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STUDIES ON "MANAGEMENT OF WORKING CAPITAL"

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ABSTRACT*:* - Generally the working capital of any institutions is invested according to the stock of raw materials, partially ready stock and along with stock in cash. All of the capitals in the shape in transferred in to cash and again the workings capitals go out in other forms. In this may the Clyde goes around. But remember that the working capital cannot be measured by cash left behind.

Balance sheet has other items in ledger which are mainly payment of tills and this short time items. They must be deduced in to net working capital. So that it may be determined. Of it has not been done the institution may think that all the working capital safe. While feat is this the institution has a little working capital or nothing else, therefore working capital must be defined as current property with running badger.

KEYWORDS: Management , Working Captial.

INTRODUCTION

Each and every commercial unite wants to type of capital. Such as fixed capital and working capital. Corded the industry or business if is necessary to possess permanent property and invested capital called fined capital. On the other hand to run up the business and for daily user the property is needed. It is called moveable property and invested capital is called current capital or working capital.

Working Capital: - But due to technical points of view there is opposition about working capital. At present there are two types of thoughts. One is total working capital view and second is net working capital view. Magnified view giver stress on the value of working capital. While narrow view gives high light to quantitative side.

According to magnified view working capital is equal to both short burn and long turn draft. This is definition given more stress on the amount of capital and quantitative value of money. So the definition has two a caped. Firstly when we presume the permanent estate as a invested capital the running estate should also be the running capital.

Secondly - Running estate may be found in any way that is used day by day in conductive actuates and these are changing their shape. Hence all these are working capital without fail. To obey the view born valley and Dewey said that getting of any fund which promotes current estate may be defined as working capital.

According to narrow view to deduct current estate in running liabilities is the working capital. In this way the definition stress on quantitative of working capital more than quantitative aspect. By this definition working capital can be taken as net working capital also.

With this view if any institution has more properly than liability items than the position of the institution can he said better of running estate in equal to running liability it is clear that the institution has borrowed short time fund from long time fund of sources. Infect the financial position of the institution is not satisfactory. If the running estate of an institution is less than current liabilities then there occurs financial crisis.

MANAGEMENT OF WORKING CAPITAL: -

Within business working capital should enough neither the working capital should be less nor over of necessity. Both the stage are amount of working capital we should mind if that the investment of different running properties must be balanced, side by side if is necessary to take precaution that invest must ought to be well balanced in mixture of short time and long-time liabilities. In other words we have to conclude what should be the amount of running property and running liability. Because it determine the level of working capital amount. In other hand we have to look what is the necessity of liquidly to the institution and how to make payment of different running liabilities to set up when and where they are used? The institutions possess the moving property at a time, how this can be transpired in to cash at which rate of limit. It depends on how the can and solvable liabilities are managed. It is also necessary to watch carefully that what is the method adopted in favour of credit policy. Stock management and control of all these things are necessary.

If the institution is managing the fixed properties well and stock is also in control then it can be said, that credit policy is reasonable along with liquidly of other properties. In the way the total properly ratio will be less than the total investment.

On the other hand, when the running liabilities do the money manage for long time furled then the cost comes out less. In care of profit of the institution total debit should be less than running labiality. As a matter of fact the institute may error more profit to use short tern fund.

Because dept. can be paid, when there is no use in business.

According to assumption of profit it is class that the movable properties should be best then the total properties and moveable labiates should have more portion than total liabilities. But to fallow this principal the amount of working capital not only goes below, but also reduces near negative. In other word to follow this principal the institution may fact risk. With this reference risk means the abuse of technical miss fitness legally miss fitness comes when properties are less than the liability. Technically miss fitness efficiency may arise when the institution fails to full fill the liabilities. Risk can be valued when liquidity is analyzed. Liquidly means to transfer property at once in to case forms.

In the part it we like to use the loss portion of movable properties then it is necessary to have liquidly enough. There by we free from the loss of risk. Finally to regularize the working capital all of the side must he kept it mind logically.

CONCLUSION: -

According to above explanation it is clear that movable Properties can be accepted as a working capital. As all the movable properties are used to run up the whole business. But in the week of technical and accounting point of view working capital and current properties come in to negative of current liabilities. Because this difference shows the good financial position of the institution.

By the explanation of working capital if appears that miss management and less amount of working capital are the main curses of failure of baseness. It should be remember that working capital is the main organ of the financial management and also to the whole administration. Then the management of working capital is the string challenge to the finance authority that is ready to play a main role in the organization. The very challenge is not only be welcomed but provide a good chance. To keep in managing the working capital, management show beak of technical knowledge. In this ear the business unity may destroy, do beak of efficiency or excess of working capital both are dangerous.

To run up an institution properly there shall be neither short or over demand. It the institution has all most due working capital at a time working capital will run well to do. Therefore financial management ought to be sufficient every time, this balance of demand and apply of working capital shall be in the best position. In this connection the financial management will hopeful, when sort ups and downs are kept in mind. In other word we can day the current properties and current liabilities must be searched property. So that working capital may be controlled and if will not go above or under of necessary. In this way it can be paid that working capital must be balanced in each time at all.

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