ASSIGNMENT-8.

Explain about negative working capital and in what perspective it will be good. why?

Negative working capital occurs when a company's current liabilities exceed its current assets. in simple terms, it means the company has more short-term obligation (like accounts payable or short-term loans) than short-term assets (like cash, receivables or inventory).

When is Negative working capital Good?

Negative working capital can be a good sign in industries with strong cash flow and efficient inventory management. Here's why;

1) Cash flow efficiency. In industries like retail or food services, companies can receive cash from sales (current assets) faster than they need to pay suppliers (current liabilities). This allows them to operate with a negative working capital, as they're able to fund operations without needing excess cash reserves.

2) Low Inventory Holding costs: companies that quickly turn over inventory, such as grocery stores or fast-fashion retailers, don't need to tie up much capital in inventory. They sell products quickley and often receive cash from customers before they have to pay their suppliers, reducing the need