



International Journal of Multidisciplinary Research Education Analysis and Development – IJMREAD

Peer-Reviewed : Open Access Journal

Cash Fund Management in U.P. Cement Corporation Ltd.

Dr. Ram Posh

Assit. Prof. Commerce

Govt. Degree College Manikpur Chitrakoot, U.P

Email. drrampose61@gmail.com

Abstract

Cash management function consist basically of having a sufficient quantity of cash along with maintaining a balance at the basis of marginal benefit and costs associated with it as to meet lowest just adequate to meet its current obligations. In case, the cash balance in above the demand level, the firm's earnings would be less than maximum and on the other hand if it is below the actual cash demand, the firm's liquidity would be in danger. Thus, modern cash management function is more complexed and sophisticated and it emphasizes minimization of unproductive cash balance, optimum utilization of firm' cash resources, advantageous investment of excess cash and making of the best possible arrangement for meeting planned an unexpected demands on the cash resources of the business. It is also concerned with the management of cash cycle through increasing the turnover and velocity of the available cash at its disposal within a given period of time.

Cash management, thus, combine both liquidity and profitability aspects of a firm's business activities. This necessitates that a cash manager has to coordinate the various decisions taken by the different departments so that these may remain consistent with the objective of liquidity and profitability.

Keywords –

Emphasize, Profitability, Nonmonetary, Forecast, Emanating Etc.

Introduction

There is hardly any business enterprise which does not require any amount of each. However, the amount required for cash differs from enterprise to enterprise. The profit earning capacity of a business depends largely on its efficiency in managing this part of current assets. In a period of rising capital costs and scores finds, cash is one of the most important areas commanding managerial attentions. Thus, cash is the most important current asset for the operations of the business. It is also the ultimate output expected to be realized by selling the service of product manufactured by the enterprise. The enterprise should keep sufficient cash, neither more nor less because cash shortage will disrupt the enterprise's manufacturing anything toward the enterprises profitability.

It has been observed that in majority of cases, the inadequacy of funds and improper handling of the same was the main resources' for business failures. There are various terms such as 'cash' 'funds' 'working capital' 'marketable securities' and 'all financial resources' which are used commonly but they cannot be used interchangeably in the business enterprise because the term 'funds' includes cash resources of business concern which form a part of total current assets constituting working capital of a business concern.

Cash may be defined as coins, currency notes, instruments generally acceptable equivalent of cash such as cheques, drafts and demand deposits in banks and near cash assets, like marketable securities and time-deposits in banks. Cash may be treated as an item in a balance sheet which is immediately available for operations of the business and the payment of debts. Cash may be divided into two broad categories –monetary and nonmonetary. Monetary form of cash includes ordinary commercial bank deposits, savings deposits, certificates of deposits, other special time deposits, bank cheques, demand bills of exchange, traveller's cheques, post-office money order, bank drafts express money orders, cashiers cheques and letters of credit.

Cash Planning and Forecasting :

Cash planning is a process through which a business enterprise is able to reach on optimal level of cash balance on the its normal as well as abnormal cash requirement and maximising its profitability without endangering its liquidity position. Determinations of the optimal level of cash balance requires the specification of cash flow (constraint) below which the enterprise will incur definite and is influenced

by a variety of factors, some of these are external over which the management may not have any control, while other may be internal occurring due to shifts in managerial policy.

the cash requirement of a business concern can be anticipated through cash forecasting and cash budgeting. There are two kinds of cash forecasts i.e., long-term cash forecast and short-term cash forecast. The preparation of long-term cash forecasts involves as consideration of present cash position the amount and the timing of capital expenditures that are planned, the amounts of additional working capital needed to support the growth is business form year to year and are prepared for more than on year. The other type of cast forecast i.e., short-term cash forecast is always up to date and reasonably detailed. It includes all cash projects within a period of a year showing day to day cash requirements which may be adjusted to meet changing situations. Such forecasts are prepared on monthly, weekly, and daily basis and are named accordingly.

Reporting and Communication Methods:

The establishment of goals, deciding upon courses of action to attain the goals and measuring performances of the actions taken are the basic functions of the management of any business enterprise. After reviewing the performances, the management of any business enterprise may either means accepting performance planning the operations to improve the performance in future. There considerations imply the need for adequate information and its continuing flow that will enable the management to have at all time the knowledge it needs in order to plan control. Communication is involved in bringing to management the information it needs to make the decision, the flow of data representing planned performance to operating management and the reporting of information on actual performance after the event. Report for the management of cash emanating from decentralized operating levels has to of the following types namely: (a) a daily cash report: (b) a weakly forecast of disbursements and requisition for funds: (c) a weakly (or monthly) forecast of collection: and (d) a monthly summary of cash activity. Similarly techniques for effective communication of data for control, such as the mail, telegram, telegram, telephone, e-mail, fax etc. Are equally important to consider.

Research Design and Coverage:

It is primarily as case study of selected state cement corporation units in uttar pradesh, based on the primary date and information gathered through personal interviews of the officials and from the published accounts of the units under the study. It intends to access the stock and flow, determinant and constituents of the cash funds in the units under the study since.

the unit under the study is u.p. state cement corporation Ltd. Which is a public enterprise owned by the government of uttar pradesh. Because of the fact that the cement falls in an infrastructural industry, the study of cash fund management of this enterprise becomes more important from national point of view especially when it is running into losses since inception. The upscl has its registered office at churk, sonbhadra and chunnar in mirzapur district of uttar pradesh. Due to gradual increase in losses, the government of u.p. had referred the case to bifr in october, for its rehabilitation pending decision of the rehabilitation, package, the bifr has referred the case to the hon'ble high court, allahabad. Hon'ble high court appointed an official liquidator for the same on december and the official liquidator has taken the charge of all three units of upscl on and the units have been locked out. It is to be noted that the present ph.d. Synopsis was approved by the R.D.C of the university on April.

Objective of the Study:

The present study seeks to analyze the management of cash fund in state cement corporations unit in U.P. its main objectives are to:

- (i) Examine the conceptual frame work of the management of cash funds.
- (ii) Evaluate the adequacy of the various components of cash and the efficiency of its management along with ascertaining the causes of paucity of cash and their impact on the management of cash funds: and
- (iii) Analyze the inflows of cash and the efficiency of its management in the units under the study.

Date for the Study

The statistical data will e gathered from the records and published accounts of the units under the study. The data, thus, gathered relate to the volume and cost of production, volume of sales revenue, short-run and long-run finances raised. Assets created, liabilities incurred, various kinds of cash and bank balances at its disposal profits earned or losses incurred and capital exam employed by the units. The information regarding procedures followed in the management of cash will be gathered through personal interviews with the officials and guidelines issued by the corporation of the study.

Statistical analysis:

The data thus gathered will be processed through ration, percentages, proportions, analysis of time series, measures of central tendency and dispersion.

Plan of the study:

The presents study is arranged in eight chapters. The first chapter is on introduction, which, after a brief theoretical discussion on cash management contains the research design, and coverage of the study. The second chapter deals with the connectional framework of the cash management. The third chapter examines the various techniques of cash planning and forecasting. The fourth chapter presents the various methods of cash control. The fifth chapter deals with the trade credit in cash management. The sixth chapter deals with the connectional framework of cash flows. The seventh chapter presents the summary of findings and suggestions pertaining to the various aspects of the cash management in the unit under the study.

References –

1. Samith,v.k. ‘management of working capital,’ west publishes company, new york, 1974, p.7.
2. Walker, e.w. baughn, ‘finacial planning and policy’ harper & row, new york, and john weather-hill, inc. Tokyo, 1964, p.151
3. Accountant’s handbook, 5th ed., a ronald press publication, john wiley & sons, new york, 1970 section 10,p.1
4. Thacker, ronald j,. ‘introduction to modem accounting’ prentice-hall inc,-englewood cliffs, new jersey, 1971,p.314
5. Accountants’ handbook, op.cit.,p.10.i
6. Murao, bahadur, ‘management accounting’, meenakshi prakashan, meerut, 1972,p.146.
7. Hunt, p, c.m. ‘william and g. Donaldson’, basic business finace- text and cases’(3rd ed.), home-wood illinois, 1966,p.7.
8. Foulke, r.a. ‘practical financial statement analysis’, (6th ed.) Tata mc grawhill publishing company ltd, new delhi, 1968,p.473.
9. Hill, t.m. and m.j. gordun ‘accainting a management approach’, homewood, illinois, 1959.p.222
10. Weasel, robert h., ‘principles of financial analysis,’ macmillan, new york, 1961,p.288.
