



*Technical Report*

## **ANALYSIS OF WORKING CAPITAL OF MULTIEND REELING AND MULTIEND REELING CUM TWISTING UNITS**

**C. R. Nagaraj<sup>1\*</sup>, K. N. Mahesh<sup>2</sup>, Subhas V. Naik<sup>1</sup>, B. Nanje Gowda<sup>3</sup>, B. G. Patil<sup>4</sup> and M. K. Ghosh<sup>1</sup>**

<sup>1</sup>Central Silk Technological Research Institute, BTM Layout, Bengaluru 560068, India.

<sup>2</sup>Raw Silk Testing Centre, Central Silk Board, Sidlaghatta 562105, India.

<sup>3</sup>Demonstration cum Technical Service Centre, Central Silk Board, Hindupur 515201, India.

<sup>4</sup>Demonstration cum Technical Service Centre, Central Silk Board, Dharmapuri 636701, India.

\*E-mail: nagaraj.csb@nic.in

### **ABSTRACT**

A scheme to support multiend reeling units with twisting facility was implemented in the XI five-year plan of Govt. of India for value addition and consequently more than 50 multiend reeling cum twisting units were established. But most of the units have been facing problems of working capital availability, since the requirement is quite high due to low value addition in the activity and high material cost. Hence, it was proposed to study the working capital of multiend reeling and reeling cum twisting units. The study indicated that the units do not have adequate working capital at their disposal. The working capital requirement was found to be significantly higher in multiend reeling cum twisting units as compared to only multiend reeling units due to larger working capital cycle. The availability of working capital was found to be significantly lower than the requirement in both the cases. The net profit per kg silk of units with adequate working capital was found to be significantly higher than that of units with inadequate working capital. From the study, it is suggested that the reeling sector needs support on easier terms by financial institutions to raise working capital.

**Key words:** Components, cycle, holding period, net profit, working capital.