



COMPARATIVE STUDY OF WORKING CAPITAL MANAGEMENT BETWEEN EICHER MOTOR AND TVS MOTOR COMPANIES

Sonal Singh

Assistant Professor Faculty of Management RKDF University Bhopal

ABSTRACT

Management of working capital for each and every organization is most significant part of the financial activities. However, it is related with liquidity and profitability of the companies. The purpose of the study is to explore the comparison between working capital management of two automobile companies such as Eicher motor and TVS motor. The study was based on secondary data which has been taken from the annual financial report published by the both companies. Total five years of data from 2019-23 has been taken as sample and comparative analysis was conducted by using the coefficient of correlation. The findings of the study showed that working capital of both companies has not been significantly related with each other in the context of current assets and current liabilities.

KEYWORDS : *Current assets, current liabilities and working capital.*

INTRODUCTION

Working capital is a most important part for the financial management of each and every organization. However, working capital is a life blood and heart of every business. The study of working capital has become measure important process in order to internal and external analysis of various financial activities. On the other hand working capital refers to that part of organization which is recurred for short term financing of current assets as well as liabilities. Working capital management is the management of current assets and current liabilities of the company. Thus, the term working capital is used for the capital required for day to day financial activities of the business such as raw material purchasing, management of salaries, wages, rent etc. The present research study related with comparative study of working capital management between Eicher motor and TVS motor company limited. In order to explore the comparative analysis current assets and current liabilities of both companies has been analysis for the period of five years (2019-2023).

REVIEW OF LITERATURE

V.R Palaniveluet.al.(2014), Has been conducted a research study on working capital management with special reference to steel authority of India limited. The study focuses short term financial management and working capital management of the company. The study was based on secondary data which has been collected from the published financial balance sheet of the company for the period of 2008-09 to 2012-13. Findings of the study explore that working capital management of steel authority of India is significantly positive and playing a most important role for the management of finance.

Nagid H.S. Farhan (2021), has been conducted a research study on analysis of working capital management in India. The study aims to examine impact of working capital component on the financial performance of selected Indian pharmaceutical companies. In order to explore the study about working capital management data from 82 pharmaceutical companies from the period from 2008-2017 has been collected. A finding of the study clearly indicates that there is a significant difference in management of working capital among the small, medium and large pharmaceutical companies. Furthermore explore that collection period, number of days have a significant impact of financial performance of the company.

Ebenzar (2013) conducted a research study to explore the relationship between management of working capital and profitability of the companies. In order to explore the relationship the study was based on secondary data. This has been collected from the financial report published on the stock exchange. The study has been used metro polish process to examine the working capital. The findings of the study indicates that proper management of working capital is significantly and positively impacted the profitability of the companies. However, in the conclusive remark it has been point out by the author that day to day management of working capital is most important process of the organizations which is largely depends on profit of the organizations.

Owolabi (2010), conducted a research study to examine the impact of working capital management on liquidity and profitability of the firm with respect to selected public limited companies in Nigeria. The entire study was based on secondary data which has been taken by the author from the published financial reports of the company. Total five years (2005-09) of data has been analysis. In order to explore the relationship the coefficient has been calculated by using statistical tools and techniques. The findings of the study clearly indicate those collection days playing a significant role with respect to profitability of the company. However, study point out that with the decrease in collection days profitability automatically increase.

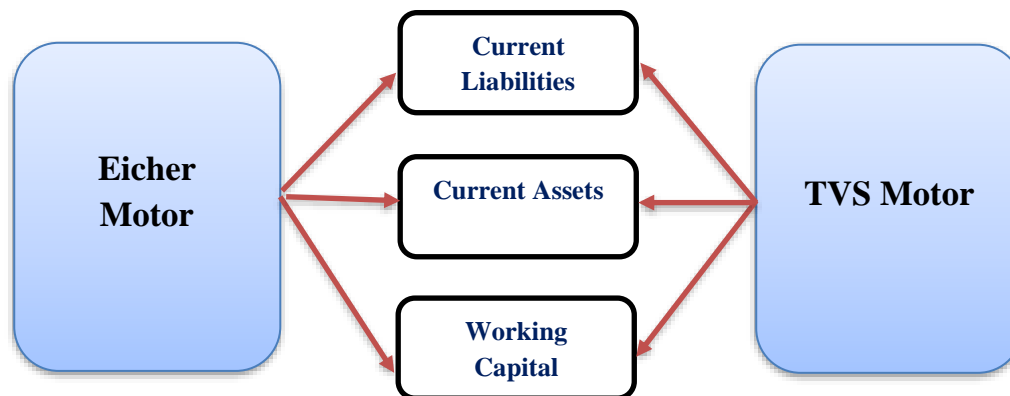
Shrama N.J (2016), has been conducted a research study to examine the status of working capital management of Bhartiya Airtel limited. The study was based on secondary data which has been gathered from published financial statement analysis of the companies. However, total 8 years of data that is 2007-08 to 2014-15 has been analysis to examine the present status of working capital of the company. Ratio analysis process has been taken place to examine the working capital. Findings of the study clearly explore that there is a need for significant changes and improvement with respect to liquidity performance of the company because it exist negative association with profitability of the company.

OBJECTIVES OF THE STUDY

The objectives of the companies are as under

1. To examine the relationship between current assets of Eicher motor and TVS motor companies.
2. To examine the relationship between current liabilities of Eicher motor and TVS motor companies.
3. To examine the relationship between working capital of Eicher motor and TVS motor companies.

RESEARCH FRAMEWORK



FORMULATION OF HYPOTHESIS

The hypotheses of the study are as under

H_{a1}: Current Liabilities of Eicher motor and current Liabilities of TVS Motor are positively and significantly related with each others.

H_{a2}: Current Assets of Eicher motor and Current Assets of TVS Motor is positively and significantly related with each others.

H_{a3}: Working Capital of Eicher motor and Working Capital of TVS Motor is positively and significantly related with each others.

RESEARCH METHODOLOGY

The purpose of designing of the research methodology is to explore the comparative analysis of working capital management between Eicher motor and TVS motor. The research methodology for present research study is descriptive in nature and secondary data for last five year has been collected to explore the comparative analysis. In order to collect the secondary data last five years published balance sheet of both companies has been taken as sample.

Sample Design

Sample has been design for the present research on the basis of last five year data that is 2019-23. However, sample designing is related with data based on current liabilities and current assets of Eicher motor and TVS motor companies.



Sample Size

Sample size of the study is five years data's that is 2019-2023.

Tools for data analysis

Coefficient of correlation has been used to explore the comparative analysis of working capital between Eicher motor and TVS motor.

Testing of Hypothesis

Hypothesis First

H_{a1}: Current Liabilities of Eicher motor and Current Liabilities of TVS motor is positively and significantly related with each others

Table: 1
Comparison between Current Liabilities of Eicher motor and TVS motor

Year	Current Liabilities of Eicher motor	Current Liabilities of TVS motor	r- Score	P Value	Significant	Result
2019	378.14	4041.68	0.9188	0.082	P ≤ 0.05	Not Significant
2020	466.03	4496.16				
2021	496.53	4585.41				
2022	638.61	5186.50				
2023	638.33	6008.54				

Table explore the comparison between current liabilities of Eicher motor and TVS motor. Since the **r** score is 0.9188 and p value is 0.082 not significant at **P ≤ 0.05**. Hence study rejected alternative hypothesis (**H_{a1} = Rejected**)

Table: 2
Comparison between Current Assets of Eicher motor and TVS motor

Year	Current Assets of Eicher motor	Current Assets of TVS motor	r- Score	P Value	Significant	Result
2019	415.73	3154.90	0.7383	0.2617	P ≤ 0.05	Not Significant
2020	505.08	3221.59				
2021	484.44	3446.79				
2022	613.11	3362.38				
2023	629.49	3667.50				

Table explore the comparison between current liabilities of Eicher motor and TVS motor. Since the **r** score is 0.7383 and p value is 0.2617 not significant at **P ≤ 0.05**. Hence study rejected alternative hypothesis (**H_{a2} = Rejected**)

Table: 3
Comparison between Working Capital of Eicher motor and TVS motor

Year	Working Capital Eicher motor	Working Capital of TVS motor	r -Score	P Value	Significant	Result
2019	37.59	889.78	-0.6089	4	P ≤ 0.05	Not Significant
2020	39.05	1274.57				
2021	-12.09	1138.62				
2022	-25.5	1824.12				
2023	-8.84	2341.04				

Table explore the comparison between Working capital of Eicher motor and TVS motor. Since the **r** score is -0.6089 and p value is 4 not significant at **P ≤ 0.05**. Hence study rejected alternative hypothesis (**H_{a3} = Rejected**)

FINDINGS

The various findings of the study are as under

1. Table 1 describe the comparative analysis of current liabilities between Eicher motor and TVS motor. The result of comparative analysis clearly explore that the relationship between current liabilities of both companies is not positively significant. However, study rejected the alternative hypothesis and it can be reveals that there is a significant difference between current liabilities of Eicher motor and current liabilities of TVS motor.



2. Table 2 describe the comparative analysis of current assets between Eicher motor and TVS motor. The result of comparative analysis clearly explore that the relationship between current assets of both companies is not positively significant. However, study rejected the alternative hypothesis and it can be reveals that there is a significant difference between current assets of Eicher motor and current assets of TVS motor.
3. Table 3 describe the comparative analysis of working capital between Eicher motor and TVS motor. The result of comparative analysis clearly explore that the relationship between working capital of both companies is not positively significant. However, study rejected the alternative hypothesis and it can be reveals that there is a significant difference between working capital of Eicher motor and working capital of TVS motor.

CONCLUSION

The present study related with comparative analysis of working capital between Eicher motor and TVS motor companies. In order to explore the comparative analysis current assets and current liabilities of both companies has been analysis by using co relation coefficient. The findings of the study clearly state that there is a great difference between working capital of both companies because the relationship between current assets and current liabilities has been found not significant. In the conclusive remark it can be said that there is no significant relationship between current assets, current liabilities and working capital management between Eicher motor and TVS motor.

REFERENCE

1. Nagid H.S. Farhanet.al.,(2021);an analysis of working capital management in india : an urgent need to refocus: *Cogent Business & Management vol-8, issue 1* (2021).
2. Akoto, R. K. (2013). *Working capital management and profitability. Journal of economics and international finance* , 373- 379.
3. Al-Shubiri, N. (2010). *Analysis of the relationship between working capital policy and operating risk. Investment management and financial innovation*, 7, 167-176.
4. Dash, M. (n.d.). *A liquidity-profitability trade of model for working capital management. Business academy journal.*
5. G.Ramanaiah. (2011). *Liquidity management in maa fruits private ltd. International journal of research in commerce and management*, 2, 68-72.
6. Ebenezer, A. B. (2013). *The relationship between working capital management and profitability of listed manufacturing companies in India. International journal of business and social research*, 3, 25-34.
7. Garcia-Teruel, P. J. (2003). *Effects of working capital management on SME profitability. [7] Hareesh, B. (2012). Working capital management and profitability: Evidence from India. GFJMR*, 2, 1-16.
8. Maria Elfani, P. L. (2010). *The effects of working capital management on firm's profitability: Empirical evidence from a emerging market. Journal of business and economic research*, 8, 63-68.
9. Moradi, M. (2012). *A comparison on working capital management of chemical and medicine listed companies in Tehran stock exchange. International journal of business and behavioural science*, 2, 62-78.
10. Lalit Kumar Joshi, S. G. (2012). *Working capital management of Cipla ltd. An empirical study. International journal of marketing, financial services and management research*, 1 (8).
11. Napompech, K. (2012). *Effects of working capital management on the profitability of Thai listed firms. International journal of Trade, Economics, Finance*, 3, 227-232.
12. OWOLABI. (2010). *the study of working capital management as a financial strategy. Asian journal of business and management sciences*, 2, 1-8.
13. Padachi, K. (2006). *Trends in working capital management and its impact on firm's performance. International review of business research papers*, 2, 45-58.
14. Sharma, D. (2013), *A comparative analysis of working capital management between public and private sector steel companies in India. International journal of management and social science research*, 2, 77-82.
15. Sharma, M. G. (2016), *Working capital management and its impact on profitability. Imperial journal of interdisciplinary research*, 2 (3), 265-271.
16. T.Chandrabai, D. R. (2011). *Working capital management of Indian electrical equipment*
17. V.R Palanivelu et.al.(2014), *a study on working capital management with special reference to steel authority of India limited Salem: union journal of applied research volume 4, issue 7, pp 322-324.*