an average operating profit ratio of 11.92%, South India Paper Mills Limited was shown an average operating profit ratio of 14.95%, Star Paper Mills Limited was shown an average operating profit ratio of 4.53%, T. N. Newsprint Paper Mills Limited was shown an average operating profit ratio of 23.87%, West Coast Paper Mills Limited was shown an average operating profit ratio of 17.43%.
Maximum operating profit ratio was 26.51% in the Orient Paper and Industries Limited in the year 2007–’08 and minimum operating profit ratio was -16.94% in Star Paper Mills Limited in the year 2011–’12.

One way ANOVA test indicates the calculate value of ‘F’ was 7.6008 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in operating profit ratio of selected paper companies under study for the period.

**NET PROFIT RATIO**

The net profit ratio of selected paper companies during the study period has been shown an average 6.44%. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average net profit ratio of 2.93%, Ballarpur Paper Mills Limited was shown an average net profit ratio of 7.78%, JK Paper Mills Limited was shown an average net profit ratio of 5.89%, Orient Paper and Industries Limited was shown an average net profit ratio of 9.89%, Seshasayee Paper and Boards Limited was shown an average net profit ratio of 8.23%, Sirpur Paper Mills Limited was shown an average net profit ratio of 1.69%, South India Paper Mills Limited was shown an average net profit ratio of 8.74%, Star Paper Mills Limited was shown an average net profit ratio of -0.15%, T. N. Newsprint Paper Mills Limited was shown an average net profit ratio of 10.65%, West Coast Paper Mills Limited was shown an average net profit ratio of 8.78%.

Maximum net profit ratio was 15.82% in Orient Paper and Industries Limited in the year 2007–’08 and minimum net profit ratio was -18.58% in Star Paper Mills Limited in the year 2011–’12.

One way ANOVA test indicates the calculate value of ‘F’ was 3.4441 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in net profit ratio of selected paper companies under study for the period.
10.2.5 WORKING CAPITAL TRENDS AND LIQUIDITY MANAGEMENT

Chapter five related to working capital trends and liquidity analysis of selected paper companies in India. In this chapter researcher was discussed the direction of change over a period of time is of crucial importance. The terms ‘trend’ is very commonly used in day-to-day conversation. Trend, also called secular or long term trends, is basic tendency of production, sales, income, current assets and current liabilities etc. to grow or decline over a period of time. To analyses the working capital current assets and current liabilities in selected paper companies in India. The indices for different years, taking 2005 –’06 as base year, have been calculated for each paper companies separately, covering the period of study time from 2005 –’06 to 2011 –’12.

Analyzing of the working capital the null hypothesis has been that the working capital trend will conform to the straight line calculated by the methods of least squares. In order to test hypothesis, chi-square test has been employed. It has been concluded that working capital requirement cannot be approximately by the straight line method because the difference between actual values and trend values of working capital is significant in all the selected paper companies in India. This has been responsible for the rejection of the null hypothesis.

In this chapter researcher also dissuaded five ratios like as current ratio, quick ratio, current assets turnover, net working capital ratio and working capital turnover ratio. Its finding as under.

\section*{CURRENT RATIO}

The Current Ratio of selected paper companies during the study period has been shown an average 1.859 times. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Current Ratio of 1.52 times, Ballarpur Paper Mills Limited was shown an average Current Ratio of 2.76 times, JK Paper Mills Limited was shown an average Current Ratio of 2.25 times, Orient Paper and Industries Limited was shown an average Current Ratio of 1.62 times, Seshasayee Paper and Boards Limited was shown an average Current Ratio of 1.81 times, Sirpur Paper Mills Limited was shown an average Current Ratio of 1.09 time, South India
Summary, Findings and Suggestions of Working Capital Management

Paper Mills Limited was shown an average Current Ratio of 2.67 times, Star Paper Mills Limited was shown an average Current Ratio of 1.05 times, T. N. Newsprint Paper Mills Limited was shown an average Current Ratio of 1.46 times, West Coast Paper Mills Limited was shown an average Current Ratio of 2.36 times.

Maximum Current Ratio was 4.11 times in Ballarpur Paper Mills Limited in the year 2007 –’08 and minimum Current Ratio was 0.64 times in Star Paper Mills Limited in the year 2011 –’12.

One way ANOVA test indicates the calculate value of ‘F’ was 7.4733 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant difference in current ratio of selected paper companies in India.

Quick Ratio

The Quick Ratio of selected paper companies during the study period has been shown an average 1.27 times. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Quick Ratio of 0.71 times, Ballarpur Paper Mills Limited was shown an average Quick Ratio of 2.26 times, JK Paper Mills Limited was shown an average Quick Ratio of 1.63 times, Orient Paper and Industries Limited was shown an average Quick Ratio of 1.15 times, Seshasayee Paper and Boards Limited was shown an average Quick Ratio of 1.39 times, Sirpur Paper Mills Limited was shown an average Quick Ratio of 0.81 time, South India Paper Mills Limited was shown an average Quick Ratio of 1.83 times, Star Paper Mills Limited was shown an average Quick Ratio of 0.44 times, T. N. Newsprint Paper Mills Limited was shown an average Quick Ratio of 0.97 times, West Coast Paper Mills Limited was shown an average Quick Ratio of 1.51 times.

Maximum Quick Ratio was 3.74 times in Ballarpur Paper Mills Limited in the year 2007 –’08 and minimum Quick Ratio was 0.27 times in Star Paper Mills Limited in the year 2011 –’12.

One way ANOVA test indicates the calculate value of ‘F’ was 7.79336 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is...
significant difference in quick ratio of selected paper companies in India.

**CURRENT ASSETS TURNOVER**

The Current Assets to Sales Turnover Ratio of selected paper companies during the study period has been shown an average 2.502 times. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Current Assets to Sales Turnover Ratio of 2.63 times, Ballarpur Paper Mills Limited was shown an average Current Assets to Sales Turnover Ratio of 1.12 times, JK Paper Mills Limited was shown an average Current Assets to Sales Turnover Ratio of 2.19 times, Orient Paper and Industries Limited was shown an average Current Assets to Sales Turnover Ratio of 3.34 times, Seshasayee Paper and Boards Limited was shown an average Current Assets to Sales Turnover Ratio of 2.00 times, Sirpur Paper Mills Limited was shown an average Current Assets to Sales Turnover Ratio of 2.50 times, South India Paper Mills Limited was shown an average Current Assets to Sales Turnover Ratio of 2.93 times, Star Paper Mills Limited was shown an average Current Assets to Sales Turnover Ratio of 4.59 times, T. N. Newsprint Paper Mills Limited was shown an average Current Assets to Sales Turnover Ratio of 1.95 times, West Coast Paper Mills Limited was shown an average Current Assets to Sales Turnover Ratio of 1.77 times.

Maximum Current Assets to Sales Turnover Ratio was 5.59 times in Star Paper Mills Limited in the year 2010 –’11 and minimum Current Assets to Sales Turnover Ratio was 0.64 times in Ballarpur Paper Mills Limited in the year 2007 – ’08.

One way ANOVA test indicates the calculate value of ‘F’ was 24.6042 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has accepted. It indicates that there is significant difference in current assets turnover ratio of selected paper companies under study for the period.

**NET WORKING CAPITAL RATIO**

The Current Assets to Net Working Capital Ratio of selected paper companies during the study period has been shown an average 0.351 times. During the study
period the International Andhra Pradesh Paper Mills Limited was shown an average Current Assets to Net Working Capital Ratio of 0.30 times, Ballarpur Paper Mills Limited was shown an average Current Assets to Net Working Capital Ratio of 0.56 times, JK Paper Mills Limited was shown an average Current Assets to Net Working Capital Ratio of 0.53 times, Orient Paper and Industries Limited was shown an average Current Assets to Net Working Capital Ratio of 0.35 times, Seshasayee Paper and Boards Limited was shown an average Current Assets to Net Working Capital Ratio of 0.38 times, Sirpur Paper Mills Limited was shown an average Current Assets to Net Working Capital Ratio of 0.07 time, South India Paper Mills Limited was shown an average Current Assets to Net Working Capital Ratio of 0.61 times, Star Paper Mills Limited was shown an average Current Assets to Net Working Capital Ratio of -0.01 times, T. N. Newsprint Paper Mills Limited was shown an average Current Assets to Net Working Capital Ratio of 0.24 times, West Coast Paper Mills Limited was shown an average Current Assets to Net Working Capital Ratio of 0.48 times.

Maximum Current Assets to Net Working Capital Ratio was 0.76 times in Ballarpur Paper Mills Limited in the year 2007 –’08 and minimum Current Assets to Net Working Capital Ratio were 0.64 times in Star Paper Mills Limited in the year 2011 –’12.

One way ANOVA test indicates the calculate value of ‘F’ was 5.6068 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in net working capital ratio of selected paper companies in India.

WORKING CAPITAL TURNOVER RATIO

The Working Capital to Sales Turnover Ratio of selected paper companies during the study period has been shown an average 22.196 times. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Working Capital to Sales Turnover Ratio of 28.57 times, Ballarpur Paper Mills Limited was shown an average Working Capital to Sales Turnover Ratio of 3.05 times, JK Paper Mills Limited was shown an average Working Capital to Sales Turnover Ratio of 4.52 times, Orient Paper and Industries Limited was shown an
average Working Capital to Sales Turnover Ratio of 12.69 times, Seshasayee Paper and Boards Limited was shown an average Working Capital to Sales Turnover Ratio of 10.19 times, Sirpur Paper Mills Limited was shown an average Working Capital to Sales Turnover Ratio of 130.77 times, South India Paper Mills Limited was shown an average Working Capital to Sales Turnover Ratio of 4.92 times, Star Paper Mills Limited was shown an average Working Capital to Sales Turnover Ratio of 46.41 times, T. N. Newsprint Paper Mills Limited was shown an average Working Capital to Sales Turnover Ratio of 4.82 times, West Coast Paper Mills Limited was shown an average Working Capital to Sales Turnover Ratio of 1.40 times.

Maximum Working Capital to Sales Turnover Ratio was 897.54 times in Sirpur Paper Mills Limited in the year 2005–06 and minimum Working Capital to Sales Turnover Ratio was -139.54 times in Orient Paper and Industries Limited in the year 2011–12.

One way ANOVA test indicates the calculate value of ‘F’ was 0.871879 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was less than the table value. It indicates that the Null Hypothesis has been accepted and Alternate Hypothesis has been rejected. It indicates that there is no significant in working capital turnover ratio of selected paper companies In India.

10.2.6 INVENTORY MANAGEMENT

Inventory generally occupies a dominant position among all the current assets of selected paper companies. Inventory management is having considerable significance to all the selected paper companies. The proper management and control of inventory not only solves the acute problems of liquidity but also increases annual profit and causes substantial reduction in the working capital of selected paper companies. Chapter sixth deals with inventory management of the selected paper companies in India. In this chapter researcher has been discussed various theoretical concept of inventory management like as meaning of inventory management, objectives of inventory management, need to hold inventories, inventory control, objects of inventory management, ABC analysis of inventories, ordering system of inventories, structure of inventory, and adequacy of inventory. And also calculated tow ratios of inventory like as inventory to working capital ratio and stock (inventory) turnover ratio summary and findings as under.
INVENTORY TO WORKING CAPITAL RATIO

The Inventory to Working Capital Ratio of selected paper companies during the study period has been shown an average 2.96 times. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Inventory to Working Capital Ratio of 5.12 times, Ballarpur Paper Mills Limited was shown an average Inventory to Working Capital Ratio of 0.62 times. JK Paper Mills Limited was shown an average Inventory to Working Capital Ratio of 0.56 times. Orient Paper and Industries Limited was shown an average Inventory to Working Capital Ratio of -0.94 times. Seshasayee Paper and Boards Limited was shown an average Inventory to Working Capital Ratio of 1.38 times. Sirpur Paper Mills Limited was shown an average Inventory to Working Capital Ratio of 14.14 times. South India Paper Mills Limited was shown an average Inventory to Working Capital Ratio of 0.54 times. Star Paper Mills Limited was shown an average Inventory to Working Capital Ratio of 7.09 times. T. N. Newsprint Paper Mills Limited was shown an average Inventory to Working Capital Ratio of 0.79 times. West Coast Paper Mills Limited was shown an average Inventory to Working Capital Ratio of 0.29 times.

Maximum Inventory to Working Capital Ratio was 98 times in the Sirpur Paper Mills Limited in the year 2005–’06 and minimum Inventory to Working Capital Ratio was –10.9 times in Orient Paper and Industries Limited in the year 2011–’12.

One way ANOVA test indicates the calculate value of ‘F’ was 0.89337 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was less than the table value. It indicates that the Null Hypothesis has been accepted and Alternate Hypothesis has been rejected. It indicates that there is no significant in inventory to working capital ratio of selected paper companies in India.

STOCK (INVENTORY) TURNOVER RATIO

The Inventory Turnover Ratio of selected paper companies during the study period has been shown an average 7.93 times. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Inventory Turnover Ratio of 5.28 times. Ballarpur Paper Mills Limited was shown an average Inventory Turnover Ratio of 5.82 times. JK Paper Mills Limited was shown an average
average Inventory Turnover Ratio of 8.42 times Orient Paper and Industries Limited was shown an average Inventory Turnover Ratio of 12.46 times Seshasayee Paper and Boards Limited was shown an average Inventory Turnover Ratio of 8.65 times, Sirpur Paper Mills Limited was shown an average Inventory Turnover Ratio of 10.21 times, South India Paper Mills Limited was shown an average Inventory Turnover Ratio of 9.84 times, Star Paper Mills Limited was shown an average Inventory Turnover Ratio of 7.74 times, T. N. Newsprint Paper Mills Limited was shown an average Inventory Turnover Ratio of 6.10 times, West Coast Paper Mills Limited was shown an average Inventory Turnover Ratio of 4.78 times.

Maximum Inventory Turnover Ratio was 14.41 times in Orient Paper and Industries Limited in the year 2008 –’09 and minimum Inventory Turnover Ratio was 3.87 times in West Coast Paper Mills Limited in the year 2009 –’10.

One way ANOVA test indicates the calculate value of ‘F’ was 28.5574 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in inventory (stock) turnover ratio of selected paper companies in India.

10.2.7 CASH MANAGEMENT

Cash is an important component of current assets and is most essential for business operations. Cash is both the beginning and the end of the working capital cycle. In this chapter researcher was discussed various theoretical point related to the cash management like as meaning and definition of cash, motives for holding cash, objectives of cash management, functions of cash management, general principles of cash management, adequacy of cash, control of cash flows and the following ratios have been calculated for judging the control of cash in selected paper companies (1) Cash to current assets ratio (2) Cash to sales ratio and (3) Cash position ratio as under

CASH TO CURRENT ASSETS RATIO

The Cash to Current Assets Ratio of selected paper companies during the study period has been shown an average 10.29%. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Cash to Current Assets Ratio of 5.88%, Ballarpur Paper Mills Limited was shown an average
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Cash to Current Assets Ratio of 14.48%, JK Paper Mills Limited was shown an average Cash to Current Assets Ratio of 6.03%, Orient Paper and Industries Limited was shown an average Cash to Current Assets Ratio of 7.54%, Seshasayee Paper and Boards Limited was shown an average Cash to Current Assets Ratio of 26.11%, Sirpur Paper Mills Limited was shown an average Cash to Current Assets Ratio of 7.8%, South India Paper Mills Limited was shown an average Cash to Current Assets Ratio of 5.74%, Star Paper Mills Limited was shown an average Cash to Current Assets Ratio of 2.62%, T. N. Newsprint Paper Mills Limited was shown an average Cash to Current Assets Ratio of 3.79%, West Coast Paper Mills Limited was shown an average Cash to Current Assets Ratio of 22.85%.

Maximum Cash to Current Assets Ratio was 46.48% in the West Coast Paper Mills Limited in the year 2007 –’08 and minimum Cash to Current Assets Ratio was 0.76% in Star Paper Mills Limited in the year 2008 –’09.

One way ANOVA test indicates the calculate value of ‘F’ was 5.5380 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in cash to current assets ratio of selected paper companies of India.

**CASH TO SALES RATIO**

The Cash Sales Ratio of selected paper companies during the study period has been shown an average 5.793%. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Cash to Sales Ratio of 2.13%, Ballarpur Paper Mills Limited was shown an average Cash to Sales Ratio of 13.47%, JK Paper Mills Limited was shown an average Cash to Sales Ratio of 2.82%, Orient Paper and Industries Limited was shown an average Cash to Sales Ratio of 2.26%, Seshasayee Paper and Boards Limited was shown an average Cash to Sales Ratio of 12.62%, Sirpur Paper Mills Limited was shown an average Cash to Sales Ratio of 3.24%, South India Paper Mills Limited was shown an average Cash to Sales Ratio of 1.99%, Star Paper Mills Limited was shown an average Cash to Sales Ratio of 0.61%, T. N. Newsprint Paper Mills Limited was shown an average Cash to Sales Ratio of 1.88%, West Coast Paper Mills Limited was shown an average Cash to Sales Ratio of 16.91%.
SUMMARY, FINDINGS AND SUGGESTIONS OF WORKING CAPITAL MANAGEMENT

Maximum Cash to Sales Ratio was 44.89% in the West Coast Paper Mills Limited in the year 2008 –’09 and minimum Cash to Sales Ratio was 0.31% in Star Paper Mills Limited in the year 2008 –’09.

One way ANOVA test indicates the calculate value of ‘F’ was 4.50107 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant difference in cash to sales ratio of selected paper companies under study for the period.

CASH RATIO / ABSOLUTE LIQUIDITY RATIO

The Cash to current liabilities ratio of selected paper companies during the study period has been shown an average 23.097%. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Cash to current liabilities ratio of 7.68%, Ballarpur Paper Mills Limited was shown an average Cash to current liabilities ratio of 48.97%, JK Paper Mills Limited was shown an average Cash to current liabilities ratio of 11.33%, Orient Paper and Industries Limited was shown an average Cash to current liabilities ratio of 12.02%, Seshasayee Paper and Boards Limited was shown an average Cash to current liabilities ratio of 45.42%, Sirpur Paper Mills Limited was shown an average Cash to current liabilities ratio of 8.83%, South India Paper Mills Limited was shown an average Cash to current liabilities ratio of 25.48%, Star Paper Mills Limited was shown an average Cash to current liabilities ratio of 2.78%, T. N. Newsprint Paper Mills Limited was shown an average Cash to current liabilities ratio of 5.60%, West Coast Paper Mills Limited was shown an average Cash to current liabilities ratio of 62.68%.

Maximum Cash to current liabilities ratio was 137.92% in the West Coast Paper Mills Limited in the year 2008 –’09 and minimum Cash to current liabilities ratio was 1.38% in Ballarpur Paper Mills Limited in the year 2008 –’09.

One way ANOVA test indicates the calculate value of ‘F’ was 4.4382 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in cash to current liabilities ratio or cash position ratio of selected paper
companies in India.

10.2.8 BILLS RECEIVABLES AND BILLS PAYABLE MANAGEMENT

- BILLS RECEIVABLES MANAGEMENT

Chapter eight deals with bills receivables and bills payable management. The receivables represent an important component of current assets. They occupy the second important place after inventories and constitute a very substantial portion of current assets. Trade credit is the most prominent force of the selected paper companies. It is considered as an essential marketing tool, acting as a bridge for the movement of goods from production and distribution stages to customers finally. In this chapter, the researcher has discussed some theoretical points related to the bills receivables like as meaning of receivables, need of maintaining receivables, cost of maintaining receivables, objectives of receivables management, principles of credit administration, allocation of authority, optimum credit policy and aspects of credit policy.

In this chapter, the researcher has been calculated two ratios of bills receivables like as debtors turnover ratio and average collection period and use one way ANOVA for testing hypothesis as below.

вших:DÉBTOR’S TURNOVER RATIO

The Debtor’s Turnover Ratio of selected paper companies during the study period has been shown an average 12.66 times. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Debtor’s Turnover Ratio of 15.26 times, Ballarpur Paper Mills Limited was shown an average Debtor’s Turnover Ratio of 5.17 times, JK Paper Mills Limited was shown an average Debtor’s Turnover Ratio of 8.49 times, Orient Paper and Industries Limited was shown an average Debtor’s Turnover Ratio of 8.49 times, Seshasayee Paper and Boards Limited was shown an average Debtor’s Turnover Ratio of 9.17 times, Sirpur Paper Mills Limited was shown an average Debtor’s Turnover Ratio of 8.66 times, South India Paper Mills Limited was shown an average Debtor’s Turnover Ratio of
7.03 times, Star Paper Mills Limited was shown an average Debtor’s Turnover Ratio of 33.07 times, T. N. Newsprint Paper Mills Limited was shown an average Debtor’s Turnover Ratio of 6.43 times, West Coast Paper Mills Limited was shown an average Debtor’s Turnover Ratio of 14.97 times.

Maximum Debtor’s Turnover Ratio was 75.32 times in Orient Paper and Industries Limited in the year 2005 –’06 and minimum Debtor’s Turnover Ratio were 4.18 times in T. N. Newsprint Paper Mills Limited in the year 2011 –’12.

One way ANOVA test indicates the calculate value of ‘F’ was 6.8831 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in debtor’s turnover ratio of selected paper companies in India.

≣ AVERAGE COLLECTION PERIOD RATIO

The Average Collection Period Ratio of selected paper companies during the study period has been shown an average 44 days. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average of Average Collection Period Ratio of 24 days, Ballarpur Paper Mills Limited was shown an average of Average Collection Period Ratio of 72 days, JK Paper Mills Limited was shown an average of Average Collection Period Ratio of 46 days, Orient Paper and Industries Limited was shown an Average Collection Period Ratio of 37 days, Seshasayee Paper and Boards Limited was shown an Average Collection Period Ratio of 41 days, Sirpur Paper Mills Limited was shown an average of Average Collection Period Ratio of 47 days, South India Paper Mills Limited was shown an average of Average Collection Period Ratio of 53 days, Star Paper Mills Limited was shown an average of Average Collection Period Ratio of 11 days, T. N. Newsprint Paper Mills Limited was shown an average of Average Collection Period Ratio of 60 days, West Coast Paper Mills Limited was shown an average of Average Collection Period Ratio of 25 days.

Maximum Average Collection Period Ratio was 87 days in T. N. Newsprint Paper Mills Limited in the year 2011 –’12 and minimum Average Collection Period Ratio were 5 days in Orient Paper and Industries Limited in the year 2005 –’06.

One way ANOVA test indicates the calculate value of ‘F’ was 19.14483 and
the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in average collection period of selected paper companies in India.

➢ BILLS PAYABLE MANAGEMENT

The payable management is referred to as current liabilities management and provides the major support for current assets and it consists. In this chapter researcher has been discussed the bills payable management in selected paper companies for getting some valuable conclusion. Researcher also written some basic theory like as trade credit between firms, terms of trade credit, obtaining trade credit and the payable management efficiency of analysis and two ratios has been calculated in relation to bills payables like as (1) creditor’s turnover ratio / account payables turnover ratio (2)average payables period and its findings as under.

➢ CREDITOR’S TURNOVER RATIO

The Creditor’s Turnover Ratio of selected paper companies during the study period has been shown an average 5.173 times. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Creditor’s Turnover Ratio of 2.00 times, Ballarpur Paper Mills Limited was shown an average Creditor’s Turnover Ratio of 094 times, JK Paper Mills Limited was shown an average Creditor’s Turnover Ratio of 5.61 times, Orient Paper and Industries Limited was shown an average Creditor’s Turnover Ratio of 2.5 times, Seshasayee Paper and Boards Limited was shown an average Creditor’s Turnover Ratio of 1.81 times, Sirpur Paper Mills Limited was shown an average Creditor’s Turnover Ratio of 1.82 times, South India Paper Mills Limited was shown an average Creditor’s Turnover Ratio of 6.98 times, Star Paper Mills Limited was shown an average Creditor’s Turnover Ratio of 3.3 times, T. N. Newsprint Paper Mills Limited was shown an average Creditor’s Turnover Ratio of 23.82 times, West Coast Paper Mills Limited was shown an average Creditor’s Turnover Ratio of 2.95 times.

Maximum Creditor’s Turnover Ratio was 70.22 times in T. N. Newsprint Paper Mills Limited in the year 2006 –’07 and minimum Creditor’s Turnover Ratio were 0.18 times in Seshasayee Paper and Boards Limited in the year 2005 –’06.
SUMMARY, FINDINGS AND SUGGESTIONS OF WORKING CAPITAL MANAGEMENT

One way ANOVA test indicates the calculate value of ‘F’ was 3.5259 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in creditor’s turnover ratio of selected paper companies in India.

AVG PAYABLE PERIOD RATIO

The Average Payable Period Ratio of selected paper companies during the study period has been shown an average 251 days. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average of Average Payable Period Ratio of 203 days, Ballarpur Paper Mills Limited was shown an average of Average Payable Period Ratio of 735 days, JK Paper Mills Limited was shown an average of Average Payable Period Ratio of 69 days, Orient Paper and Industries Limited was shown an Average Payable Period Ratio of 152 days, Seshasayee Paper and Boards Limited was shown an Average Payable Period Ratio of 439 days, Sirpur Paper Mills Limited was shown an average of Average Payable Period Ratio of 227 days, South India Paper Mills Limited was shown an average of Average Payable Period Ratio of 55 days, Star Paper Mills Limited was shown an average of Average Payable Period Ratio of 341 days, T. N. Newsprint Paper Mills Limited was shown an average of Average Payable Period Ratio of 95 days, West Coast Paper Mills Limited was shown an average of Average Payable Period Ratio of 194 days.

Maximum Average Payable Period Ratio was 1986 days in Seshasayee Paper and Boards Limited in the year 2005–’06 and minimum Average Payable Period Ratio were 5 days in T. N. Newsprint Paper Mills Limited in the year 2006–’07.

One way ANOVA test indicates the calculate value of ‘F’ was 2.872848 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in average payable period of selected paper companies in India.

10.2.9 FINACING OF WORKING CAPITAL (LOAN AND ADVANCE MANGEMENT)
One of the important tasks of financial manager is to select an assortment of appropriate sources of finance the current assets. Loans and advances can be arranged from companies in keeping with the flexibility in business operations. Traders may borrow money for day to day financial needs availing of the facility of cash credit, companies’ overdraft and discounting of bills and present some points like as commercial paper commercial finance in paper companies, meaning of loans and advances, utility of loans and advances, long – term and short-term loans and also discussed two ratio in relation to loan and advance to current assets and loan and advance to net working capital as under.

**Loan and Advance to Current Assets Ratio**

The Loan and Advance to Current Assets Ratio of selected paper companies during the study period has been shown an average 28.76%. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Loan and Advance to Current Assets Ratio of 24.62%, Ballapur Paper Mills Limited was shown an average Loan and Advance to Current Assets Ratio of 43.53%, JK Paper Mills Limited was shown an average Loan and Advance to Current Assets Ratio of 37.35%, Orient Paper and Industries Limited was shown an average Loan and Advance to Current Assets Ratio of 22.48%, Seshasayee Paper and Boards Limited was shown an average Loan and Advance to Current Assets Ratio of 26.10%, Sirpur Paper Mills Limited was shown an average Loan and Advance to Current Assets Ratio of 33.35%, South India Paper Mills Limited was shown an average Loan and Advance to Current Assets Ratio of 18.84%, Star Paper Mills Limited was shown an average Loan and Advance to Current Assets Ratio of 20.03%, T. N. Newsprint Paper Mills Limited was shown an average Loan and Advance to Current Assets Ratio of 30.42%, West Coast Paper Mills Limited was shown an average Loan and Advance to Current Assets Ratio of 22.83%.

Maximum Loan and Advance to Current Assets Ratio was 74.86% in Ballapur Paper Mills Limited in the year 2008 –’09 and minimum Loan and Advance to Current Assets Ratio was 1.38% in West Coast Paper Mills Limited in the year 2011 –’12.

One way ANOVA test indicates the calculate value of ‘F’ was 3.1183 and the
table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was greater than the table value. It indicates that the Null Hypothesis has been rejected and Alternate Hypothesis has been accepted. It indicates that there is significant in loan and advance to current assets ratio of selected paper companies of India.

**LOAN AND ADVANCE TO WORKING CAPITAL RATIO**

The Loan and Advance to Working Capital Ratio of selected paper companies during the study period has been shown an average 347.22%. During the study period the International Andhra Pradesh Paper Mills Limited was shown an average Loan and Advance to Working Capital Ratio of 191.80%, Ballarpur Paper Mills Limited was shown an average Loan and Advance to Working Capital Ratio of 109.97%, JK Paper Mills Limited was shown an average Loan and Advance to Working Capital Ratio of 74.29%, Orient Paper and Industries Limited was shown an average Loan and Advance to Working Capital Ratio of -28.14%, Seshasayee Paper and Boards Limited was shown an average Loan and Advance to Working Capital Ratio of 163.17%, Sirpur Paper Mills Limited was shown an average Loan and Advance to Working Capital Ratio of 2629.04%, South India Paper Mills Limited was shown an average Loan and Advance to Working Capital Ratio of 30.69%, Star Paper Mills Limited was shown an average Loan and Advance to Working Capital Ratio of 194.89%, T. N. Newsprint Paper Mills Limited was shown an average Loan and Advance to Working Capital Ratio of 72.25%, West Coast Paper Mills Limited was shown an average Loan and Advance to Working Capital Ratio of 33.23%.

Maximum Loan and Advance to Working Capital Ratio was 18173.08% in Sirpur Paper Mills Limited in the year 2005 –’06 and minimum Loan and Advance to Working Capital Ratio was -628.88% in Star Paper Mills Limited in the year 2005 –’06.

One way ANOVA test indicates the calculate value of ‘F’ was 0.9516 and the table value of ‘F’ at 5% level of significance was 2.0401 so, the calculate value of ‘F’ which was less than the table value. It indicates that the Null Hypothesis has been accepted and Alternate Hypothesis has been rejected. It indicates that there is no significant in loan and advance to net working ratio of selected paper companies of India.
10.3 SUGGESTIONS - WORKING CAPITAL MANAGEMENT IN SELECTED PAPER COMPANIES

On the above findings on the basis of data analysis the researcher would give some valuables suggestion for the improvement of working capital of selected paper companies.

- The gross profit ratio of selected paper companies shows an average 10.29%. It means sales revenue are less than cost of goods sold. It also means that the company is in position to reflect its cost of goods sold properly. So researcher has been suggested that International Andhra Pradesh Paper Mills Limited, Sirpur Paper Mills Limited and Star Paper Mills Limited paper companies should decrease the cost of goods sold as early as possible, and try to increase the sales revenue.

- The operating profit ratio of selected paper companies shows an average 16.32%. It means net sales are less than operating profit. It also shows that operating profit ratio is comparative good. So, researcher has been suggested that International Andhra Pradesh Paper Mills Limited, Sirpur Paper Mills Limited and Star Paper Mills Limited paper companies should increase the operating profit.

- The net profit ratio of selected cement paper companies shows an average 6.44%. It means advantageous position to survive in the face of falling sales prices, rising costs of production or declining demand for the product. It also means that a firm with high net profit margin can make better use of favorable conditions. So, researcher has been suggested that International Andhra Pradesh Paper Mills Limited, JK Paper Mills Limited, Sirpur Paper Mills Limited and Star Paper Mills Limited paper companies should increasing the net profit ratio as early as possible.

- The Current Ratio of selected paper companies in India shown an average 1.859 times. It means Current Liabilities less than Current Assets. It also means that company is in position to reflect its Current Liabilities properly but it is suggested that International Andhra Pradesh Paper Mills, Orient Paper and Industries Limited Seshasayee Paper and Boards Limited, Sirpur Paper Mills Limited, Star Paper Mills Limited and T. N. Newsprint Paper Mills Limited, should decreased the Current Liabilities as early as possible, and try to increase the Current Assets.
The Quick Ratio of selected paper companies in India shown an average 1.02 times. It means Quick Liabilities less than Quick Assets. It also means that the company is in position to fulfill its current liabilities. So, researcher suggested that International Andhra Pradesh Paper Mills, Orient Paper and Industries Limited, Seshasayee Paper and Boards Limited, Sirpur Paper Mills Limited, Star Paper Mills Limited and T. N. Newsprint Paper Mills Limited, should decreased the Quick Liabilities as early as possible, and try to increase the Quick Assets.

The current assets to sales turnover ratio of selected paper companies in India shown an average 2.50 times. It means more current assets turn to generate sales. It also means that the company uses more turnovers of currents assets to generate sales efficiently. The following companies should increase their sales: Ballarpur Paper Mills Limited, JK Paper Mills Limited, Seshasayee Paper and Boards Limited, T. N. Newsprint Paper Mills Limited, and West Coast Paper Mills Limited.

The current assets to net working capital ratio of selected paper companies in India shown an average 0.35 times. It means current assets are less than current liabilities. It also means that the company is not in position to fulfill its current obligation properly, so researcher suggested that International Andhra Pradesh Paper Mills Limited, Sirpur Paper Mills Limited, Star Paper Mills Limited, and T. N. Newsprint Paper Mills Limited, paper companies should decrease the liabilities as early as possible, and try to increase the current assets.

The Working Capital to sales turnover Ratio of selected paper companies in India shows an average 22.20 times percentage. It means Working Capital less than Net sales. It also means that company was in position to reflect its Net sales properly but it is suggested that Ballarpur Paper Mills Limited, JK Paper Mills Limited, Orient Paper and Industries Limited, Seshasayee Paper and Boards Limited, South India Paper Mills Limited, T. N. Newsprint Paper Mills Limited and West Coast Paper Mills Limited. Paper companies should decrease the Net sales as early as possible and try to increase the Working Capital.

The inventory to working capital ratio of selected paper companies in India shown an average 2.96 times. The average of inventory turnover ratio was not satisfactory as those companies ratio below than average ratio as Ballarpur Paper Mills Limited, JK Paper Mills Limited, Orient Paper and Industries Limited,
Seshasayee Paper and Boards Limited, South India Paper Mills Limited, T. N. Newsprint Paper Mills Limited and West Coast Paper Mills Limited. Due to high value of inventory, there was insufficient coverage of working capital in companies. So, it is suggested that paper companies should try to reduce the volume of inventory and try to increase the current assets.

- The inventory (stock) turnover ratio of selected paper companies shown an average 7.93 times. It means sales were more than average inventory. It also means that the company is in a position to used/sold bulk quantity. But it is suggested that International Andhra Pradesh Paper Mills Limited, Ballarpur Paper Mills Limited, Star Paper Mills Limited, T. N. Newsprint Paper Mills Limited and West Coast Paper Mills Limited should decreases the average inventory as early as possible and try to increase the sales.


- The Debtors turnover Ratio of selected paper companies India shown an average 12.661 times. It means Average debtors less than net Credit sales. It also means
that company was in position to reflect its Average Debtors properly but it is suggested that Ballarpur Paper Mills Limited, JK Paper Mills Limited, Seshasayee Paper and Boards Limited, Sirpur Paper Mills Limited, South India Paper Mills Limited, and T. N. Newsprint Paper Mills Limited should decrease the Net Credit sales as early as possible, and try to increase the Average Debtors. And improve their credit and collection management.

- The Average Collection Period Ratio of selected paper companies in India shown an average 42 days. It means that these companies efficiency of collection of debt from debtors’ was good. However, collection period of International Andhra Pradesh Paper Mills Limited, Orient Paper and Industries Limited Seshasayee Paper and Boards Limited, Star Paper Mills Limited, and West Coast Paper Mills Limited were less than 42 days. Its indicated companies made collection from their debtors’ efficiently in short period. So remaining selected paper companies should try to decrease their credit and collection period as early as possible. And should administer their credit on the basis of certain well-recognized and established principle of credit administration.


- The Average Payable Period Ratio of selected paper companies in India shown an average 251 days. So researcher suggested that Ballarpur Paper Mills Limited, Seshasayee Paper and Boards Limited, and Star Paper Mills Limited shown more than average payable period these three companies should pay their bill in time.

- The Loan and Advance to Current Assets Ratio of selected paper companies in India shown an average 28.76%, so researcher suggested that International Andhra Pradesh Paper Mills Limited, Orient Paper and Industries Limited, Seshasayee Paper and Boards Limited, South India Paper Mills Limited, Star Paper Mills Limited and West Coast Paper Mills Limited should decrease their
current assets and increased loan and advance as possible as.

- The Loan and Advance to Working Capital Ratio of selected paper companies in India shown an average as 347.22%. Sirpur Paper Mills Limited loan and advance to working capital ratio was very high so researcher suggested that the company should try to increase current liabilities and decreased current as early as.

  Some other valuable suggestion for the paper companies as under on the basis of visit of paper companies as under.

  ➢ Price of paper be revised on yearly basis. The rates so revised should be notified in all the important news paper.
  ➢ Introduction of paper control orders.
  ➢ Paper mills should vigorously pursue frame forestry and social forestry schemes, may be even government waste lands and degraded forest, to augment the supply of its basic raw materials.
  ➢ Extension of excise sales tax concession on paper.
  ➢ Most of the large paper mills are old with obsolete plant and equipment requiring modernizations.
  ➢ Making available adequate quantity of raw material to paper mills.
  ➢ The paper industries for its golden future should strengthen its technological base.
  ➢ Apart from that, few other options like installation of high-efficient motors, installation of High efficient fans, optimization of the design of a pumping system, optimization of compressed air systems and lighting system efficiency improvement would result in enormous energy savings should apply paper companies.

**10.4 SCOPE FOR THE FURTHER RESEARCH**

This is “A COMPARATIVE STUDY OF WORKING CAPITAL MANAGEMENT OF SELECTED PAPER COMPANIES IN INDIA”. It is expected that the present study would encourage and provide further research on various aspects of working capital management. A few recommendations are given for further studies are as follows.

➢ The coverage of the present study is confined to only seven years and ten paper companies of India. This can further be increased in order to broaden up the scope of the present study.
Separate in depth studies can be made for each aspect of working capital management of foreign paper companies in order to compare the working capital management of Indian paper companies.

Specific study can be carried out to compare working capital management of paper companies with other capital intensive companies in India.

The present study can be further compared with the working capital management of pre-liberalization period of paper companies in India and pre-liberalization working capital management and liquidity & profitability should also be measured.