

## **INVENTORY AND WORKING CAPITAL MANAGEMENT: AN EMPIRICAL ANALYSIS OF INDIAN TEXTILE COMPANIES**

**MANPREET KAUR**

Assistant Professor, Department of Commerce, Chandigarh Group of Colleges, Landran, Punjab, India

### **ABSTRACT**

Working Capital Management involves the management of inventories, accounts receivables and payables and cash. It is concerned with the determination of appropriate level of current asset and then efficient use as well as the choice of the financing mix for raising the current resources. Inventory occupies the most strategic position in the structure of working capital of textile industry in India. The primary objective of inventory management is to avoid too much and too little of inventory so that uninterrupted production and sales with minimum holding costs and better customer service may be possible because both the cases are undesirable for business. In order to accomplish this objective, the data has been collected for a sample of 6 large textile firms in India over a period of 10 years from 2005 to 2015. Various statistical and analytical tools including ratio analysis have also been used to know the impact of inventory on working capital. The investigation reveals that inventory management across textile industry is efficient and shows a significant impact on working capital.

**KEYWORDS:** Inventory, Working Capital, Accounts Receivables, Ratio Analysis, Minimum Holding Costs