IMPACT OF WORKING CAPITAL MANAGEMENT ON FIRMS' PERFORMANCE: AN EMPIRICAL STUDY ON SELECTED FMCG COMPANIES IN INDIA

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Abstract: Working capital management is one of the most important corporate management skills. All employers whether public or private, for-profit, want sufficient working capital, regardless of the length or type of business. Efficient working capital management is essential for maintaining the survival, liquidity, solvency, and profitability of the company. Considering the importance of Working capital management as a dicey place for corporate finance, established by the top FMCG agency (named Hindustan Unilever Limited), mainly within the FMCG zone of India. Attempts have been made to observe the characteristics and practices of current working capital. This study is mainly based on secondary information. Ultimately, it turns out that an institution with good working capital will further increase profitability, turn shareholders into additional dividends and capital increase, and maximize shareholders' value in the long run.

Index Terms **- Working Capital, Working Capital Management (WAM), Liquidity, Profitability, Solvency, Shareholders' Value.**

I. INTRODUCTION

1.1 Concept

All working capital surveys usually indicate that working capital should be managed efficiently to increase profitability and that maximum working capital should be advocated to secure actual working capital within the organization. All research on this subject concludes that working capital shortages must be avoided in case an organization needs a better rate of return. Negative working capital carries the risk of bankruptcy, but it doesn't always last forever. When employers have great pictures about the market and are a real family with lenders, they can also enjoy terrible working capital. Therefore, the question arises whether aggressive working capital is right for the organization or is it now? If an employer consistently generates income with negative working capital, it's a sign of leadership performance. Potential Employers of Sustainable Economic Catastrophe? With these perspectives in mind, this research article describes the conceptual history of terrible working capital and how it affects a company's profitability.

The study says that out of the whole BSE two hundred groups, 23 have poor working capital — their modern liabilities or payables are better than modern property or receivables. This basically means the groups do now no longer ought to set up their personal capital or borrow from banks to perform their recurring enterprise activities. It is definitely superb to poor working capital due to the fact this entitles groups to earn particularly higher returns on capital and equity. This additionally suggests the operational performance of a company. But simply this will now no longer be enough. The group also needs to have the right basics. Such groups are preferred with the help of traders because they reward shareholders with particularly high rewards. The average return on investment of the BSE-200 group and the shareholder budget of so many people is about 20 cents, much less than the 3,235 cents earned from the group with less working capital. More importantly, the top 10 groups with less working capital have a dividend payout rate of 62 cents, which is much higher than the regular 26 cents for the BSE-200 group.

Studying negative working capital is essential to discovering a company's performance that complements its profitability. Negative working capital is mostly generated by pure business-based coins. The inventory is minimized through the use of environmentally friendly assets and sound inventory control, and the general effect is a reduction in cutting-edge percentages. Conversely, higher agreements and negotiations between lenders and providers allow them to increase their particularly liberal credit score, which adds to the range of cutting-edge debt. At the same time, liquidity is also significant in terms of short-term solvency and is no longer available if current capital is scarce. Negative working capital is the opposite of everyday working capital. Ultra-modern ownership is declining compared to ultra-modern debt. A lack of working capital is a sign of the leadership performance of a trading company with low inventories and accounts receivable. This is due to the fact that buyers pay faster, so is quick and trading companies

are enjoying coin trading. Goods are added and offered to buyers faster than the company pays the supplier or lender. Negative working capital usually does not indicate a dire economic situation. It suggests that the maximum number of daily sports is funded by customers, not the company's own working capital. An example today is a movie theater. Customers pay first, and sales reps usually pay later. School / institution prices are paid early each year by the scholarship owner, but the university receives income one month later. When employers use the creditworthiness of their suppliers and the development of their customers to meet their day-to-day needs, their working capital status deteriorates or deteriorates. Banks, economic institutions, vendors, coin dealers, trading companies, or evolving fee arrangements have insufficient executive capital. Usually we look at current capital, but usually refers to everyday or profitable current capital (additional or ultra-modern property to ultra-modern debt). However, there are certain conditions when working capital is in poor condition (above the average debt to state-of-the-art property). In this situation, how can a company manage liquidity with a lack of working capital? Fastmoving Consumer Goods companies Nestle India Limited and Hindustan Unilever Limited are used as examples to investigate the current capital shortage and its impact on corporate profitability and income. After all, companies with poor working capital have been more profitable, shareholders have additional dividends and capital gains, and it has been established for miles to maximize shareholder costs in the long run.

1.2 Reasons for working capital shortages in companies

In today's business world, the notion of working capital shortages is common for the following reasons:

- Suggests a company's performance. In this way, the company does its day-to-day work in an environmentally friendly way, with no or no use or lower of modern belongings. After all, it reduces the value of working capital and most of the interests of shareholders. That is the remaining purpose of cash management.

- The concept of negative working capital is important for studying the liquidity function of a company. What would a company's liquidity function be roughly if modern assets were reduced as modern liabilities? How do they fulfill their modern responsibilities in a short period of time? Traditionally, the liquidity ratio is the liquidity size of a company with the correct 2: 1 spread. Negative liquid capital indicates a low current capital value (other methods are more profitable), but at the same time, terrible liquidity (not always accurate, especially in all situations).

- Another major impact of labor capital shortages is cash collection or situational awareness. Negative working capital indicates a simple recognition of coin resources (converting borrowers into coins) or it might be said that the current capital cycle is short (one day or perhaps much less). At the same time, the contractor's compensation for fees to creditors should take longer. It proposes a wide range of versions within the credibility of providers and customers. To analyze, explain, and identify most of these situations, it is important to look at the working capital shortage and its liquidity, profitability impact, and normal impact on shareholder cost trends in the current scenario.

II. REVIEW OF LITERATURE

Ghosh and Maji (2003) attempted to investigate the working capital management efficiency of the Indian Cement Industry from 1993 to 2002. By using regression analysis and industry standard as the objective skill level for individual companies, one company sought to reach the effectiveness of the speed target level during the study period.

Dr. Bhayani (2004) conducted a survey of working capital and the profitability of the cement industry, showing that the profitability of is greatly influenced by the relationship between working capital and asset management and profitability by the Indian industry.

Elijelly (2004) in their research in Emerging Markets mentions that it is empirical to analyse the correlation between profitability and liquidity in a sample of equity companies in Saudi Arabia. According to the survey when tested at the current ratio, there is a significant negative correlation between the company's profitability and liquidity position.

Singh and Pandey (2008) found that the winning function of in any business organization depends on the optimal level of fixed capital and working capital, and management of working capital is important because it directly affects profitability and liquidity. They found that there was a significant impact of working capital management on Hindalco Industries Limited's profitability.

Sherin (2010) wrote her research paper "Liquidity vs. Companies need to balance liquidity and profitability while doing their day-to-day operations". An ongoing interest in resources is inevitable to ensure the transfer of goods or controls to end customers. Legal management equivalent to can have an ideal impact on either the profitability or liquidity of the company.

Priya and Nimalathasan (2013) surveyed the association choose between liquidity management and profitability. Using data of Sri Lankan companies ranging to 5 years from 2008 to 2012 based on statistical tools, research has shown that has a negative relative correlation between liquidity management and profitability.

Narware (2004) investigated National Fertilizer Ltd. 1991 2001 to understand the impact of the working capital on the profitability of a company. The results show that there are both positive and negative associations between working capital and profitability variables. The author also found that the company's working capital management had little impact on the profitability of the company. This was not significant at the 0.05% significance level, but was significant at the 0.50 % significance level.

Toby (2008) gave different results based on a survey conducted at a Nigerian manufacturing company in 1990/2002. The study showed that a 1% increase in liquidity also significantly improved the profitability of the company. It was concluded that the liquidity index had a statistically positive and significant effect on profitability.

Anandasayanam (2011) surveyed 80 listed companies in Sri Lanka from 2003 to 2009, and refuted previous results. The results of this study are based on panel data analysis and include variables such as growth, company size, and debt ratio as control variables. The results showed that working capital management had a significant negative impact on the company's profitability. In addition, the study found that the impact of other variables such as growth, size, and financial structure should not be ignored. Author suggested that companies should minimize conversion periods in order to maximize profits.

Bamal et al. (2013) conducted a comparative analysis of the Indian chemical and pharmaceutical industry from 2002 to 2011 to understand the relationship between working capital management and profitability. The results show that the working capital management variable has a stronger positive association with the profitability variable of the chemical industry than the pharmaceutical industry.

III. AIMS AND OBJECTIVES

In the broadest sense, the purpose of this study is to analyse the liquidity position of Indian FMCG companies. The targets of the paper are:
• Analyse liquidity position
• Impact of working capital on profitability of selected FMCG industry companies.

IV. RESEARCH METHODOLOGY

4.1Hypothesis of the Study

- H_{01}: There is no significant effect of acid test ratio (ATR) on return on\ investment (ROA).
- H_{11}: Acid test ratio (ATR) has a significant impact on return on investment (ROA).
- H_{02}: The ratio of current assets to total assets (CTTR) does not significantly affect the rate of return on investment (ROA).
- H_{12}: The ratio of Current Assets to Total Assets (CTTR) has a significant impact on the Return on Asset (ROA).
- H_{03}: Current Asset to Sales Ratio (CTSR) does not have a significant impact on ROA.
- H_{13}: The ratio of current assets to sales (CTSR) has a significant impact on the return on investment (ROA).
- H_{04}: The current key figure (CR) does not significantly affect the return on investment (ROA).
- H_{14}: Current key figures (CR) have a significant impact on return on investment (ROA).

4.1Research Methods:

• **Data Collection:** This study analyses the financial data of five FMCG companies listed on BSE India: Hindustan Unilever Limited (HUL), ITC Ltd. and Marico Ltd., Nestle India Ltd. And Tata Coffee Limited. Corporate financial data is collected from the PROWESS software in CMIE database, which has been relocated, classified, and tabulated according to the requirements of the study for 15 years from FY 2000-01 to FY 2013-14. In addition, browses Indian economic surveys of various years, research publications, various books, magazines, newspapers, related websites, Bombay Stock Exchange (BSE) publications, and India National Securities Exchange (NSE).

• **Technique Applied:** The choice of the techniques implemented is primarily based totally at the sort of facts and their size scale. Here, the economic data has been amassed from five organizations for 15 years. The data kind is, therefore, each cross-sectional and time collection and is measured on a ratio scale. To check the speculation of the study, the subsequent strategies/equipment had been implemented to the chosen variables.

#Objective 1:
- Descriptive statistical tool: Mean, Standard Deviation (Overall, among and within), and Minimum & Maximum values.

#Objective 2:
- Panel Data Regression: Pooled OLS Model, Fixed Effect Model, and Random Effect Model
- To check the Model Fit: Hausman Test and Restricted F-check.
- Test for regression assumptions: Unit Root Test, Durbin Watson Test, and Jarque Bera Test.

• **Variables**: This study aims to analyse the impact of working capital management on profitability. In, one dependent variable, four independent variables, and three control variables are selected. The choice of variables is influenced by the researcher's conceptual knowledge and the literature discussed above. The selected variables are shown.

Table 1 Variables Selected for the Study

Categories	Variables	Formula
Dependent Variable	Return on Assets (ROA)	(Profit after Tax/ Total assets)
Independent Variables	Acid test Ratio or Quick Ratio (ATR)	Quick Assets/ Current Liabilities
	Current Assets to Total Assets Ratio (CTTR)	Current Assets/ Total Assets
	Current Assets to Sales Ratio (CTSR)	Current Assets/ Sales Ratio
	Current Ratio (CR)	Current Assets/ Current Liabilities
Control Variables	Debt Equity Ratio (DER)	Debt/ Shareholders' funds
	Growth	(Salest– Salest-1) / Salest-1
	Size	Log (Sales)

IV. RESULTS AND DISCUSSION

4.1 Analysis

Table 2, "Descriptive Statistics: Working Capital Management Variables", measures the position of working capital and profitability of selected companies. This table uses descriptive statistical techniques: mean, standard deviation (total, interval, and within range), minimum, and maximum to find the financial ratio. This table provides an overview of working capital management for the surveyed company.

Table 2 Descriptive Statistics: Working Capital Management Variables

| Variable		Mean	Std. Dev.	Min.	Max.	Observation
ATR	Overall	0.31	0.15	0.06	0.71	75
	Between		0.07	0.19	0.36	5
	Within		0.14	0.08	0.66	15
CTTR	Overall	0.34	0.09	0.17	0.58	75
	Between		0.06	0.28	0.43	5
	Within		0.07	0.2	0.54	15
CTSR	Overall	0.25	0.13	0.11	0.67	75
	Between		0.13	0.14	0.48	5
	Within		0.04	0.15	0.45	15
CR	Overall	0.87	0.32	0.41	1.67	75
	Between		0.26	0.53	1.11	5
	Within		0.22	0.33	1.45	15
ROA	Overall	19.33	7.69	2.8	34.87	75
	Between		7.14	8.19	25.94	5
	Within		4.22	6.79	30.55	15
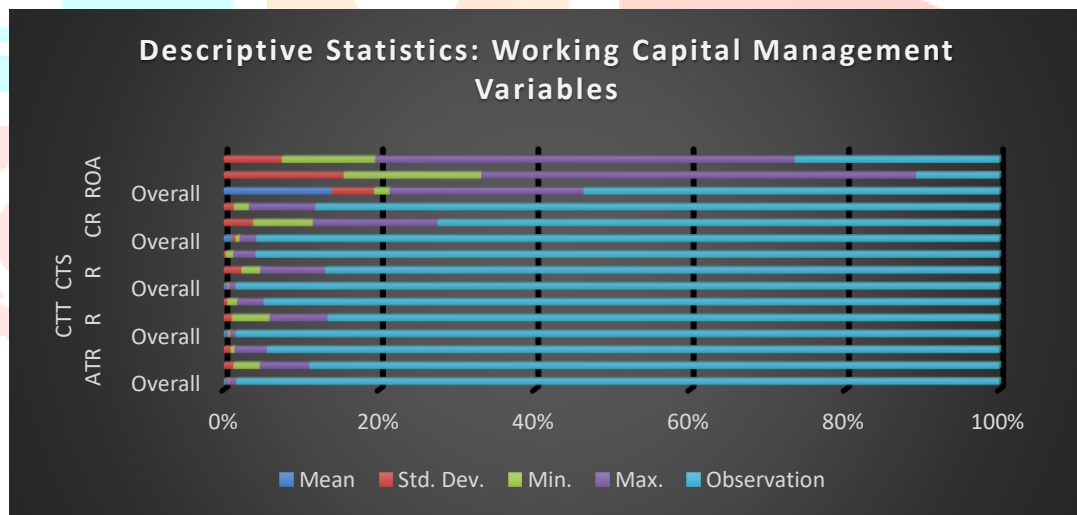
Figure 1 Descriptive Statistics: Working Capital Management Variables

According to the above table, we have:

Acid Test Ratio: The overall average acid test ratio is 0.31, with minimum and maximum values of 0.06 and 0.71. This indicates that the company maintains a low level of current assets in its business, as the quick ratio is well below the usual rule of thumb of 1: 1. In addition, the total standard deviation is 0.15. The table shows that companies have more time-varying variability (0.14) than cross-sectional variability (0.07). This means that the liquidity position of a company changes over time.

Current Assets to Total Assets: The overall average ratio of current assets to sales is 0.34, with minimum and maximum values of 0.17 and 0.58. This means that much of the company's resources are invested in fixed assets rather than liquid assets. In addition, the total standard deviation is 0.09. The results show that companies show more time-to-period variability (0.07) than cross-sectional variability (0.06). This indicates that the company's liquidity position will fluctuate further over time.

Ratio of current assets to sales: The total average ratio of current assets to sales is 0.25, with minimum and maximum values of 0.11 and 0.67. This shows that current assets are being used efficiently to generate sales. Furthermore, according to the analysis, the overall standard deviation is 0.13, and the cross-sectional variation of the enterprise is larger than the variation over time (0.04) (0.13). This shows that the liquidity of a company varies from company to company.

Current ratio: The overall average of the current ratio is 0.87, with minimum and maximum values of 0.41 and 1.67. This means that the company has low working capital because the working ratio is well below the preferred level of 2: 1. In addition, the total standard deviation is 0.32. Both companies show cross-sectional variation (0.26) rather than period variation (0.22). This means that the liquidity situation of a company varies greatly from company to company.

Return on total assets: The overall average return on assets is 19.33, with minimum and maximum values of 2.80 and 34.87. This shows the efficiency of leveraging total assets to generate profits. The results show that companies can generate up to 34.87 percent of their total assets. Also, the overall standard deviation is 7.69. Companies are showing more cross-sectional variation (7.14) than period variation (4.22). This means that the profit situation of the company fluctuates greatly depending on the company.

The results show that the company's overall working capital position and profitability are inadequate. Companies have less working capital in their businesses, and on the contrary, their profits are not good.

4.2 Panel Data Regression

In order to test the hypothesis, the financial data collected is arranged and classified as panel data series on which panel data regression is applied. The models formulated for the panel data regression are as follows:
- Model 1: $ROA_{it} = \beta_{1i} + \beta_2 ATR_{it} + \beta_3 DER_{it} + \beta_4 Growth_{it} + B_5 Size_{it} + u_{it}$ --------------- (I)
- Model 2: $ROA_{it} = \beta_{1i} + \beta_2 CTTR_{it} + \beta_3 DER_{it} + \beta_4 Growth_{it} + B_5 Size_{it} + u_{it}$ ------------(II)
- Model 3: $ROA_{it} = \beta_{1i} + \beta_2 CTSR_{it} + \beta_3 DER_{it} + \beta_4 Growth_{it} + B_5 Size_{it} + u_{it}$ -------------(III)
- Model 4: $ROA_{it} = \beta_{1i} + \beta_2 CR_{it} + \beta_3 DER_{it} + \beta_4 Growth_{it} + B_5 Size_{it} + u_{it}$ ---------------- (IV)

Where
✓ i is the individual, which is the company,
✓ t is the time period,
✓ β1 is the intercept,
✓ β2, β3 and β4 are the slope coefficients and it is the error term of the company, I at time t.

There are 75 observations on which the regression analysis will run. Prior to this, the best regression model fit for the study is to be determined out of the available options, namely, Pooled OLS Model, Fixed Effect Model, and Random Effect Model.

4.3 Checking the Model Fit

Before analysing the results of the regression analysis, it is best to choose the best model that fits the dependent variable ROA. For this purpose, the R^2 value (test of the variability of the result by the predictor) and the Durbin Watson test value (test of autocorrelation) are checked. For further clarity, this uses two corresponding tests. The Hausman test and the restricted F test are used. We used the Hausman test to validate between the random impact model and the fixed impact model. Limited tests are used to determine between pooled OLS and fixed impact models. The results of the available models are shown below;

Table 3 Results of Regression Models with Dependent Variable, Return on Asset (ROA) and Independent Variable, Acid Test Ratio (ATR)

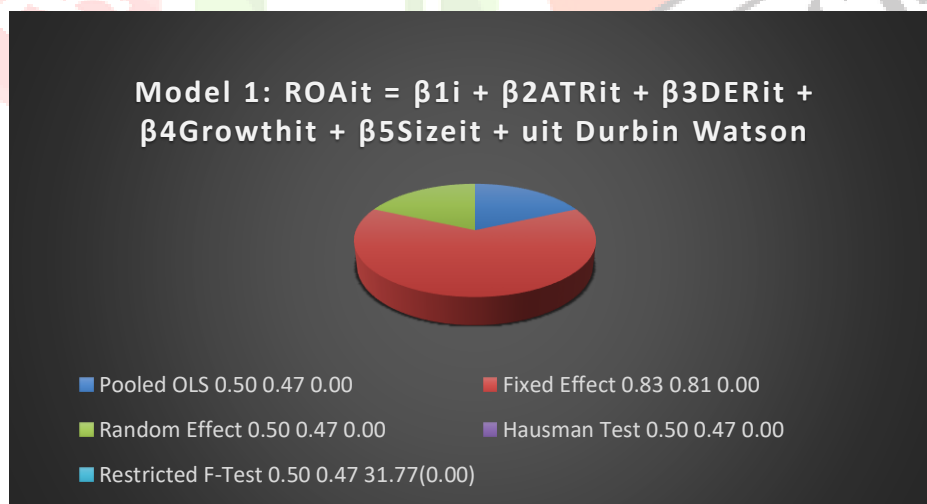| Model 1: $ROA_{it} = \beta_{1i} + \beta_2 ATR_{it} + \beta_3 DER_{it} + \beta_4 Growth_{it} + \beta_5 Size_{it} + u_{it}$				
Model	**R-squared**	**Adjusted R-squared**	**Probability (F-Statistics)**	**Durbin Watson**
Pooled OLS	0.50	0.47	0.00	0.34
Fixed Effect	0.83	0.81	0.00	1.18
Random Effect	0.50	0.47	0.00	0.34
Hausman Test			0.00	
Restricted F-Test			31.77(0.00)	

Figure 2 Results of Regression Models with Dependent Variable, Return on Asset (ROA) and Independent Variable, Acid Test Ratio (ATR)

When comparing the results of the three models of the independent variable ATR (pooled OLS, fixed impact, random impact) in the table above, all models are Very significant (p-value 0.00), the R2 value (0.83) of the fixed effects model has increased, and the d-value of the Durbin-Watson test (1.18) has increased. This indicates that the other two models (pooled OLS and random impact model) are not specified correctly.

Table 4: Results of Regression Models with Dependent Variable, Return on Asset (ROA) and Independent Variable, Current Assets to Total Assets Ratio (CTTR)

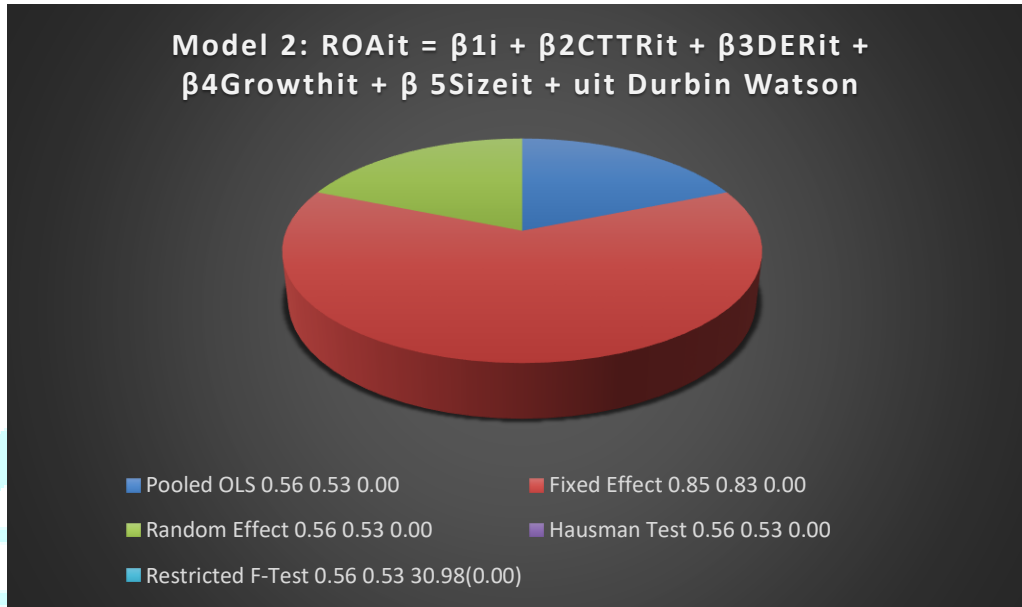| Model 2: $ROA_{it} = \beta 1i + \beta 2CTTR_{it} + \beta 3DER_{it} + \beta 4Growth_{it} + \beta 5Size_{it} + u_{it}$				
Model	**R-squared**	**Adjusted R-squared**	**Probability (F-Statistics)**	**Durbin Watson**
Pooled OLS	0.56	0.53	0.00	0.36
Fixed Effect	0.85	0.83	0.00	1.19
Random Effect	0.56	0.53	0.00	0.36
Hausman Test			0.00	
Restricted F-Test			30.98(0.00)	

Figure 3 Results of Regression Models with Dependent Variable, Return on Asset (ROA) and Independent Variable, Current Assets to Total Assets Ratio (CTTR)

Comparing the results of the three models of independent variable CTTR (pooled OLS, fixed effects, and random effects) in the table above, all models are very significant (p-value 0.00). However, the R2 value (0.85) of the fixed effects model has increased, and the d value (1.19) of the Durbin-Watson test has increased. It is recommended that the other two models (pooled OLS and random effects model) be incorrectly specified.

Table 5 Results of Regression Models with Dependent Variable, Return on Asset (ROA) and Independent Variable, Current Assets to Sales Ratio (CTSR)

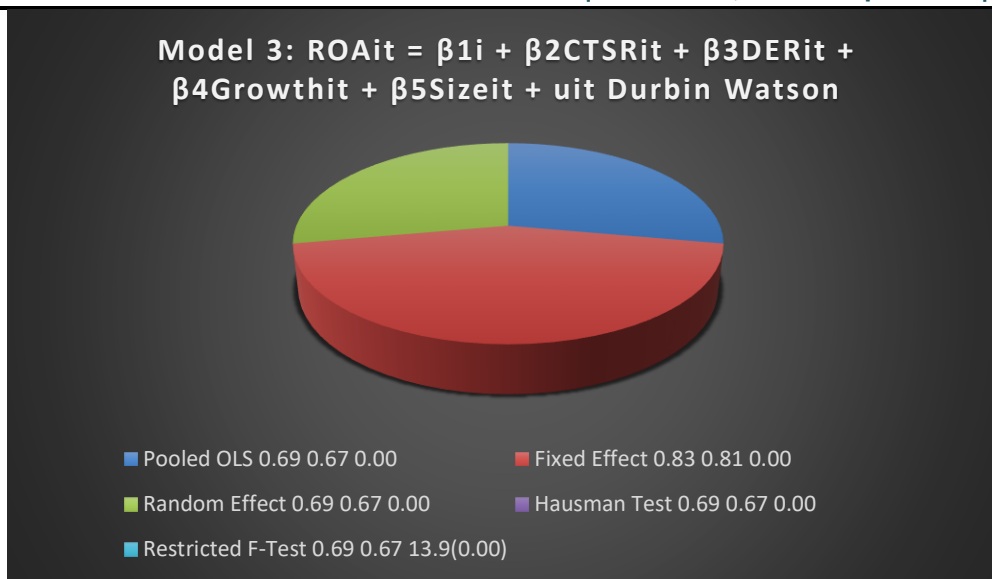| Model 3: $ROA_{it} = \beta 1i + \beta 2CTSR_{it} + \beta 3DER_{it} + \beta 4Growth_{it} + \beta 5Size_{it} + u_{it}$				
Model	**R-squared**	**Adjusted R-squared**	**Probability (F-Statistics)**	**Durbin Watson**
Pooled OLS	0.69	0.67	0.00	0.76
Fixed Effect	0.83	0.81	0.00	1.21
Random Effect	0.69	0.67	0.00	0.76
Hausman Test			0.00	
Restricted F-Test			13.9(0.00)	

Figure 4 Results of Regression Models with Dependent Variable, Return on Asset (ROA) and Independent Variable, Current Assets to Sales Ratio (CTSR)

Three models of independent variable CTSR (pooled) in the table above. Comparison of the results of OLS, fixed effects, random effects), the R2 value (0.83) of the fixed effects model increased, even though all models were very significant (p-value 0.00), and the Durbin-Watson test d value (1.21) You can see that the d value is high. This indicates that the other two models (pooled OLS and random effects model) are not specified correctly.

Table 6: Results of Regression Models with Dependent Variable, Return on Asset (ROA) and Independent Variable, Current Ratio (CR)

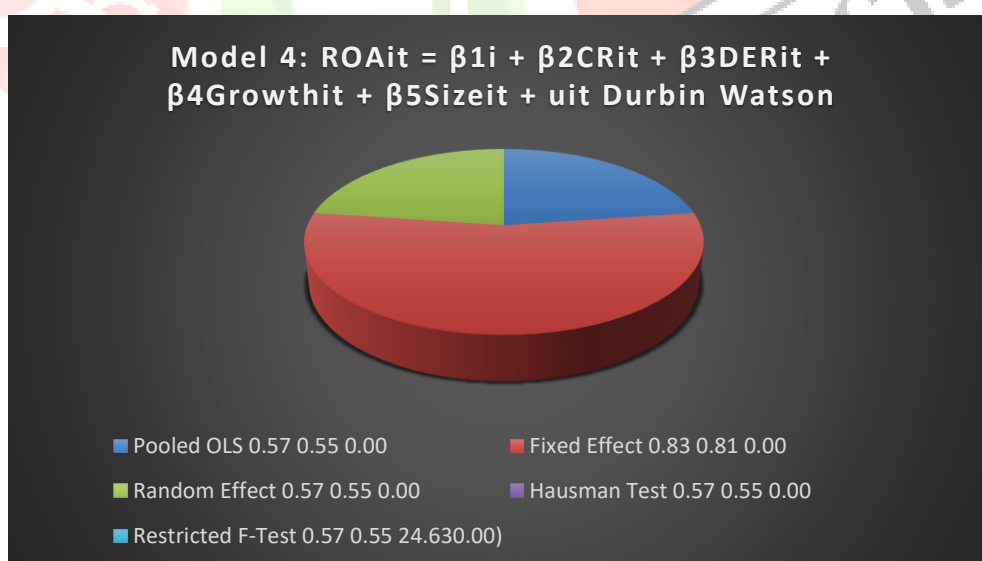| Model 4: ROAit = β1i + β2CRit + β3DERit + β4Growthit + β5Sizeit + uit				
Model	**R-squared**	**Adjusted R-squared**	**Probability (F-Statistics)**	**Durbin Watson**
Pooled OLS	0.57	0.55	0.00	0.49
Fixed Effect	0.83	0.81	0.00	1.17
Random Effect	0.57	0.55	0.00	0.49
Hausman Test			0.00	
Restricted F-Test			24.630.00)	

Figure 5: Results of Regression Models with Dependent Variable, Return on Asset (ROA) and Independent Variable, Current Ratio (CR)

Comparing the results of the three models of independent variable CR in the table above (pooled OLS, fixed effects, random effects), the R2 value, even though all models are very significant (p-value 0.00). (0.83) It increased in the fixed effects model, and the d value (1.17) of the Durbin-Watson test was high. This indicates that the other two models (pooled OLS and random effects model) are not specified correctly. Finally, we will further examine it using the fixed-effect and random-effects Houseman tests. This test shows the best model for analysis. In this study, the P-value for the Hausmann test in the test is less than 0.05 for all four models. This means that the null hypothesis (random effects are appropriate) is not accepted and the fixed effects model is

appropriate. The restricted F-test, on the other hand, shows the suitability of the OLS model compared to the fixed effects model. The F-number is very important in this study. H. Less than 0.05. This indicates that the restricted regression (OLS) model is invalid.

4.4 Checking the Assumptions of the Relevant Regression

In regression analysis, there are some assumptions that can affect the direction and extent of the relationship between selected working capital and profitability variables. Multicollinearity, series correlation, transient, anomalous data, and correlation of error terms with dependent and independent variables can lead to erroneous regression results. Before testing the hypothesis, it is necessary to meet the relevant assumptions of in the panel data regression. In all managed models, Durbin Watson is close to 2 and shows no series correlation. The model residuals were found to be stationary and normal after using the ADF or Jarque Bera test. In addition, there was no correlation between the residuals and the dependent and independent variables, and there was no multicollinearity between the independent variables. Therefore, all necessary assumptions are met.

4.5 Results of Regression

As shown in Table 4 entitled "Results of Panel Data Regression (Fixed Effects Model)", the values of R-squared and Adjusted R-square mean that the model describes more than 80% of the variation in the dependent variable increase. This table is positive only for CTTR (R2= 0.83 and p-value 0.00744582 i.e. p > 0.05) and CR (R2 = 0.83 and p-value 0.81594582, i.e. p> 0.05), but is not important. ROA and CTSR association (R2 = 0.83 and p-value 0.4582). That is, p> 0.05) has a slightly negative relationship. This table shows that the biggest impact on profitability is explained by the control variable, Viz-a-viz. the, company growth and scale.

Table 7: Results of Panel Data Regression (Fixed Effect Model)

| Independent Variable	Slope co-efficient	P-value	R-squared	Adjusted R-Squared	Result
ATR	0.68	0.8296	0.83	0.83	Positive Not Significant
DER	-7.43	0.0001			
Growth	9.97	0.0007			
Size	4.85	0.0096			
CTTR	17.37	0.0074	0.85	0.83	Positive Significant
DER	-5.93	0.0007			
Growth	7.62	0.0079			
Size	5.53	0.0017			
CTSR	-7.3	0.4582	0.83	0.81	Negative Not Significant
DER	-7.28	0.0001			
Growth	9.62	0.0012			
Size	5.43	0.0053			
CR	0.48	0.8159	0.83	0.81	Positive Not Significant
DER	-7.38	0.0002			
Growth	9.92	0.0008			
Size	4.95	0.0068			
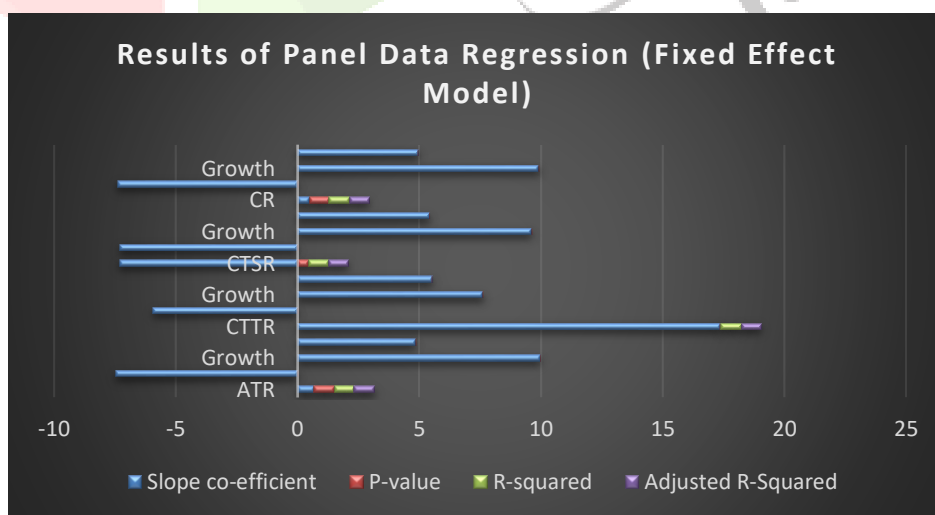
Figure 6: Results of Panel Data Regression (Fixed Effect Model)

V. CONCLUSION

In this study, we examined the determinants of working capital in companies in the FMCG industry in India. To conduct the survey, six key variables were identified namely: company size, sales growth, profitability, leverage, investment cycle, GDP growth, and potential to the working capital ratio of the companies surveyed were used to investigate the impact. The tests reveal that all descriptive independent variables except GDP growth are steady at a level that indicates that the data for these variables have no unit-roots. It is shown in the survey's descriptive parameters indicate that the working capital of the surveyed companies exceeds short-term debt. However, the 70% leverage ratio is too high. This is due to the increasing use of long-term debt and

long-term loans. In addition, correlation analysis shows that there is a very high degree of positive correlation between the operating cycle and the working capital ratio. This also applies to the argument that the longer the business period, the greater the need for working capital to keep the company running smoothly. Variable regression analysis tracks the size and leverage of a company and creates a negative relationship with the working capital needs of FMCG companies. This means that large, highly leveraged companies require less working capital. However, it was found that the profitability of a company and the working cycle have a positive correlation with the working capital ratio of the company, and the longer the driving cycle with a highly profitable company, the more the working capital need for the smooth operation of the surveyed object. The presumption that it will be more necessary is proved. Finally, the study finds that enterprise size, leverage, profitability, and operational cycles are the most important factors in explaining the working capital needs of Indian FMCG enterprises. The main limitation of this study is that it focuses on only one business unit. In the FMCG sector, and economically, India is in focus. Research can be improved by using multiple economic and business units for more comprehensive results. For future research, researchers should develop a more powerful model by including several other macroeconomic variables such as the financial stability of the economy, foreign direct investment, and the threat of terrorism over a longer period. can. However, the results of this study help business and finance managers forecast and shape working capital by estimating the impact of these factors on the daily financial needs of companies. Scientists working on this topic can get ideas about the current situation in the field of corporate finance.

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