


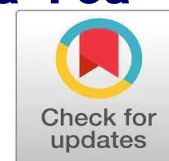
A Study on Cash Management in Dadabetta Tea Factory

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Abstract: Cash management is a crucial aspect of financial management, as it ensures the availability of funds to meet daily operational requirements. It is often difficult to accurately predict cash inflows, and there is usually no perfect synchronization between cash inflows and outflows. During certain periods, cash outflows may exceed inflows due to tax payments, dividends, or seasonal inventory requirements. This study analyzes the cash management practices of Dadabetta Tea Factory over a period of five years (2020–2025). The research focuses on understanding how the firm manages its liquidity position, sources, and uses of cash. The study is based on secondary data collected from financial statements such as the Balance Sheet and Profit and Loss Account. Analytical tools like ratio analysis and trend analysis are used. The findings reveal that while the company maintains a satisfactory liquidity position, there is scope for improvement in profitability and working capital management. Effective cash management strategies can further enhance operational efficiency and financial stability.

Keywords: Cash Management, Liquidity Position, Ratio Analysis, Working Capital, Financial Performance

I. INTRODUCTION

Cash management plays a vital role in ensuring the smooth functioning of business operations. It involves planning, controlling, and monitoring cash flows to maintain adequate liquidity while minimizing idle cash. Dadabetta Tea Factory, a tea processing unit, requires efficient cash management to meet operational expenses such as procurement, wages, and administrative costs. This study evaluates the firm's cash management practices using financial data from 2020–2025, focusing on liquidity and financial performance.

II. OBJECTIVES OF THE STUDY

- To analyze cash management practices
- To evaluate the liquidity position
- To examine sources and uses of cash
- To analyze financial statements using ratios
- To assess the ability to meet short-term obligations

III. REVIEW OF LITERATURE

Cash management has been widely studied in financial management.

J. M. Keynes (1936) identified three motives for holding cash: transaction, precautionary, and speculative.

J. C. Van Horne (2002) emphasized planning and controlling cash flows to maintain optimal balance.

E. F. Brigham and M. C. Ehrhardt (2011) highlighted that efficient cash management improves financial performance and reduces insolvency risk. These studies underline the importance of liquidity and effective cash utilization.

IV. RESEARCH METHODOLOGY

A. Research Design

Descriptive and analytical research design

B. Data Collection

- Primary Data: Questionnaires (if applicable)
- Secondary Data: Financial statements, books, reports

C. Sample Size

Five years of financial data (2020–2025)

D. Tools Used

- Ratio Analysis
- Trend Analysis
- Cash Flow Analysis

V. DATA ANALYSIS AND INTERPRETATION

A. Current Ratio

Year	Current Assets	Current Liabilities	Current Ratio
2020–21	1421.50	980.6	1.45
2021–22	1257.90	877.6	1.43
2022–23	1094.84	693.12	1.58
2023–24	690.12	550.71	1.25
2024–25	514.13	449.31	1.14

Fig. 1. Current Ratio Trend (Line Chart)

Interpretation:

The ratio fluctuates, indicating varying liquidity levels, but remains above 1, showing acceptable short-term solvency.

B. Quick Ratio

Year	Quick Assets	Current Liabilities	Quick Ratio
2020–21	879.5	980.6	0.90
2021–22	792.7	877.6	0.90
2022–23	667.17	693.12	0.96
2023–24	454.82	550.71	0.83
2024–25	353.86	449.31	0.79

Fig. 2. Quick Ratio Trend (Bar Chart)

Interpretation:

The ratio shows a declining trend, indicating reduced immediate liquidity.

VI. FINDINGS

- Liquidity ratios show fluctuating trends
- Quick ratio indicates moderate liquidity
- Debt ratio remains stable
- Cash balance has decreased in certain years
- Overall financial position is satisfactory

VII. SUGGESTIONS

- Maintain stable financial position
- Improve working capital management
- Increase sales to improve turnover ratios
- Reduce excess inventory
- Utilize reserves effectively

VIII. CONCLUSION

The study concludes that the cash management practices of Dodabetta Tea Factory are satisfactory, though improvements are needed in profitability and liquidity management. Proper financial planning and efficient utilization of resources can enhance long-term performance.

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