ASSIGNMENT-11

Explain the determinants of working capital are the determinants of working capital are the determinants of working capital are the factors that influence the amount of funds a business needs to manage its day to day operations. These determinants vary depending on the nature of the business, its operating on the nature of the business, its operating the envisament, and its management strategies ley determinants include:

Montacturing firms typically require more working capital due to high levels of inventory and production processes; whereas elevice - based busin esses may require. I'm since they usually don't have significant inventory requirements.

2. Buiners y de:

businesses needs more working capital to to hardle increased. production and deales. In contrast, during recession periods, the need for working coupital decreases.

3. production cycle:

The time staken to convert sow.

materials into finished goods offerts working capital. honger production cycles moon that more capital is tied up in invertoxies, ecoquirung higher working capital.

4. Market conditions:

in competitive maxicets, businesses may

have to extend more favorable crodit. terms to sustoners, thus increasing working capital requirements. Additionally, inflation and fluctuating princes also influence working capital needs.

5) Growth and Expansion:

As a business grows, or expands, its working capital needs will generally. increase to dupport higher levels of production, dales and in ventory.

6) payment Tours with duppliers.

If a business can negotiate longer payment tours with suppliers, it suduces its immediate coust. out flows, lowering its working capital requirements.

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