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**LIQUIDITY MANAGEMENT: A CASE STUDY OF THE
SELECTED COMPANIES IN THE INDIAN FMCG
INDUSTRY USING MOTAAL'S TEST**

Dr. Deep Banerjee

Assistant Professor of Commerce

Goenka College of Commerce and Business Administration,
Kolkata, India

E-mail: [drdeepbanerjee@ gmail.com](mailto:drdeepbanerjee@gmail.com)

Abstract: In this challenging world economic scenario, the management of a company has to play a vital role in managing its finances. Keeping these changes in the business environment of FMCG companies operating in India as a backdrop, the present study makes an attempt to analyze the Liquidity status of the selected companies in Indian FMCG industry using ratio analysis and Motaal's Test.

Key words – Liquidity, FMCG, Motaal's Test.

I. Introduction

FMCG refers to the Fast Moving Consumer Goods, supplied in the retail market in accordance with the demand of consumers to meet up their basic necessities of life. India has always been a country with a big chunk of world population, be it the 1950's or at the twenty first century. In that sense, the FMCG market potential has always been very big in India. However, from the 1950's to the 80's investments in the FMCG

industry was very limited due to low purchasing power and the government's priority of the small-scale sector. Hindustan Lever Limited (HLL) was probably the only MNC Company that stuck around and had its manufacturing base in India but later on government's relaxation of norms encouraged more companies to enter the market and to go out for economies of scale in order to make FMCG products more affordable. By the turn of 20th century, Indian FMCG industries have changed significantly with the liberalization and growth of economy. Now, these FMCG companies operate in a highly competitive and fast-changing environment. In order to stay ahead, they need to regularly renew their product portfolio to suit the ever changing needs and preferences of their customers. . In this challenging world economic scenario, the management of the company has to play a vital role in managing its finances. Keeping these changes in the business environment of FMCG companies operating in India as a backdrop, the present study makes an attempt to analyze the Liquidity Management in MNCs in Indian FMCG industry during the post-liberalization era.

II. Objectives of the Study

The present study has the following objectives:

1. To analyse the liquidity of the selected companies under study using some selected ratios.
2. To analyse the nature of trend in the liquidity indicators of the selected companies under study.
3. To assess the liquidity status of the selected company more precisely applying Motaal's Test.

III. Methodology of the Study

The study is based on fifteen companies which were selected from the top twenty companies in Indian FMCG industry belonging to “BT 500 India’s Most Valuable companies” (based on market capitalisation) published by the Business Today (<http://bt500.businessstoday.in>) in the year 2023. While making this selection purposive sampling procedure was adopted. The data for the period 2008-09 to 2022-23 used in the present study were collected from secondary sources, i.e. the Capitaline Corporate Database published by Capital Market Publishers (I) Ltd., Mumbai. Other secondary sources used in this study were CMIE reports, Books, magazines, journals, newspapers, published annual reports of the selected companies, research reports and internet sites. At the time of analysing the data simple mathematical tools like average, ratio, percentage etc., statistical tools like measures of central tendency, measures of dispersion etc, were used at appropriate places.

IV. Empirical results

Current Ratio (CR): It is a very popular measure of judging the ability of a firm to pay off their short term obligations from their current asset. It depicts the relationship between the current assets and current liabilities. A higher CR in a company implies that it possesses more than adequate current assets to pay its current liabilities and vice-versa. In other words, it can be said that higher CR represents better liquidity and a lower CR represents inferior liquidity. Keeping in view the possibility that the value of current assets might shrink by

fifty percent, the rule of thumb about the CR has been set at 2:1. This rule, however, cannot by any means be taken as a general guide to the desirableness or otherwise of the CR of all types of businesses. Each firm has to develop its own standard or ideal ratio from past experience and this only can be taken as a norm (Sur, 1997). Table 1 depicted that the CR in Britannia showed an increasing trend during the first nine years of the study, whereas it demonstrated a declining trend in the remaining years of the study. The minimum CR of the company was 0.66 in the year 2019-20 and the maximum CR was 1.24 in the year 2010-2011. The average CR for the period was 0.93 and its C.S. was 5.07. The CR in Colgate registered a fluctuating trend during the period under study. It ranged between 0.81 in the year 2021-22 and 1.12 in the year 2018-19. The average CR in Colgate was 0.97 and the C.S. of CR was 8.89 during the period under study. In Dabur, a similar fluctuating trend in CR was observed throughout the study period. The highest CR was 1.73 in the year 2008-09 and lowest was 0.79 in the year 2010-11. On an average CR in Dabur was 1.06 and C.S. of CR was 3.97 during the period under study. The CR analysis of Glaxo showed an increasing trend in the initial years, had reached its maximum in 20011-12 (2.41), thereafter it fluctuated between 1.99 in the year 2017-18 and 2.07 in the year 2022-23. The average CR of Glaxo and its C.S. for the period were 1.69 and 4.20 respectively. The CR in Godfrey showed a fluctuating trend during the study period. It ranged between 1.19 (2013-14 and 2021-22) and 1.64 (2008-09 and 2017-18). On an average CR in Godfrey was 1.42 and the C.S. of CR was 12.07 during the period under study. The CR

analysis of Gujarat showed a fluctuating trend throughout the period under study. However the fluctuations were mild and ranged between 1.09 (lowest in the year 2019-20) and 1.03 (highest in the year 2022-23). The mean of the ratio was 1.19 and its C.S. was 20.23 20 during the period under study. The CR in HUL showed a decreasing trend from the year 2010-11 (0.94) to 2014-15 (0.71) and thereafter in the next four years it showed an increasing trend followed by a fluctuating trend thereon. The mean of CR in HUL was 0.85 and the C.S. of CR was 9.95 during the period under study. In ITC, a similar increasing and decreasing trend can be observed throughout the period under study. During the period CR in ITC ranged between 0.95 (2017-18) and 1.40 (2015-16). The average CR in ITC was 1.17 and the C.S. of CR was 7.78 for the study period. The CR analysis of Marico showed an improving CR for the first three years but later it started to deteriorate and registered a lowest of 1.14 in the year 2014-15. Thereafter it improved for the next two years and registered a healthy CR of 1.44 in the year 2016-17. However it declined from the next year onwards but later improved and recorded a highest CR of 1.57 in the year 2022-23. On an average the CR in Marico was 1.43 and the C.S. of CR was 7.74 for the study period. In Mondelez, a fluctuating trend in CR was observed throughout the period under study. In the initial years it increased and registered the highest CR of 1.83 in the year 2010-11 but it dipped drastically and reached an all-time low of 0.62 in the year 2015-16. However it improved in the next few years before falling again to 1.03 in the year 2022-23. The average CR and C.S. of CR in Mondelez during the period under study

were 1.24 and 3.21 respectively. The CR in Nestle showed mild fluctuations during the period under study. The highest CR of 1.00 was registered in the year 2021-22, while the lowest CR of 0.57 was registered in the year 2018-19. On an average the CR in Nestle was 0.73 and the C.S. of CR was 5.51 during the period under study. In Nirma the CR analysis depicted an improving trend in the initial six years of the study period. It registered a maximum of 1.86 in the year 2013-14. However it declined from the next year onwards and reached an all-time low of 0.93 in the year 2021-22. The average CR and the C.S. of CR in Nirma for the period under study were 1.26 and 5.4 respectively. The CR in Ruchi showed a declining trend throughout the period under study. The CR was 1.32 in the year 2008-09 and it declined gradually and registered a lowest of 1.02 in the year 2020-21. During the study period the average CR in Ruchi was 1.10 and the C.S. of CR was 12.70. In Tata, a similar declining trend in CR was observed, but it was only for the first seven years of the study period. Thereafter it improved, and the highest CR of 2.54 was registered in the year 2008-09 (lowest was 0.52 in 2014-15). On an average the CR in Tata was 1.18 and the C.S. of CR was 2.42 for the period under study. The CR in Uflex showed a fluctuating trend throughout the period under study. It declined from the all-time high CR of 1.63 in the year 2009-10 and registered the lowest CR of 0.70 in the year 2012-13. Thereafter the CR fluctuated and improved slightly in the later period. The average CR in Uflex was 1.15 and the C.S. of CR was 4.43 during the study period. The mean CR of the selected FMCG

companies for the period 2008-09 to 2022-23 was 1.16 and its average C.S. for the same period was 7.57.

Quick Ratio (QR): It is a very stringent measure of liquidity because it eliminates the impact of inventory while measuring the short term debt paying capabilities of an organisation. The inventory here is given no consideration as it is a slow moving item and its conversion into cash can be time taking. Therefore it can be said that this ratio places more emphasis on immediate conversion of assets into cash than the current ratio. The conventional standard of QR is considered to be 1:1. It is evident from Table 2 that Britannia was not able to maintain the ideal standard of one is 1:1, only exception to it was in the year 2009-10 and 2008-09 where a healthy QR of 1.01 and 1.00 respectively was registered. The lowest QR was 0.34, which was registered in the year 2017-18. On an average the QR in Britannia was 0.57 and the C.S. of QR was 2.79 for the period under study. The QR in Colgate showed a fluctuating trend throughout the period under study. It ranged between 0.95 (2008-09) and 0.50 (2021-22). The average QR and the C.S. of QR of Colgate was 0.16 and 4.65 respectively for the period under study. Similar fluctuating trend was noticed in Dabur. It seems that they have failed to maintain the standard QR of 1:1, except in the year 2009-10 (1.07) and 2008-09 (1.70). The lowest QR in Dabur was 0.46 in the year 2010-11. On an average the QR in Dabur was 0.73 and the C.S. of QR was 2.79 for the period under study. It has been found that Glaxo have maintained a healthy QR. Apart from the years 2014-15 and 2013-14 where QR was 0.71 and 0.92 respectively, the QR was always more than the conventional standard of 1:1. The

average QR in Glaxo and the C.S. of QR registered during the period under study was 1.38 and 4.10 respectively. The QR in Godfrey showed a decreasing trend in the initial 5 years and thereafter a fluctuating trend was observed. The highest QR of 0.91 was registered in the year 2008-09 and the lowest QR of 0.43 was registered in the year 2021-22. On an average the QR in Godfrey was 0.59 and the C.S. of QR was 4.20 for the period under study. The QR in Gujarat was above the conventional standard of 1:1 for the first 8 years during the period under study. The QR registered a record high of 6.88 in the year 2008-09. Although a lowest QR of 0.78 was registered in 2016-17, the company maintained a healthy QR for the rest of the period under study. The average QR in Gujarat and the C.S. of QR during the period was 2.41 and 1.42 respectively. It was interesting to see that both HUL and ITC were unable to keep their QR in tandem to the conventional standards. In both cases we found a fluctuating trend throughout the period under study. The QR in HUL ranged between 0.26 (2014-15) and 0.62 (2008-09), while in ITC the QR ranged between 0.89 (2008-09) and 0.45 (2016-17). The mean of QR and the C.S. of QR in HUL was 0.46 and 4.97 respectively, while the same in ITC was 0.15 and 4.38 respectively during the period under study. The QR in Marico showed a fluctuating trend throughout the period under study. The QR ranged between 1.29 (2015-16) and 0.57 (2018-19). The mean and the C.S. of QR in Marico was 0.93 and 3.31 respectively during the period under study. A similar fluctuating trend in QR was observed in Mondelez. It range between 1.64 (2010-11) and 0.21 (2014-15). The company was unable to maintain the conventional

standard of QR throughout the period except in the first three years. On an average the QR was 0.74 and the C.S. of QR was 1.82 during the study period. The QR in Nestle was much below the conventional standard throughout the period under study. It ranged between 0.23 in the year (2011-12) and 0.70 in the year (2021-22). The mean of QR and the C.S. of QR in Nestle was 0.35 and 3.01 respectively during the study period. It was interesting to find out that Nirma, Uflex had maintained their QR well above the conventional standard throughout the period under study. Ruchi had also maintained a healthy QR throughout except in the year 2015-16 (0.78) and 2021-22 (0.86). The highest QR and the lowest QR in Nirma were 5.10 (2012-13) and 1.75 (2018-19) respectively, while the mean of QR was 2.76 and the C.S. of QR was 2.77. The QR in Uflex ranged between 1.47 (2019-20) and 3.37 (2013-14). The mean of QR in Uflex was 2.14 and the C.S. of QR was 3.16. The highest QR (1.48) in Ruchi was registered in the year 2012-13 and the lowest QR (0.78) was registered in the year 2016-17. On an average the QR in Ruchi was 1.12 and the C.S. of QR was 6.22 during the study period. The QR in Tata showed a declining trend for the first 7 years and thereafter a fluctuating trend. The QR ranged between 0.43 (2022-23) and 1.19 (2018-19). During the study period the mean of QR in Tata and the C.S. of QR were 0.77 and 2.81 respectively. The Average QR of the selected FMCG companies for the period 2008-09 to 2022-23 was 1.09 and its average C.S. for the same period was 3.51.

Inventory to Current Assets Ratio (ICAR): This ratio reflects the inventory policy pursued by a company. It is a well-known

fact that stock is the slowest moving component of the current assets. Therefore it can be said that lower the value of ICAR, better is the liquidity position of a company and vice versa. Table 3 depicts that the ICAR in Britannia showed an increasing trend in the first six years of the study period, thereafter a fluctuating trend was noticed. The ratio ranged between 0.31 (2008-09) and 0.67 (2017-18) with a mean of 0.48 and C.S. of 4.33 during the period under study. In Colgate the ICAR showed a fluctuating trend throughout the period under study. The highest ICAR of 0.38 was registered in the year 2022-23 and the lowest ICAR of 0.15 was observed in the year 2009-10. On an average the ICAR in Colgate was 0.25 and C.S. of ICAR was 3.31 during the period under study. The ICAR in Dabur initially showed an increasing trend for the first four years and then a declining trend for the next five years. However post 2016-17 a fluctuating trend was observed. During the study period the ICAR ranged between 0.33 (2016-17) and 0.51 (2011-12). The mean of ICAR in Dabur and the C.S. of ICAR were 0.43 and 7.85 respectively. In Glaxo ICAR depicted a clear declining trend post 2009-2010. The highest ICAR of 0.52 was in the year 2014-15 and the lowest ICAR of 0.10 was registered in the year 2011-12. The average of ICAR in Glaxo and the C.S. of ICAR was 0.22 and 2.10 respectively for the period under study. In contrary to Glaxo we found a clear upward trend in ICAR of Godfrey during the last five years of the period under study. The ICAR ranged between 0.58 (2009-10) and 0.77 (2022-23). The mean and the C.S. of ICAR in Glaxo were 0.66 and 10.8 respectively during the period under study. The ICAR in Gujarat showed increasing

Trend in three different phases during the period under stud. The first phase started from 2008-09 (0.49) and continued till 2011-12(0.68). The second phase started on 2012-13 (0.49) and ended on 2015-16 (0.61) and the last phase started on 2015-16 (0.56) and continue till the ultimate year where the ICAR registered an all-time high of 0.75. During the same period the mean and the C.S. of ICAR in Gujarat were 0.63 and 7.02 respectively. The ICAR in HUL showed a fluctuating trend in the initial years followed by a declining trend in the last six years of the period under study. During this period ICAR ranged between 0.36 (2021-22 and 2008-09) and 0.60 (2014-15). The average ICAR in HUL was 0.44 and the C.S. of ICAR was 7.12 during the period under study. A fluctuating Trend was observed in ICAR of ITC during the period under study. The highest ICAR was 0.38 in the years 2014-15 and 2017-18 and lowest ICAR was 0.36 in the year 2010-11. On an average the ICAR of ITC was 0.50 and the C.S. of ICAR was 7.07. A similar fluctuating trend was also observed in Marico during the study period. The ICAR ranged between 0.37 in the year 2012-13 and 0.72 in the year 2018-19, while its average was 0.55 and the C.S. of ICAR was 5.32. The ICAR in Mondelez showed a decreasing trend in the first four years followed by an increasing trend in the next 4 years. The ICAR ranged between 0.25 (2010-11) and 0.66 (2014-15), its mean was 0.46 and the C.S. of ICAR was 3.68 during the period under study. The ICAR in Nestle, Nirma, Ruchi, Tata and uflex showed a fluctuating trend throughout the period under study. In Nestle it fluctuated between 0.44 (2020-21) and 0.66 (2019-20). Similarly in Nirma it ranged between 0.27 (2013-14) and 0.52

(2019-20 and 2020-21), that of Ruchi between 0.24 (2009-10) and 0.48 (2015-16), that of Tata between 0.24 (2015-16) and 0.79 (2022-23) and that of Uflex between 0.10 (2016-17) and 0.22 (2021-22). The mean value of ICAR of Nestle, Nirma, Ruchi, Tata, and Uflex were 0.58, 0.41, 0.33, 0.50 and 0.15 respectively. The C.S. values of ICAR of Nestle Nirma, Ruchi, Tata, and Uflex were 10.54, 5.47, 5.25, 3.11 and 4.41 respectively during the period under study.

Trade Receivable to Current Assets Ratio (TRCAR): It is another measure used in the analysis of liquidity of an organisation. The higher the TRCAR, the greater is the liquidity of an organisation. The TRCAR in Britannia showed a fluctuating trend throughout the period under study. It ranged between 0.60 (2012-13) and 0.17 (2011-12), with a mean value of 0.09 and C.S. of 3.40 during the study period. In Colgate there is a clear declining trend in TRCAR for the first five years i.e. from 2008-09 (0.21) to 2012-13 (0.02). Thereafter a fluctuating trend was observed. The highest TRCAR was 0.21 (2008-09) and the lowest TRCAR was 0.02 (2012-13, 2014-15, 2015-16). The average and C.S. of TRCAR in Colgate were 0.08 and 1.54 respectively during the period under study. In Dabur we noticed a fluctuating trend in TRCAR during the period under study. It ranged between 0.33 (2022-23) and 0.09 (2012-13), with a mean value and C.S. value of 0.1 and 3.23 respectively for the same period. The TRCAR in Glaxo showed a fluctuating trend throughout the period under study. It ranged between 0.02(2010-11) and 0.20 (2008-09), with a mean value and C.S. of 0.07 and 1.42 respectively during the study period. A similar fluctuating trend is observed in TRCAR in

Godfrey during the study period. The highest TRCAR of 0.13 was registered in the year 2022-23 and the lowest TRCAR of 0.01 was registered in the year 2010-11. On an average the TRCAR in Godfrey was 0.07 and C.S. of TRCAR was 1.79 during the period under study. The TRCAR in Gujarat ranged between 0.33 in the year 2009-10 and 0.12 in the year 2015-16. The average TRCAR in Gujarat and the C.S. of TRCAR for the period were 0.23 and 3.68 respectively. The highest and lowest values of TRCAR in HUL were 0.19 (2012-13) and 0.10 (2015-16) respectively. The mean and C.S. of the ratio for the study period were 0.13 and 5.98 respectively. TRCAR in ITC fluctuated between 0.06 (2009-10) and 0.15 (2020-21). The mean of the ratio and C.S. of the ratio for the period were 0.10 and 3.85 respectively. The ratio in Marico fluctuated between 0.09 (2014-15) and 0.21 (2008-09) during the period under study. On an average the TRCAR in Marico was 0.14 and the C.S. of TRCAR was 4.18 for the study period. The TRCAR in Mondelez was minimum (0.03) in the year 2010-12 and it was maximum (0.12) in the year 2010-11. The average and C.S. of the TRCAR of the company were 0.07 and 2.19 respectively during the period under study. The TRCAR in Nestle showed a fluctuating trend throughout the period under study. It ranged between 0.15 (2020-21, 2022-23) and 0.10 (2017-18, 2012-13). The average and C.S. of TRCAR in Nestle were 0.07 and 4.53 respectively during the study period. A similar fluctuating trend was observed in Nirma, Ruchi, Tata, and Uflex. In Nirma it fluctuated between 0.15 (2015-16) and 0.28 (2020-21), that of Ruchi between 0.23 (2015-16 and 2016-17) and 0.55 (2009-10 and 2022-23), that of Tata between 0.08

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(2015-16) and 0.19 (2009-10) and that of Uflex between 0.32 (2009-10) and 0.58(2021-22). The mean values of TRCAR in Nirma, Ruchi, Tata and Uflex were 0.21, 0.37, 0.14 and 0.46 respectively. The C.S. values of the ratio in Nirma, Ruchi, Tata, and Uflex were 5.25, 3.00, 3.84 and 4.29 respectively during the study period. The Average TRCAR of the selected FMCG companies for the period 2008-09 to 2022-23 was 0.16 and its average C.S. for the same period was 3.48. The analysis of mean TRCAR of the selected companies discloses that five companies namely Dabur, Gujarat, Nirma, Ruchi and Uflex maintained their TRCAR at a level above the industry average (0.16) during the study period, whereas the consistency in respect of TRCAR was higher in Gujarat, ITC, HUL, Marico, Nestle, Nirma, Tata and Uflex compared to the industry average (3.48) during the same period. It can be implied from the above analysis that the level of debtors maintained by Gujarat, Nirma and Uflex, fortified their liquidity position during the study period.

Liquidity Analysis through Motaal's Test: In Table 5 an attempt was made to ascertain the liquidity of the selected companies more precisely using Motaal's Test. While applying this test three liquidity ratios, namely working capital to current assets ratio (WCCA), inventory to current assets ratio (ICA) and quick assets to current assets ratio (QACA) were considered. In case of WCCA and QACA, a high value indicates relatively favourable liquidity position and ranking was done accordingly, whereas, in case of ICA, a low value implies relatively favourable liquidity position and ranking was done accordingly. Ultimate liquidity ranks were

determined on the basis of the sum of individual ranks by following the principle that the lower the sum of individual ranks, the more favourable is the liquidity position.

Table 5 shows that the liquidity of Britannia was the best in the year 2008-09 and it was followed by 2021-22, 2009-10, 2016-17, 2015-16, 2014-15, 2012-13, 2013-14, 2018-19, 2020-21, 2010-11, 2022-23, 2019-20, 2011-12 and 2017-18 respectively in that order. However, in respect of liquidity, the company stood on the same point in 2009-10 and 2021-22; 2015-16 and 2016-17; and also in 2010-11 and 2020-21. Similarly the liquidity of Colgate was the best in the year 2010-11 and it was followed by 2015-16, 2013-14, 2019-20, 2009-10, 2017-18, 2011-12, 2014-15, 2012-13, 2018-19, 2016-17, 2008-09, 2020-21, 2022-23 and 2021-22 respectively in that order. However, in respect of liquidity, the company stood on the same point in 2016-17 and 2018-19 and also in 2021-22 and 2022-23. The liquidity of Dabur was the best in the year 2016-17 and it was followed by 2015-16, 2008-09, 2014-15, 2009-10, 2013-14, 2020-21, 2012-13, 2018-19, 2017-18, 2019-20, 2021-22, 2022-23, 2010-11 and 2011-12 respectively in that order. The company stood on the same point in 2012-13 and 2020-21 and also in 2010-11 and 201-18. The liquidity of Glaxo was the best in the year 2011-12 and it was followed by 2010-11, 2022-23, 2012-13, 2021-22, 2013-14, 2020-21, 2019-20, 2017-18, 2016-17, 2018-19, 2015-16, 2008-09, 2009-10 and 2014-15 respectively in that order. However, in respect of liquidity, the company stood on the same point in 2012-13 and 2022-23 and also in 2017-18 and 2019-20. The liquidity of Godfrey was the best in the year 2009-10 and it was followed by 2014-15, 2013-14, 2008-09, 2010-11, 2017-18,

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2011-12, 2012-13, 2018-19, 2015-16, 2016-17, 2022-23, 2019-20, 2020-21 and 2021-22 respectively in that order. The company stood on the same point in 2019-20 and 2022-23. The liquidity of Gujarat was the best in the year 2008-09 and it was followed by 2009-10, 2012-13, 2015-16, 2016-17, 2011-12, 2010-11, 2019-20, 2017-18, 2014-15, 2013-14, 2021-22, 2018-19, 2022-23 and 2020-21 respectively in that order. The company stood on the same point in 2010-11 and 2011-12; 2014-15 and 2017-18; and also in 2018-19 and 2021-22. The liquidity of HUL was the best in the year 2008-09 and it was followed by 2022-23, 2009-10, 2010-11, 2021-22, 2016-17, 2011-12, 2015-16, 2020-21, 2019-20, 2018-19, 2017-18, 2012-13, 2013-14, 2014-15 respectively in that order. The company stood on the same point in 2009-10 and 2022-23 and also in 2019-20 and 2020-21. The liquidity of ITC was the best in the year 2021-22 and it was followed by 2022-23, 2009-10, 2008-09, 2020-21, 2013-14, 2012-13, 2019-20, 2010-11, 2015-16, 2018-19, 2016-17, 2014-15, 2011-12 and 2017-18 respectively in that order. The company stood on the same point in 2008-09 and 2009-10; 2012-13 and 2013-14; and also in 2010-11 and 2019-20. Marico captured the best in the year 2011-12 and it was followed by 2015-16, 2012-13, 2016-17, 2014-15, 2010-11, 2009-10, 2019-20, 2013-14, 2022-23, 2017-18, 2008-09, 2021-22, 2020-21 and 2018-19 respectively in that order. The company stood on the same point in 2015-16 and 2012-13; 2016-17 and 2014-15; 2019-20 and 2013-14; 2022-23 and 2017-18; and also in 2021-22 and 2020-21. The liquidity of Mondelez was the best in the year 2010-11 and it was followed by 2009-10, 2008-09, 2017-18, 2016-17, 2019-20, 2011-12, 2021-22, 2018-19, 2020-21, 2022-23, 2012-13, 2013-14, 2015-16 and 2014-15

respectively in that order. The company stood on the same point in 2016-17 and 2017-18 and also in 2018-19 and 2021-22. Nestle captured the topmost position in respect of liquidity in the year 2020-21 and it was followed by 2015-16, 2013-14, 2012-13, 2008-09, 2017-18, 2016-17, 2009-10, 2022-23, 2021-22, 2010-11, 2014-15, 2011-12, 2018-19 and 2019-20 respectively in that order. The company stood on the same point in 2009-10, 2016-17 and 2017-18; 2010-11 and 2021-22; and also in 2011-12 and 2014-15. The liquidity of Nirma was the best in the year 2013-14 and it was followed by 2012-13, 2017-18, 2016-17, 2014-15, 2010-11, 2011-12, 2015-16, 2018-19, 2009-10, 2022-23, 2021-22, 2008-09, 2020-21 and 2019-20 respectively in that order. The company stood on the same point in 1999-2000 and 2015-16. The liquidity of Ruchi was the best in the year 2012-13 and it was followed by 2020-21, 2009-10, 2011-12, 2010-11, 2008-09, 2022-23, 2017-18, 2014-15, 2016-17, 2013-14, 2019-20, 2018-19, 2021-22 and 2015-16 respectively in that order. The company stood on the same point in 2010-11 and 2011-12; 2014-15, 2017-18 and 2022-23; and also in 2018-19 and 2019-20. Tata occupied the highest rank in respect of liquidity in the year 2015-16 and it was followed by 2010-11, 2008-09, 2016-17, 2009-10, 2011-12, 2021-22, 2019-20, 2013-14, 2020-21, 2017-18, 2022-23, 2014-15, 2012-13 and 2018-19 respectively in that order. The company stood on the same point in 2008-09 and 2010-11; 2013-14, 2019-20, and 2021-22; and also in 2012-13, 2014-15 and 2022-23. The liquidity of Uflex was the best in the year 2013-14 and it was followed by 2016-17, 2015-16, 2014-15, 2012-13, 2009-10, 2011-12, 2010-11, 2008-09, 2017-18, 2020-21, 2019-20, 2022-23, 2018-19 and 2021-22 respectively in that order. The company stood

on the same point in 2012-13 and 2014-15; 2008-09 and 2010-11; and also in 2018-19 and 2022-23.

V. Concluding Remarks

The study of CR of the selected companies reveals that eight companies, namely Glaxo, Godfrey, Gujarat, ITC, Marico, Mondelez, Nirma, and Tata maintained their CR at a level above the industry average (1.16) during the period under study, whereas the consistency in respect of liquidity was higher in Colgate, Godfrey, Gujarat, HUL, ITC, Marico and Ruchi compared to the industry practice during the same period. So, considering both the average and consistency aspects, it can be concluded that only Godfrey, Gujarat, ITC, and Marico were able to manage their ability to pay off their current obligations out of their short-term resources very imposing.

The analysis of mean QR of the selected companies indicated that five companies, namely Glaxo, Gujarat, Nirma, Ruchi, and Uflex found place in the 'above the FMCG industry average' category while the remaining ten companies were placed in the 'below the FMCG industry average' category. However, the analysis of consistency aspect (C.S. of QR) of the selected FMCG companies reflected that seven companies namely Colgate, Glaxo, Godfrey, HUL, ITC, Ruchi and Uflex were more consistent as compared to the average consistency maintained by the FMCG industry during the study period and the remaining eight companies proved themselves more inconsistent as compared to the average consistency in QR maintained by the FMCG industry in the same period. Thus,

considering both the average and consistency aspect, it can be worked out that only three companies namely Glaxo, Ruchi, and Uflex had been able to maintain their immediate debt paying capability methodically.

The mean ICAR of the selected FMCG companies for the period 2008-09 to 2022-23 was 0.44 and its average C.S. for the same period was 5.43. The study of ICAR of the selected companies revealed that only Six companies namely Colgate, Dabur, Glaxo, Nirma, Ruchi and Uflex maintained their ICAR at a level less than the industry average (0.44) during the study period, whereas the consistency in respect of ICAR was higher in Dabur, Godfrey, Gujarat, ITC, HUL, and Nestle as compared to the industry average (5.83) during the study period. It can be concluded that the inventory policy pursued only by Dabur strengthened its liquidity position.

The analysis of mean TRCAR of the selected companies discloses that five companies namely Dabur, Gujarat, Nirma, Ruchi and Uflex maintained their TRCAR at a level above the industry average (0.16) during the study period, whereas the consistency in respect of TRCAR was higher in Gujarat, ITC, HUL, Marico, Nestle, Nirma, Tata and Uflex compared to the industry average (3.48) during the same period. It can be implied from the above analysis that the level of debtors maintained by Gujarat, Nirma and Uflex, fortified their liquidity position during the study period.

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Table 1 : Analysis of Current Ratio of the Selected Companies																	
COMPANY/YEAR	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	MEAN	C.S.
Britannia	0.85	0.82	0.71	0.66	0.78	1.05	1.17	1.24	1.20	1.14	0.96	0.85	0.89	0.85	0.82	0.93	5.07
Colgate	0.85	0.81	0.92	1.07	1.12	1.12	1.05	0.91	0.85	0.90	0.85	0.97	1.08	1.07	1.04	0.97	8.89
Dabur	0.88	1.01	1.01	0.99	1.06	1.00	0.94	0.94	0.99	0.97	0.79	0.79	1.27	1.59	1.73	1.06	3.97
Glaxo	2.07	1.99	1.94	1.90	1.86	1.99	2.41	2.06	1.17	1.19	1.32	1.30	1.29	1.39	1.40	1.69	4.20
Godfrey	1.37	1.29	1.35	1.42	1.56	1.64	1.41	1.34	1.38	1.29	1.35	1.37	1.33	1.53	1.64	1.42	12.07
Gujarat	1.30	1.20	1.10	1.09	1.18	1.19	1.13	1.16	1.21	1.25	1.27	1.22	1.17	1.23	1.17	1.19	20.23
HUL	0.80	0.78	0.78	0.84	0.91	0.88	0.89	0.83	0.71	0.74	0.82	0.90	0.94	1.02	0.96	0.85	9.95
ITC	1.19	1.24	1.11	1.05	0.99	0.95	1.12	1.40	1.38	1.35	1.15	0.97	1.06	1.24	1.32	1.17	7.78
Marico	1.57	1.38	1.25	1.31	1.27	1.34	1.44	1.42	1.14	1.18	1.58	1.55	1.70	1.72	1.62	1.43	7.74
Mondelez	1.03	1.26	1.33	1.24	1.10	1.11	0.93	0.62	0.71	0.91	1.24	1.73	1.83	1.76	1.75	1.24	3.21
Nestle	0.92	1.00	0.98	0.66	0.57	0.62	0.63	0.66	0.67	0.68	0.65	0.67	0.75	0.75	0.75	0.73	5.51
Nirma	1.09	0.93	1.03	1.14	1.08	1.14	1.27	1.36	1.48	1.86	1.48	1.37	1.25	1.25	1.13	1.26	5.44
Ruchi	1.03	1.03	1.02	1.02	1.06	1.09	1.09	1.09	1.06	1.05	1.09	1.12	1.17	1.25	1.32	1.10	12.70
Tata	1.62	1.21	1.14	1.25	1.01	0.87	0.84	0.63	0.52	0.95	1.08	1.12	1.26	1.63	2.54	1.18	2.42
Uflex	1.25	1.12	1.05	1.09	1.22	1.23	1.01	0.95	1.20	1.29	0.70	0.71	1.25	1.63	1.59	1.15	4.43
FMCG Industry																1.16	7.57
Below Industry Average					Above Industry Average							Highest value			Lowest value		
Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd., Mumbai																	

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Table 2 : Analysis of Quick Ratio of the Selected Companies

COMPANY/YEAR	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	MEAN	C.S.
Britannia	0.51	0.58	0.36	0.43	0.46	0.34	0.54	0.69	0.72	0.52	0.50	0.41	0.49	1.01	1.00	0.57	2.79
Colgate	0.58	0.50	0.53	0.76	0.76	0.87	0.87	0.83	0.61	0.65	0.65	0.56	0.92	0.93	0.95	0.73	4.65
Dabur	0.49	0.58	0.70	0.64	0.83	0.77	0.71	0.73	0.60	0.67	0.55	0.38	0.46	1.07	1.70	0.73	2.29
Glaxo	1.81	1.68	1.64	1.51	1.45	1.39	1.77	1.85	0.71	0.92	1.15	1.28	1.16	1.17	1.22	1.38	4.10
Godfrey	0.52	0.43	0.43	0.53	0.56	0.67	0.46	0.50	0.71	0.65	0.49	0.55	0.59	0.82	0.91	0.59	4.20
Gujarat	1.65	1.90	0.58	1.37	0.90	1.31	0.78	2.27	2.11	4.43	2.17	3.57	2.09	4.20	6.88	2.41	1.42
HUL	0.50	0.46	0.43	0.43	0.47	0.46	0.47	0.53	0.26	0.36	0.35	0.49	0.54	0.59	0.62	0.46	4.97
ITC	0.63	0.87	0.63	0.57	0.49	0.45	0.45	0.76	0.67	0.76	0.71	0.51	0.55	0.82	0.89	0.65	4.38
Marico	0.85	0.71	0.66	0.86	0.57	0.71	1.25	1.29	1.08	0.54	1.28	1.43	0.97	1.00	0.78	0.93	3.31
Mondelez	0.45	0.77	0.59	0.80	0.65	0.69	0.80	0.22	0.21	0.38	0.45	0.95	1.64	1.39	1.17	0.74	1.82
Nestle	0.46	0.45	0.70	0.33	0.35	0.28	0.25	0.31	0.25	0.34	0.31	0.23	0.29	0.34	0.38	0.35	3.01
Nirma	1.93	2.36	2.29	1.95	2.56	2.71	3.27	2.43	2.49	4.81	5.10	2.81	3.07	1.82	1.75	2.76	2.77
Ruchi	1.05	0.86	1.32	1.16	1.11	1.21	1.01	0.78	1.22	1.01	1.48	1.34	1.07	1.05	1.12	1.12	6.22
Tata	0.43	0.64	0.65	0.60	0.48	0.55	1.18	1.12	0.58	0.61	0.60	0.77	1.03	1.12	1.19	0.77	2.81
Uflex	1.62	1.59	1.68	1.47	1.52	2.14	2.30	2.35	2.33	3.37	1.93	1.91	2.24	2.78	2.88	2.14	3.86
FMCG Industry																1.09	3.51
Below Industry Average							Above Industry Average					Highest value			Lowest value		
Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd., Mumbai																	

Table 3: Analysis of Inventory to Current Asset Ratio of the Selected Companies

COMPANY/YEAR	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	MEAN	C.S.
Britannia	0.36	0.33	0.51	0.49	0.59	0.67	0.50	0.47	0.55	0.56	0.55	0.52	0.54	0.30	0.30	0.48	4.33
Colgate	0.38	0.37	0.34	0.24	0.30	0.22	0.19	0.15	0.19	0.23	0.25	0.30	0.19	0.15	0.21	0.25	3.31
Dabur	0.48	0.46	0.42	0.46	0.44	0.47	0.33	0.35	0.36	0.40	0.41	0.51	0.50	0.44	0.39	0.43	7.85
Glaxo	0.12	0.14	0.15	0.18	0.23	0.22	0.23	0.32	0.52	0.19	0.16	0.10	0.12	0.29	0.25	0.22	2.01
Godfrey	0.77	0.74	0.75	0.67	0.66	0.66	0.72	0.67	0.59	0.61	0.61	0.63	0.60	0.58	0.64	0.66	10.88
Gujarat	0.75	0.72	0.72	0.61	0.67	0.63	0.56	0.61	0.70	0.76	0.49	0.68	0.61	0.52	0.49	0.63	7.02
HUL	0.36	0.39	0.43	0.44	0.45	0.48	0.41	0.45	0.60	0.49	0.48	0.45	0.40	0.37	0.36	0.45	7.12
ITC	0.48	0.44	0.50	0.53	0.56	0.58	0.56	0.56	0.58	0.53	0.51	0.56	0.44	0.36	0.38	0.50	7.07
Marico	0.57	0.65	0.63	0.65	0.72	0.71	0.51	0.49	0.45	0.53	0.37	0.42	0.50	0.53	0.58	0.55	5.32
Mondelez	0.55	0.46	0.53	0.41	0.41	0.35	0.38	0.64	0.66	0.56	0.58	0.46	0.25	0.28	0.36	0.46	3.68
Nestle	0.55	0.58	0.44	0.66	0.63	0.55	0.58	0.55	0.63	0.52	0.55	0.60	0.60	0.60	0.60	0.58	10.54
Nirma	0.47	0.49	0.52	0.52	0.45	0.34	0.36	0.45	0.36	0.27	0.30	0.41	0.39	0.42	0.47	0.41	5.47
Ruchi	0.28	0.37	0.30	0.37	0.41	0.30	0.33	0.48	0.33	0.36	0.27	0.31	0.27	0.24	0.30	0.33	5.25
Tata	0.79	0.66	0.65	0.62	0.68	0.59	0.35	0.24	0.47	0.46	0.51	0.40	0.34	0.34	0.37	0.50	3.11
Uflex	0.20	0.22	0.16	0.17	0.18	0.17	0.10	0.12	0.12	0.10	0.12	0.15	0.15	0.15	0.17	0.15	4.41
FMCG Industry																0.44	5.83
Below Industry Average						Above Industry Average						Highest value			Lowest value		
Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd., Mumbai																	

Table 4: Analysis of Trade Receivables to Current Asset Ratio of the Selected Companies

COMPANY/YEAR	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	MEAN	C.S.
Britannia	0.10	0.07	0.07	0.12	0.08	0.12	0.07	0.09	0.08	0.08	0.06	0.17	0.08	0.11	0.10	0.09	3.40
Colgate	0.13	0.10	0.08	0.10	0.12	0.11	0.02	0.02	0.02	0.03	0.02	0.07	0.10	0.12	0.21	0.08	1.54
Dabur	0.33	0.28	0.25	0.23	0.19	0.21	0.14	0.15	0.18	0.15	0.09	0.20	0.19	0.29	0.29	0.21	3.23
Glaxo	0.09	0.09	0.11	0.06	0.06	0.04	0.03	0.05	0.07	0.04	0.03	0.03	0.02	0.15	0.20	0.07	1.42
Godfrey	0.13	0.13	0.11	0.13	0.09	0.09	0.06	0.06	0.06	0.05	0.01	0.06	0.07	0.01	0.03	0.07	1.79
Gujarat	0.18	0.22	0.17	0.28	0.21	0.17	0.18	0.12	0.22	0.22	0.23	0.25	0.32	0.33	0.32	0.23	3.68
HUL	0.15	0.12	0.13	0.14	0.12	0.16	0.13	0.10	0.14	0.14	0.19	0.15	0.13	0.11	0.12	0.13	5.98
ITC	0.10	0.10	0.15	0.09	0.10	0.10	0.11	0.08	0.11	0.10	0.11	0.15	0.07	0.06	0.06	0.1	3.85
Marico	0.14	0.11	0.14	0.11	0.14	0.19	0.13	0.11	0.09	0.11	0.15	0.17	0.18	0.15	0.21	0.14	4.18
Mondelez	0.06	0.05	0.04	0.06	0.05	0.05	0.03	0.06	0.06	0.06	0.15	0.12	0.10	0.09	0.11	0.07	2.19
Nestle	0.05	0.07	0.05	0.08	0.10	0.06	0.07	0.06	0.08	0.10	0.07	0.07	0.09	0.06	0.08	0.07	4.53
Nirma	0.24	0.23	0.28	0.25	0.23	0.16	0.15	0.15	0.18	0.20	0.19	0.21	0.23	0.25	0.20	0.21	5.25
Ruchi	0.55	0.49	0.37	0.32	0.32	0.23	0.23	0.23	0.28	0.27	0.34	0.31	0.53	0.55	0.49	0.37	3.00
Tata	0.09	0.12	0.11	0.12	0.16	0.18	0.11	0.08	0.17	0.16	0.09	0.13	0.16	0.19	0.16	0.14	3.84
Uflex	0.57	0.58	0.61	0.57	0.51	0.48	0.38	0.35	0.35	0.27	0.54	0.45	0.42	0.32	0.44	0.46	4.29
FMCG Industry																0.16	3.48
Below Industry Average						Above Industry Average						Highest value		Lowest value			

Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd., Mumbai

Table 5 Motaal's Test Result

COMPANY/YEAR	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Britannia	12	2.5	10.5	13	9	15	4.5	4.5	6	8	7	14	10.5	2.5	1
Colgate	14.5	14.5	13	4	10.5	6	10.5	2	8	3	9	7	1	5	12
Dabur	13.5	12	7.5	11	9	10	1	2	4	6	7.5	15	13.5	5	3
Glaxo	3.5	5	7	9	11	9	10	12	15	6	3.5	1	2	14	13
Godfrey	12	15	14	12	9	6	11	10	2	3	8	7	5	1	4
Gujarat	14	12.5	15	8	12.5	9.5	5	4	9.5	11	3	6.5	6.5	2	1
HUL	2.5	5	9.5	9.5	11	12	6	8	15	14	13	7	4	2.5	1
ITC	2	1	5	8.5	11	15	12	10	13	6.5	6.5	14	8.5	3.5	3.5
Marico	10	13.5	13.5	8	15	10	4.5	2.5	4.5	8	2.5	1	6	7	12
Mondelez	11	8.5	10	6	8.5	4.5	4.5	14	15	13	12	7	1	2	3
Nestle	9	10.5	1	15	14	7.0	7.0	2	12.5	3	4	12.5	10.5	7.0	5
Nirma	11.5	11.5	14	15	9.5	3.5	3.5	8	6	1	2	7	5	9.5	13
Ruchi	8.0	14	2	12.5	12.5	8.0	10	15	8	11	1	4.5	4.5	3	6
Tata	13	8	10	8	15	11	4	1	13	8	13	6	2.5	5	2.5
Uflex	13.5	15	11	12	13.5	10	2	3	4.5	1	4.5	7	8	6	8

Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd., Mumbai
