

PERCEPTION AND PERSPICACITY ON CURRENT ASSETS MANAGEMENT IN RETAIL SHOPS IN MUMBAI

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Abstract: Current Assets Management involves the steps to acquire appropriate amount of Current assets for the firm at a right time and at a right cost. Managing the components of Current Assets properly will lead to a profitable business in this Modern age. Main four components of Current Assets must be managed efficiently and effectively, that is Cash, inventories Accounts receivable and Accounts payable. With the appropriate and effective use of these four components any Retailers can develop his business properly and prosperously. It was argued previously that Current Assets management system was useful for Large Organization and was considered as costliest management function , but the situation is changing and nowadays it becomes the Lifeline criteria for the Retailers. Current Assets Management system. Brings more effectiveness in the business and Retailers may minimize their Inventories Holding Cost at very minimum level on one hand and on second hand they can satisfy their customers with varieties of goods also. The study reflects the Perception and Perspicacity on Current Assets Management System followed by the Retailers in Mumbai and the level of their adoption of the system in their Retail Business.

Keywords: Current Assets Management System, *(CAMS) *(CURRENT ASSETS MANAGEMENT SYSTEM)., Working Capital, Ratio analysis , Assets, Liabilities , Inventories, Accounts Receivable, Accounts Payable.

1. INTRODUCTION

When we are talking about the Business , we must understand the Basic concept of Assets and Liabilities. In simple words , any Balance-sheet can be divided into two Parts or categories , known as assets and liabilities. Assets are the items that any business owns that can provide future economic benefit. On other hand Liabilities are what you owe to other parties. In short, assets put money in your pocket, and liabilities take money out!

Assets add value to your company and increase your company's equity, while liabilities decrease your company's value and equity. The more your assets outweigh your liabilities, the stronger the financial health of your business. But if you find yourself with more liabilities than assets, you may be on the cusp of going out of business.

EXAMPLES OF ASSETS ARE:

- Cash and Bank balance
- Investments , Accounts Receivable , Marketable Securities.
- Inventory
- Equipment ,Furniture and Fixture / Fittings
- Plant and Machinery

- Land and Building, Premises
- Company-owned vehicles Etc.

EXAMPLES OF LIABILITIES ARE:

- Bank short and long debt (Bank overdraft /C C)
- Mortgage debt
- Money owed to suppliers (accounts payable)
- Outstanding expenses
- Taxes owed Etc.

Assets are often grouped based on their liquidity or how quickly the asset can be turned into cash. The most liquid asset on your balance sheet is cash since it can be used immediately to pay a liability. The opposite is an illiquid asset like a Building , because the selling process (converting the property to cash) will likely be lengthy. The most liquid assets are called current assets. These assets can be converted to cash in less than a year and include cash, marketable securities, inventory, and accounts receivable. These assets generate revenue for your company.

Non-liquid assets are grouped together into the category of fixed assets. These include real estate, vehicles, and machinery. Fixed assets are owned by company and contribute to the income but are not consumed in the income generating process and are not held for cash conversion purposes. Fixed assets are tangible items usually requiring significant cash outlay and lasting for an extended period of time. As a small business owner, Retailers one of the most important goals will be to balance our books. That means we need a solid understanding of assets and liabilities in order to make good decisions and evaluate the health of your business. Once the terms are defined, understanding assets and liabilities is fairly easy, and the financial reports you've been generating will start to have more meaning There were the days when the concept of CURRENT ASSETS MANAGEMENT was generally adopted by the Big companies and they were employed the experts on these matters. Due to increase in competition from Big Malls , On line shopping in every corner of the country the need for this CURRENT ASSETS MANAGEMENT SYSTEM Is came up within all types of organization. Almost all small business , Retailers access their short term assets and short term financing to conduct their daily –day to day business. This controlling and overseeing of these assets and liabilities that are defined as current assets management System and is an essential part of the financial management of the business. It is widely terms as Current assets management and is one of the important parts of Business Management.

Maintaining the Working capital operating cycle and its smooth operation is vital for a business to function. The operating cycle or lifecycle of a business goes from the acquisition of the Goods in right quantity at right time to maintain varieties and delivery of the same to their customers. This is one of the main objectives of the working capital management. Keeping the cost of capital to a minimum is also an important objective that working capital management strives to achieve.

2. OBJECTIVES OF THE STUDY

The purposes of this research paper are as follow:-

- 1) To study,whether CURRENT ASSETS MANAGEMENT strategies are followed IN RETAIL SHOPS IN MUMBAI
- 2) To find out the level of adoption of strategies in Retailers in Mumbai in connection of Current Assets Management.

3. RESEARCH METHODOLOGY

Research Design: To have a better understanding of the issue the Descriptive Research design was used. To get the Primary data a well structured questionnaire was developed and administrated.

Sample design : All 192 Retailers were selected , which are in the particular area of Santacruz west Mumbai .

Analysis : The Data collected were analyzed with the help of various statistical tools such as Ratio analysis , arithmetic Mean The perception of respondents expressed on the 'Likert Scale' was analyzed based on the summative model. The scale has allowed an expression of the intensity of feeling. Here, instead of having just 'yes' or 'no', the scale was designed to assess intensities varying from EFFICIENTLY USING CAMS , FAIRLY USING CAMS , AVERAGE USING CAMS , POORELY USING CAMS , NOT USING CAMS

4. LIMITATIONS OF THE STUDY

It is essential to indicate certain limitations to which a study like this is subjected. The study is an empirical work presented in a descriptive manner. Only few important domains have been selected for analysis. However, the spirit of the concept perception on Current Assets Management System had been rightly perceived. The study is confined to the Retailers , Small Shops situated in the area of Santacruz west Mumbai. The study has not been able to analyze and compare the results with Big Malls or Departmental stores situated in this particular Area or elsewhere

5. ANALYSIS OF PERCEPTION

The perceptions on Current Assets Management of the different Retailers chosen for the study on the five point scaling has been summarized and tabulated in accordance with the main Four Components , **Cash , inventories , Accounts receivable and Accounts payable** were studied. The survey data were converted in to mean percentages. The survey data pertaining to Current Assets management in these Retailers were presented in terms of mean percentage measured on a 5 point scale. All the data collected were analyze according to the system Used as per the techniques, Ratio calculated of individual Retailers. The following table clearly mentioned the condition of Retailers in using the Current Assets management system (CAMS) in their stores.

TABLE 1: PERCENTAGE WISE ANALYSIS OF THE PERCEPTION

Particulars	Efficiently using CAMS	Fairly using CAMS	Average using CAMS	Poorly using CAMS	Not using CAMS
CASH	65	26	07	02	NIL
INVENTORIES	24	54	09	05	08
ACCOUNTS RECEIVABLE	86	10	04	nil	nil
ACCOUNTS PAYABLE	09	37	21	24	09

CAMS = CURRENT ASSETS MANAGEMENT SYSTEM

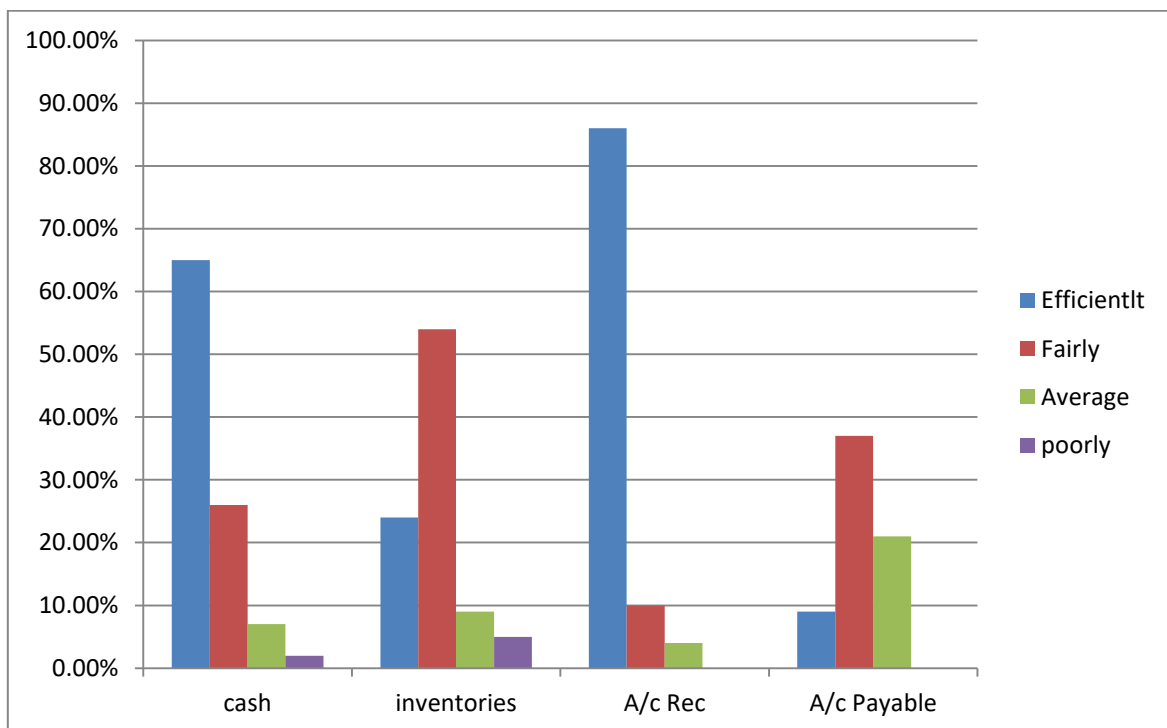


Fig 1: Graphical Representation of PERCENTAGE WISE ANALYSIS OF THE PERCEPTION

A. INTERPRETATION OF DATA :

From the above table it was concluded that the Retailers are more apprehensive in using and managing their Cash Management system efficiently. Out of 192 Retailers nearly 125 Retailers are very active and conscious about their cash Handling matters and are aware the techniques of CASH FLOW SYSTEM , i.e. how to generate Cash immediately and how to invest Cash in Business without losing the Cash Cycle efficiently. It is a matter of surprised that none of them were blank in handling the cash effectively. Even they are smart enough to recycle their Inventories at high speed . Inventory Conversion ratio was calculated by applying the formula as

$$\text{INVENTORY CONVERSION PERIOD} = \frac{\text{INVENTORY}}{\text{Sales per Day}}$$

The Ratio is helpful to determine the Average Days to convert Inventories in to Sales , in this CAMS nearly 54% that is 104 Retailers were aware about the products to be ordered at right time and at right Price .Due to this they have quick Inventory cycle and hence they are not struck to cash crunch. Very few that is only 15 retailers were not using scientific method for their Inventories management. They played quick ordered system and asked the customer to come after one to two days for that specific goods which is not in their stock, it may result in trailing the image and even some times customer also. Account Receivable and Accounts payable denotes the Payment and Receiving time of Cash from customers and to the Suppliers. The best part of the business is most of the Retailers are using Cash Transaction from the Customers and very few customers are asked for Credit. This is the main advantages for the business that most of them are selling their goods on cash basis but while paying to their suppliers they prefer to have more credit time. Only nearly 9% that is 17 Retailers are paying to their Suppliers immediately without waiting for any Credit and rest of them are paying to their creditors after some period of time. Again 17 Retailers are not using any techniques for making the Payment to their Suppliers , it means as and when the suppliers called them they make the payment , it may be after 2 days or 20 days or 60 days. They do not follow the system of scientific method.

6. CONCLUSION

From the above It can be said that The CURRENT ASSETS MANAGEMENT strategies are followed IN RETAIL SHOPS IN MUMBAI and of which some Retailers are using various techniques to maximize their profits from the current situation. They know that to compete with the big Malls and Departmental Stores they have to change their system of operation and then only they can survive in this competitive world.

Customers satisfaction in terms of PRICE, VARIETY, QUALITY, QUANTITY and POSITIVE ATTITUDE will make them survive or they have to wind up their Business. However the level of adoption of these strategies are in primitive stage which needs the Expertise.

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