



Chapter 3 – Working Capital Management

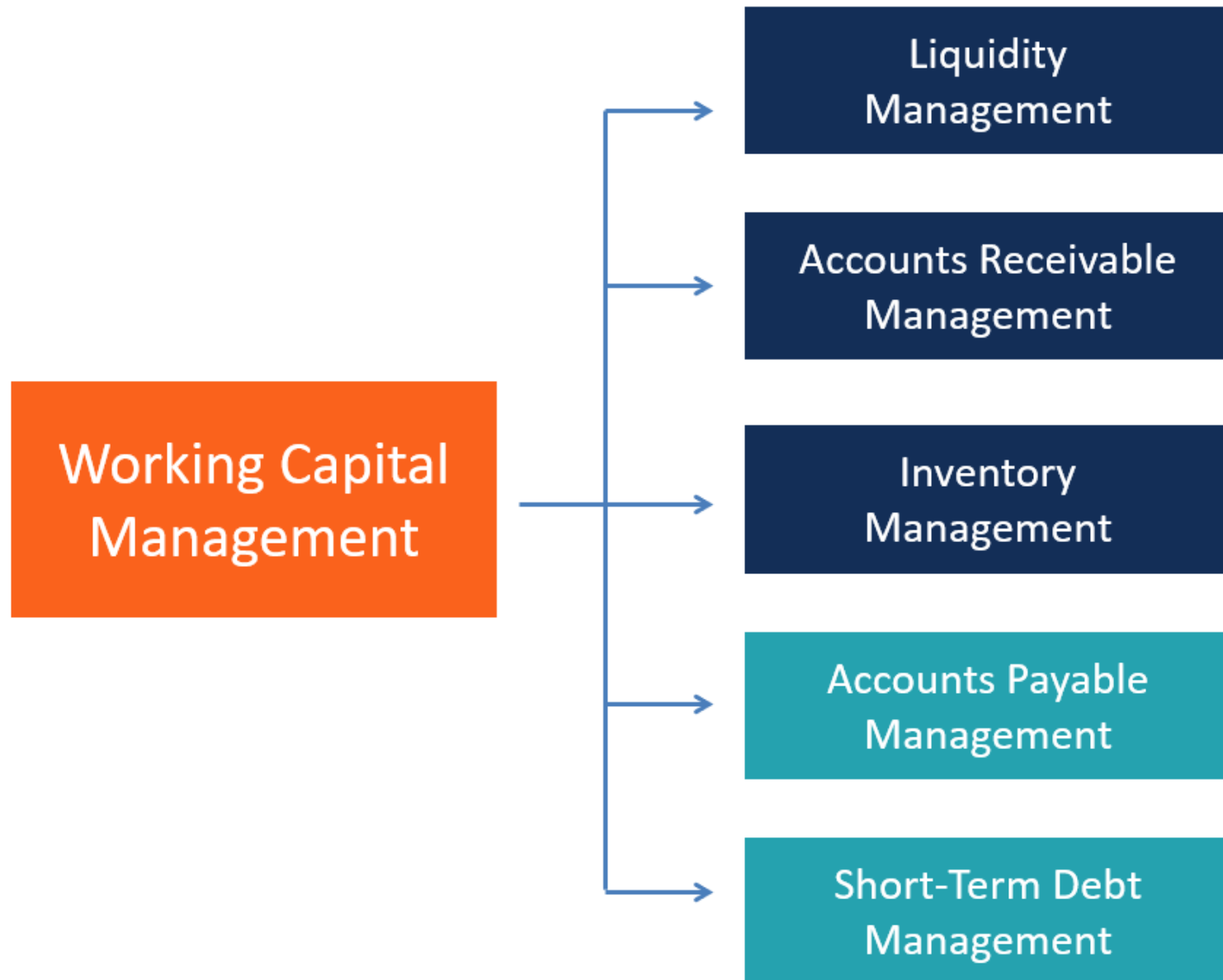
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Working Capital Management

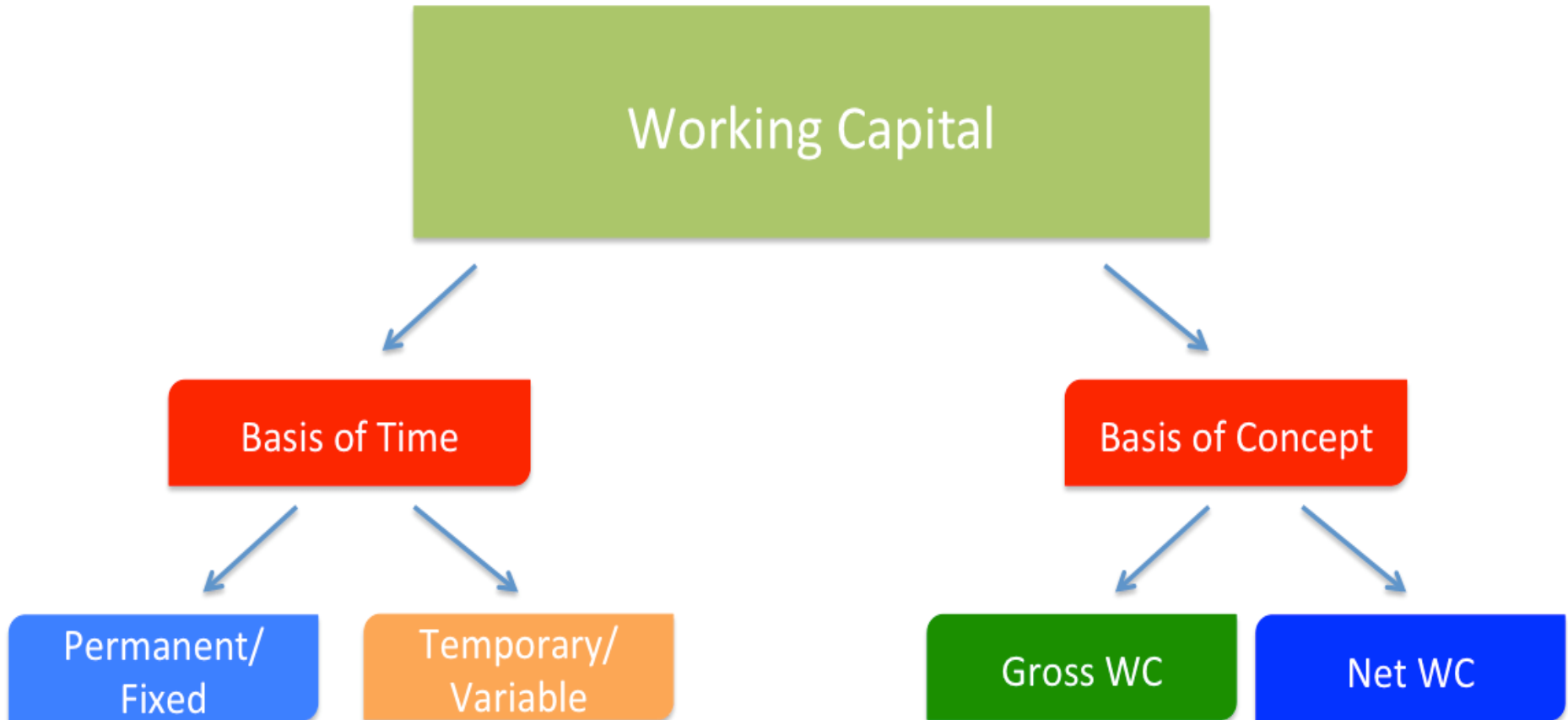


- Working Capital is that part of total capital which is required for day-to-day operations of the business.
- Working Capital or Net Working Capital is calculated as ***'Current Assets' – 'Current Liabilities'***
- Gross Working Capital means only ***'Current Assets'***
- Working capital management refers to the set of activities performed by a company to make sure it got enough resources for day-to-day operating expenses while keeping resources invested in a productive way.

Components of Working Capital



Working Capital Management



Q.1

Particulars	Alt-A	Alt-B	Alt-C
Trade Payables	1,500	1,000	500
Inventory	500	800	1,000
Short-Term Investment	50	200	400
Outstanding Expenses	800	500	300
Trade Receivables	400	800	1,200
Cash & Bank Balance	200	400	600

- Calculate GWC and NWC
- Explain the features of all 3 alternatives of working capital management

ET Review: July 25, 2022 by Snehal Patil

1. Citi expects revenue from India Corporate business to grow 10% a year
2. Domino's India may shift business away from delivery firms Zomato and Swiggy
3. What is the difference between Annual information statement (AIS) and 26AS?
4. India's BA, MA degrees to get equivalent in the UK
5. Maruti Suzuki hopes Indian Govt will support 'green tech' beyond EVs