

Assignment-8

Explain about negative NWC and in what perspective it will be good why?

Negative working capital (NWC) occurs when a company's current liabilities exceed its current assets.

Formula:

$$NWC = \text{Current Liabilities} - \text{Current Assets}$$

Good when:

1. Efficient operations.
2. Low interest rates.
3. Strong supplier relationships.
4. Just in time inventory management.

Bad when:

1. High interest rates.
2. Economic downturn.
3. Supply chain disruption.
4. Rapid growth.

Industries with NWC

1. Retail
2. Wholesale
3. Manufacturing
4. Technology
5. Service

Benefits:

1. Reduced
2. Impro
3. Enhanc
4. Reduc

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and is what

(NWC)
nt liability

ment Asset

ment.

Benefits:

1. Reduced inventory costs
2. Improved cash flow
3. Enhanced efficiency
4. Reduced interest expense.

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