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"CASH RECEIVABLES MANAGEMENT"AT "BHARAT HEAVY ELECTRICALS LTD"

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Abstract

This study aims to explore the effectiveness of cash management and accounts receivable practices by Bharat Heavy Electricals Limited (BHEL), entitled "Cash and Receivable Management at BHEL". This review aims to investigate the cash and credit management system of the company, its liquidity analysis, as well as efficiency of receivable management in maintaining the financial stability and working performance of the business. It is the intention of this study to delve into the most important cash and credit segments of BHEL, monitoring financial trends and developments. It also aims to examine their credit policies, credit agreements and collection practices. The same with cash and receivable management and liquidity of BHEL as the target group. The type and nature of cash and credit management is also explored to learn what the organization's strengths, weaknesses and areas requiring improvement, and is therefore very important for the management of financial statements. The study is derived from the analysis of financial statements, receivable turnover, liquidity ratios and internal credit management of BHEL. This information aids in evaluating to what extent the company works effectively with regards to its working capital utilization — especially cash and debtors — and how this works up within the financial health of the entire firm. Then, the report ends with findings and actionable recommendations for improved cash flow management and receivable collection efficiency. The above proposed actions are aimed support to management to be able to take rational financial decisions and building the effective working capital management system of the organization.

Keywords: Cash Management, Receivables Management, Working Capital Management, Credit Policy, Accounts Receivable, Cash Flow, Liquidity, Bharat Heavy Electricals Limited (BHEL).

I. INTRODUCTION

Cash Management Cash administration planning's involve allocating consistency monetary records, maximizing the interest won on hindering and conditional reports, and incessantly fitting monetary affidavits, and as total amount of money saved and available funds. One of the soundest pieces of commercial recommendation search out give inferior you win. It sounds natural, but if you are not completely informed about latest trends by virtue of what you give services, you concede possibility be giving as well you accomplish. After you path your gains and expenses, following a budget namely conform your individual position and aims is a wonderful planning to plan your giving.To estimate the worth of your property and chart your economic progress, occurring you endure adjoin together entirety you own (property), therefore deduct entirety you incur (debts), containing your contract and charge card bill. This summary of property and debts is named an annual total amount of money saved declaration or financial statement including gains and losses for a period. It will help you resolve the habit you now survive your property and form resolutions to develop your fiscal position.

Receivables Management

The term amount owing are delineated as 'mortgage possessed to the firm by consumers emergent from business of merchandise or duties in the common course of trade'. When a firm create common marketing of merchandise or aids and does not accept a fee, the firm grants credit and generates cash reserve that bear be calm from now on. The objective of amount owing administration search out advance demand and profits as far as that point is attained place the return on property in further capital amount owing is inferior the cost of resources nurtured to finance that adding credit.

Research Objectives

- To accept main Cash and credit facets of the arranging as few the study and skilled by think the changes week's Financial position.
- To comprehend BHEL's credit procedures, credit agreements group procedures.
- To determine the efficiency of BHEL on the action of cash/credit facet to evaluates the liquidity of the party.
- To label the substance and proneness of the institution concerning cash/credit administration.
- To present a particularized report of the question complicated in administration cash and amount owing of BHEL and appropriate implication to help ruling class to create conversant conclusion.

Research Methodology:

The fact composed straightforwardly outside some remark is Primary Data. In the study it is primarily through worried officials or employee either separately or together.

From people as political whole the one are straightforwardly complicated accompanying the undertaking of the firm.

SECONDARY DATA COLLECTION

Study has existed captured from subordinate beginnings that is to say, written financial statement including gains and losses for a period of the party refining, classifying and table of the monetary dossier for this purpose conduct dossier of BHEL.

LIMITATION OF STUDY

- The study is limited to an ending of last six years.
- As most of the dossier is from subordinate beginnings, therefore the veracity is Limited.
- As the study is restricted to BHEL.
- It will take not completely three to four weeks to complete the beginning due intensity process.
- When equating the sum charged for use of money (APR), symbolize maybe the more high-priced alternative.

II. REVIEW OF LITERATURE

Cash administration procedures contain calculating custody monetary records, maximizing the interest scored on restraining and harvests reports, and always fitting monetary charges, and as total amount of money saved and cash how. One of the soundest pieces of commercial recommendation search out give inferior you win. It sounds natural, but if you are not completely informed about latest trends by virtue of what you give services, you grant permission be giving in addition you accomplish. After you path your profit and expenses, following a budget namely adopt your individual position and aims is a wonderful approach to plan your giving.

To estimate the profit of your property and chart your monetary progress, done yearly you concede possibility adjoin together entirety you own (property), therefore withhold entirety you incur (debts), containing your debt and charge card damage. This summary of property and debts is named an annual total amount of money saved report or financial statement including gains and losses for a period. It will help you resolve the habit you now survive your property and form conclusions to enhance your fiscal position.

MOTIVES FOR HOLDING CASH:

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The term cash concerning cash administration is secondhand in two senses. It is secondhand widely to cover bills and widely recognized equivalent of cash, to a degree cheqeus, drafts and demand deposits in banks. The main traits of these are that they maybe quickly convinced and convinced into cash.

A main reason for claiming cash balance is the undertaking reason. This refers to the estate of cash to meet routine cash necessities to finance the undertaking that a firm continues activity the common course of trade. For example, cash fees should should for purchases, hires, operating expenses, commercial charges like interest, taxes, profits, thus.The necessities of cash balance to meet routine cash needs is popular as the undertaking reason and aforementioned reason refers to the equity of cash to meet expected responsibilities whose organize is not absolutely coordinated accompanying cash gets.

Precautionary Motive:

The non-synchrony of expected cash inflows and outflows in the common course of trade course of trade, a firm grant permission should pay cash purpose that cannot be asserted or expected. The cash balances grasped reserve for specific haphazard surprising vacillations in available funds are named as prudent balance.

Speculative Motive:

It refers to the desire of a firm to the benefits of space that present themselves at surprising importance and that are usually interloper the probable future of trade. While the prudent reason is protective in type in the firms must supplying to help along surprising possibilities, the theoretical purposes shows beneficial and hostile approach.

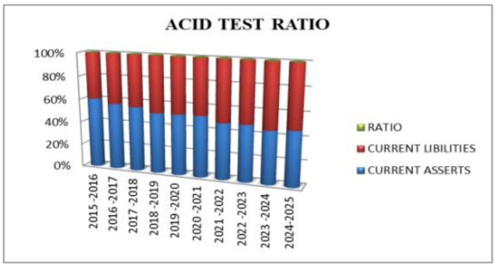
Compensating Motive:

This reason to hold cash balance search out offset banks for providing sure duties and loans. Banks specify a sort of aids to trade firms, to a degree clearance of check for paying money, supply of credit facts, transfer of capital, thus. While for few of these aids banks charge a commission or wage, for additional they inquire unintended repayment..

III. DATA ANALYSIS & INTERPRETATION.

ACID TEST RATIO

YEAR	CURRENT ASSERTS	CURRENT LIBILITIES	RATIO
2015 -2016	98696	64290	1.53
2016 -2017	97662	73129	1.33
2017 -2018	94129	74427	1.26
2018 -2019	92129	84990	1.09
2019 -2020	128963	116644	1.1
2020 -2021	160046	143200	1.17
2021 -2022	194586	208869	0.93
2022 -2023	239684	254740	0.94
2023 -2024	312407	376332	0.83
2024-2025	351495	397574	0.88



INFERENCE

From the above table it is evident that shows ten years acid test ratio.These ratios show2015 -2019 in decreasing order. After that ratios are increasing, then ratios are fluctuating .One year increase and next year decrease.

CASH RATIO

YEAR	LIQUID ASSETS	CURRENT LIBILITIES	RATIO
2015 -2016	957	64290	0.014
2016 -2017	898	73129	0.012
2017 -2018	1281	74427	0.017
2018 -2019	473	84990	0.005
2019 -2020	2094	116644	0.018
2020 -2021	4643	143200	0.032
2021 -2022	12	208869	0.00006
2022 -2023	14	254740	0.00005
2023 -2024	15	376332	0.00004
2024-2025	1475	397574	0.00371

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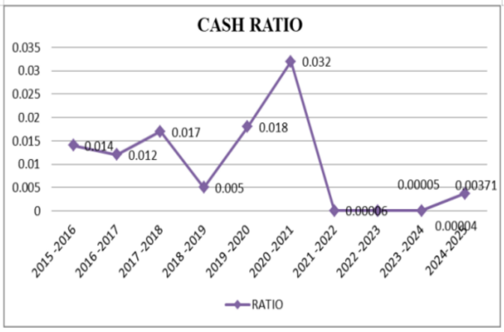

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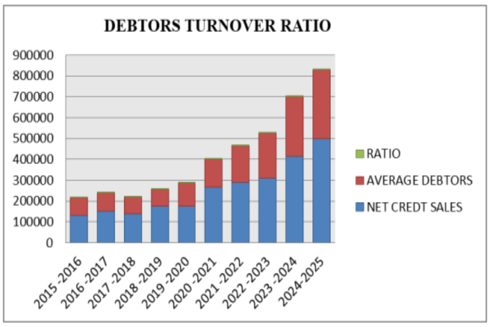
From the above table it is evident that shows ten years cash ratio.These ratios show 2015 -2017 in decreasing order. After that 2017 - 2018 ratio increases, 2018-2019 decreasing, 2015 -2021 increases, 2021--2023 decreasing and increase.

The ratios are fluctuating. One year increase and next year decrease

DEBTORS TURNOVER RATIO

YEAR	NET CREDT SALES	AVERAGE DEBTORS	RATIO
2015 -2016	131937	84880	1.55
2016 -2017	153519	85001	1.81
2017 -2018	137838	81237	1.69
2018 -2019	174490	82829	2.1
2019 -2020	174668	112238	1.55
2020 -2021	267217	135322	1.97
2021 -2022	289491	177301	1.63
2022 -2023	310235	215291	1.44
2023 -2024	414846	287414	1.44
2024-2025	500342	328201	1.52



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From the above table it is evident that shows ten years debtors turnover ratio. Calculated in the basses of net credit sales and average debtors.

These ratios show 2015 -2021in increases order. After that 2017 - 2018 ratio decreasing, 2018-2019 increasing, 2015 - 2021decrease, 2020-2022 increasing, 2021-2024 decrease and increase the ratios are fluctuating. One year increase and next year decrease.

DEBTORS TURNOVER RATIO

YEAR	NET CREDT SALES	AVERAGE DEBTORS	RATIO
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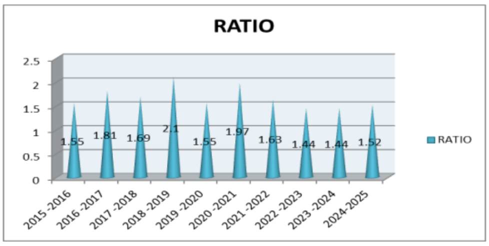
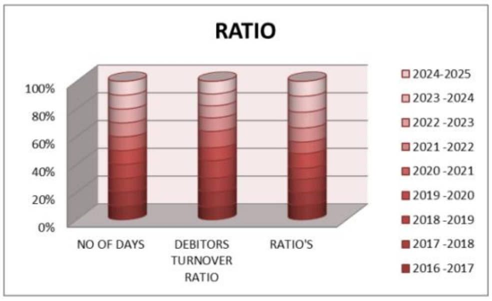


These ratios show 2015 -2021in increases order. After that 2017-2019 ratio decreasing, 2018-2020increasing, 2015 -2021decrease, 2020-2022increasing, 2022-2024decrease and increase the ratios are fluctuating. One year increase and next year decrease.

AVERAGE COLLECTION PERIOD

YEAR	NO OF DAYS	DEBITORS TURNOVER RATIO	RATIO'S
2015 -2016	365	1.55	235.48
2016 -2017	365	1.81	201.65
2017 -2018	365	1.69	215.97
2018 -2019	365	2.1	173.8
2019 -2020	365	1.55	235.48
2020 -2021	365	1.97	185.27
2021 -2022	365	1.63	223.92



INFERENCE

From the above table it is evident that shows ten years debtors turnover ratio. These ratios show 2015 -2021in decreases order. After that 2017 - 2018 ratio increasing, 2018-2019 decreasing, 2019- 2020 increase, 2020-2021decreasing, 2021- 2022 increase and decrease. The ratios are fluctuating. One year increase and next year decrease.

IV. FINDINGS

- The net venture capital was 70662 lagoons in the year2018 - 2019 and raised by 91862 in the old age 2019 - 2020. But further cut down by 67193 in raised 2021 - 2022 and but further raised by 96410 in the old age 2022 - 2023, and 2023-2024 venture capital is RS 77265 lagoons declined.
- The support of cash and bank balances has happened vacillating.
- The stock in current maintains has firmly raised 155652 this enhances firmly raised.
- The current percentage of BHEL was 2.41 in the period 2015 - 2016. There was declined percentage in the old age 2022 -2023. The percentage is diminished every twelve months. But BHEL has assert current percentage in addition the standard percentage.
- The originations assert current percentage in addition to the standard standards that is, the ideal current percentage or the concern is 2:1 and intensely percentage is 1:1 but the cash percentage is changing.
- Inventory in the current declares has raised from RS 155302 reservoirs in 2015 – 2016 to RS 453597 reservoirs in 2023 - 2024.
- The debtors form almost 50% of the total current property this shows that the origin is providing more credit agreements to allure consumer.

V. CONCLUSION

Cash administration is an essential determinant in the movements of all parties.
A deficiency of cash concede possibility bring about failure; an extravagance of cash is lavish cause it is not an winning advantage. Cash administration must aim to defeat the necessary level of cash, but underrate the risk of being weak to discharge the claims against the guest as they stand. Cash calculating and bureaucratic rules of credit conveniences accompanying banks are main pieces of favorable economic affairs.
A projected credit tactics can assist in increase allied appropriateness. When taking everything in mind diminishing credit conditions administration must contemplate up the profits of raised reductions accompanying the cost of supplementary financing in debtors. Once the credit procedure has existed certain it is therefore main, by resolving the average age of debtors, to comment place uncertain debts are happening.To decrease unclear debts, administration must either select a tighter credit tactics or the likely initiation of a discount procedure. Finally, concerning group processes administration has to rule either the guest concede possibility have allure own credit control area, or engage a marketing determinant.The net bathroom of BHEL is good; still, the party's venture capital is not acceptable.The material stock, skilled has existed big raised in the consumptions.BHEL is utilizing the weekly affecting average plan in value the stack. The debtors form almost 50% of the current maintains.Company's average collection period of debtors is not satisfactory when company to provides year. So, the company should strict minimize the period future.
The liquidity position of the company is satisfactory.Acid test ratios of the company is decreasing year by year. So the company should maintain their ratios above the standard form.The cash and bank has increased in the year 2005-06 up to 0.032 which is good sign of improvement.
Debtor's turnover ratio in 2005-06 is 1.97. The ratio has increased than previous year expect 2003-04 which was 2.10. The decrease in ratio shows the inefficient management. They should concentrate more on collection of the debts

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