LIQUIDITY MANAGEMENT

SK.Shahanaz, S.Manemma, N.Sasikumar, PG Students, Department of Management Studies
Narayana Engineering College (Autonomous) Gudur, SPSR Nellore, Andhra Pradesh, India
R.Eswaraiah, Assistant Professor, Department of Management Studies Narayana Engineering College (Autonomous) Gudur, SPSR Nellore, Andhra Pradesh, India

Abstract

Mining industry in India has a distinction of extremely good record of safety despite the fact that it is hazardous by it's very nature and growth big in size, in terms of manpower and production in the past. DGMS (The nodal safety agency of Government of India) records reveal that compared to other neighboring mineral producing countries like China etc, the accident rate is less.

The production of metallic and non-metallic major minerals in the country is of the order of 242 million tones.

Mining activity in AP is not an exception even though it contributes just 11% of total mineral production in the country by way of producing around 27 million tones of important ores and minerals.

APMDC- an agent of government of AP, guide and partner in exploring mineral wealth of AP, entrusted with the objective of exploring and exploiting mineral wealth in a planned and regulated manner with application of higher technology, value addition and marketing offer excellent opportunities for investors in mineral sector.

Introduction

Mining is the basic to all other industries and no progress is possible without mineral development. Minerals are valuable natural resources as they form the basic raw materials for most of the industrial products and are essential for man's progress. Minerals, natural substances got from the earth by mining are the backbone of our industries and hence are of commercial and economic use. Mining industry is playing a vital role in the growth and development of our national economy. The country is heading towards a stage where larger consumption of mineral will be required to sustain even the minimum growth rate of our economy. The mineral industry comprising mining, geology, mineral processing, metallurgy and materials is characterized by distinctive and special features and considered as dynamic in nature. It is an industry meeting the basic raw materials requirement of various finished products.

Objectives of the study

- To assess the efficiency of the liquidity management
- To examine and evaluate the liquidity position

Review of Literature

A firm should ensure that it does not suffer from lack of liquidity, and also that it is not too highly liquid. The failure of the company to meet its obligations, due to lack of sufficient liquidity, will result in bad credit image, loss of creditor's confidence, or even in lawsuits resulting in the closure of the company. A very high degree of liquidity is also bad; idle assets earn nothing. The firm's funds willbe unnecessarily tied up in current assets management. It is very important for maintaining minimum liquidity position in the firm for profitability, so that company would maintain the liquidity in their business.

Research Methodology

The Study is analytical in nature. The data for the Study have been collected from the secondary sources only. Secondary data are collected from the annual reports of , from 2003 to 2007.

Besides, necessary supporting documents and details have been collected from books, journals, reports and the like. The Study covers mainly the following aspects of liquidity analysis.

Results & Discussion

Table:-

Year	Current Assets	Current Liabilities	Quick Assets	Net Working Capital
2016-17	601025120	247069961	554319055	353955159
2017-18	640398937	270889635	618313617	369509302
2018-19	843850690	361723964	816222672	482126726
2019-20	977557069	427561666	951883319	549995403
2020-21	1419981105	69427998	1340898832	728553107

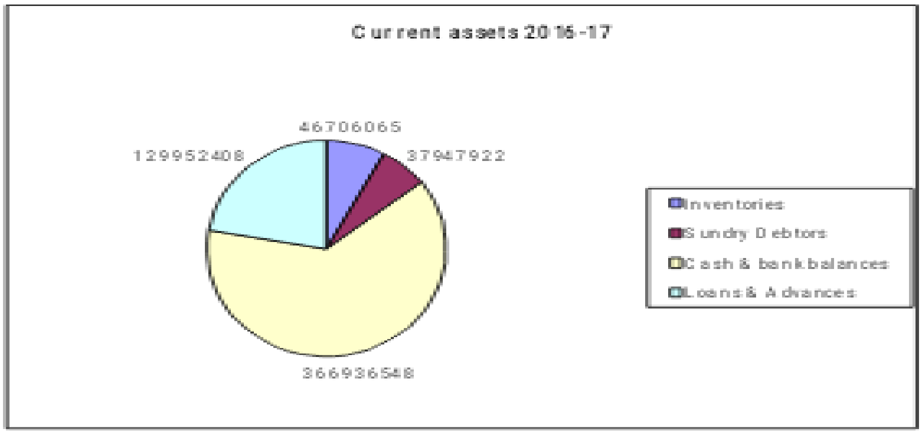
Growth rate of current assets from 2016-17 to 2020-21 = 255% Decline rate of current liabilities from 2016-17 to 2020-21 = 199% Growth rate of Net Working Capital from 2016-17 to 2020-21 = 307%

Table:-

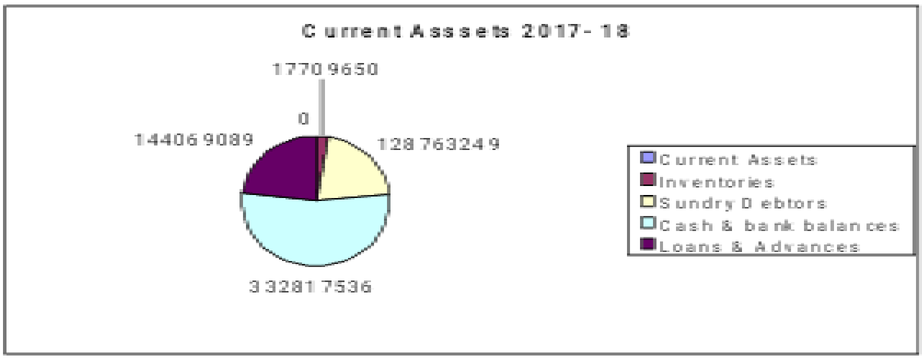
Year	2016-17	2017-18	2018-19	2019-20	2020-21
Current Assets					
Inventories	46706065	17709650	27628018	25673750	79082273
Sundry Debtors	37947922	128763249	44795722	65167516	100899048
Cash & bank balances	366936548	332817536	533381774	668429709	741654712
Loans & Advances	129952408	144069089	251824461	215533498	441407167
Total	581525943	623359524	821689975	974804473	1363043200
Current Liabilities					
Current Liabilities	171559967	17823770	181643443	248919907	280300784
Total	171559967	178323770	181643443	248919907	280300784

Quick Assets					
Sundry Debtors	37947922	128763249	44795722	5167516	100899048
Cash & bank balances	366936548	332817536	533381774	668429709	741654712
Loans & advances	129952408	144069089	215824461	215533498	441407167
Total	534836878	605649874	794001957	949130723	1283960427
Current liabilities					

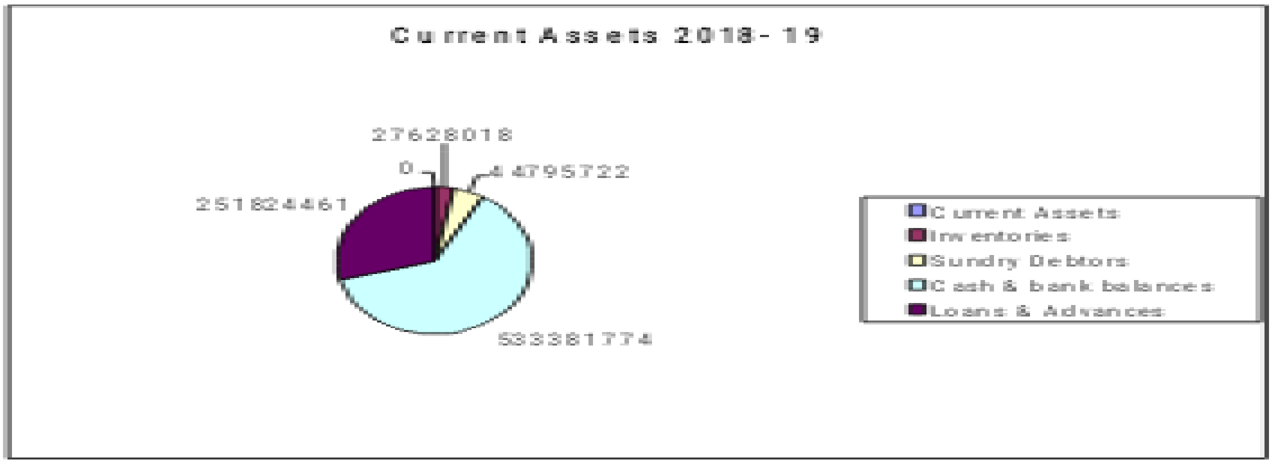
Current liabilities	171559967	178323770	181643443	248919907	280300784
Total	171559967	178323770	181643443	248919907	280300784
Abslouteassets					
Cash &bank balance	366936548	332817536	533381774	668429709	741650712
Total	366936548	332817536	533381774	668429709	741654712



INFERENCE:
From the above chart it is inferred that the cash &bank balances is very high when compared to current assets

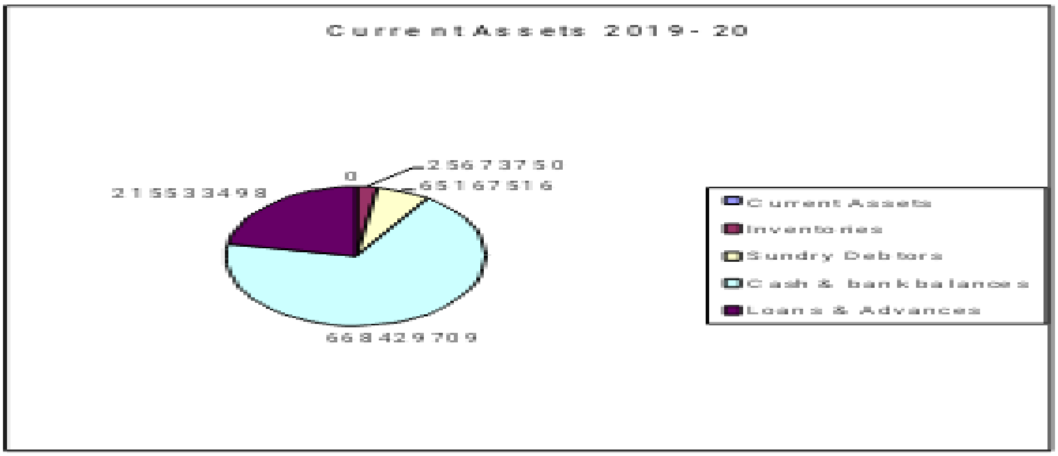


INFERENCE:
From the above chart it is inferred that the inventories are very less when compared to current assets



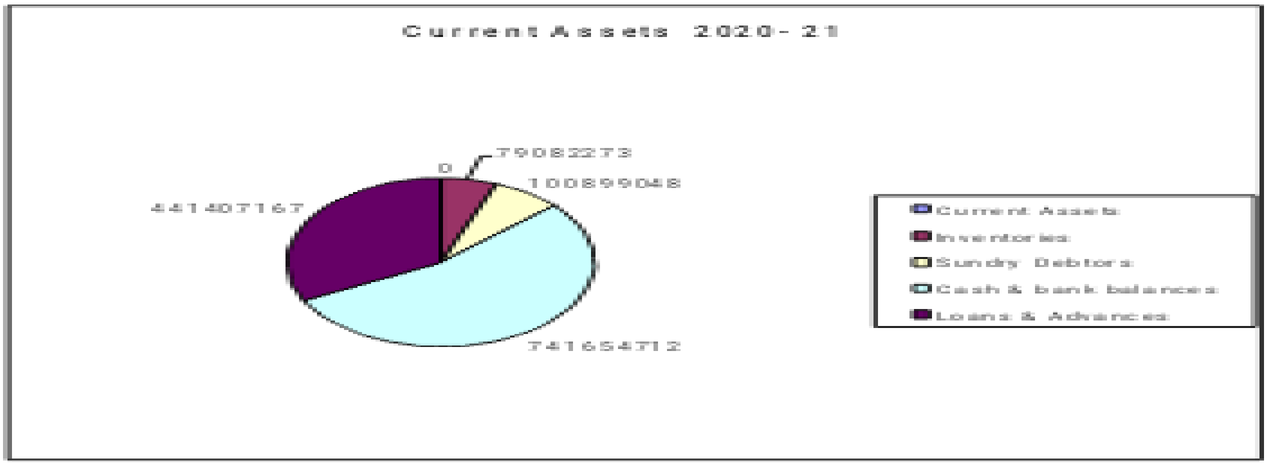
INFERENCE:

From the above chart it is inferred that the inventories& sundry debtors very less when compared to other current assets.



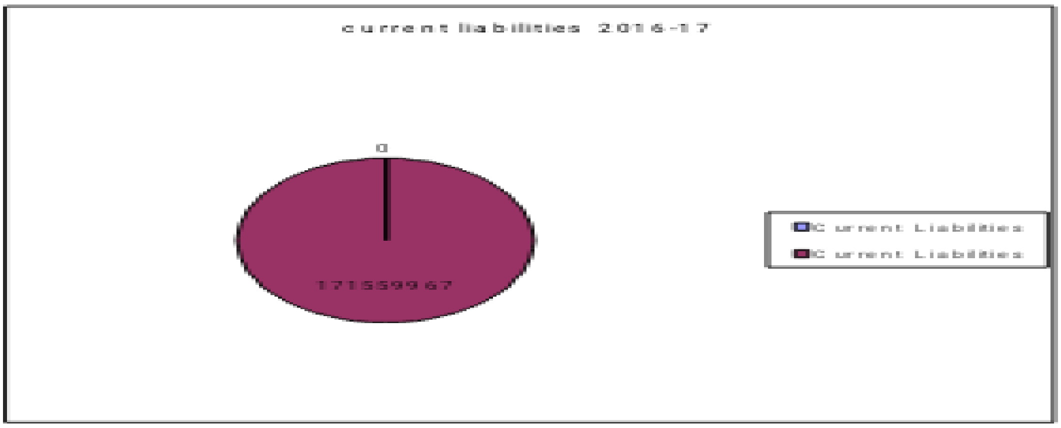
INFERENCE:

Fromtheabovechartitisinferredthatthetotal cash& bank balance is very high when compared to other current assets.



INFERENCE:

From the above chart it is inferred that inventories and sundry debtors is very less when compared to other current assets.



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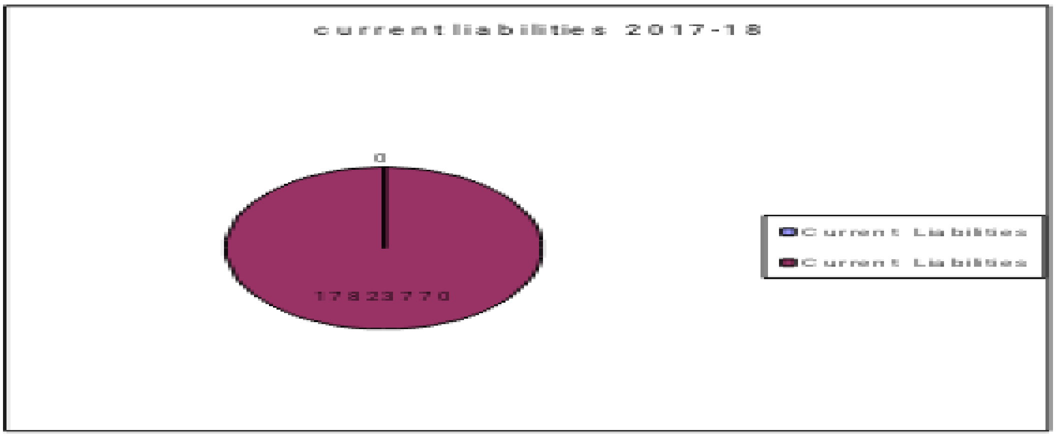
From the above chart it is inferred that the provision is less when compared to sundry creditors.



INFERENC

From the above chart it is inferred that the
Provision is less when compared to sundry creditor

Conclusion

Cash management of the company is poor. Hence it can be concluded that the management should maintain appropriate cash position in the concern. In order to improve the cash management the management of the concern should allot require funds in the forth coming periods.

References

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