



*Journal of Advances and  
Scholarly Researches in  
Allied Education*

*Vol. VIII, Issue No. XVI,  
Oct-2014, ISSN 2230-7540*

**A STUDY OF CASH MANAGEMENT OF  
BANGLES INDUSTRIES AS FINANCIAL  
ASPECTS**

AN  
INTERNATIONALLY  
INDEXED PEER  
REVIEWED &  
REFEREED JOURNAL

# A Study of Cash Management of Bangles Industries as Financial Aspects

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**Abstract – During ancient periods, invaders brought many glass articles to India. These glass articles when rejected were collected and melted in locally made furnace called as "Bhainsa Bhatti." This was the start of the glass industry in Firozabad. In this furnace, wood was used as a fuel. These old traditional furnaces are still in use in Sasani near Aligarh and at Purdal Nagar. During that time only small bottles and bangles were made. At this time only one bangle at a time can be made. In this bangle there was no joint. These bangles were called "Kadechhal Ki Chudi". Since then Firozabad is the home of the glass industry, white and coloured glass pieces being manufactured for the purpose of assembling jhad and fanus (chandeliers) which were in demand by royal courts and nobles for decorating their assembling and drawing rooms. Later on phials for ltra, scents, and other cosmetic products were made. Slowly and steadily Indian marriage items like bangles, kangans, kada, etc. were produced in bulk for the general public. Today it is having famous area as suhag nagar because it fulfills almost all the demand of bangles, kadas, kangans and other items of suhagins. Present paper is an attempt as to study of cash management of Bangles Industries in Firozabad.**

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## INTRODUCTION

Glass Bangles are products made out of block glass of different shades of colours or directly from batch material. These are sound in shape with pleasing colours and having designs over the surface. It is a customary for ladies to design wear bangles from their childhood for ornamental decoration and also as a symbol of sanctity. Glass bangles in also a sign of marital a status for ladies in India, especially in Northern and Eastern region. The trade names of the different size of the bangles are one Anna, Two four Anna, Tow – Six Anna, Two – Eight Anna and three Anna representing different diameters. The glass bangles are sold out with the above names for indication sizes. This type of industry is only concentrated are Firozabad manufacturing glass bangles using pot furnace. This type of industry may be set up in other parts of the Country also however, skilled labour, required for bangles coil of parison making may have to be brought from Firozabad. At these products have very good demand from ladies of lower and middle class families; there is good scope for setting up new units in this line of manufacture.

Accounting for about 70% of the total glass production in small-sector in India, Firozabad glass industry is India's biggest glass industry cluster with nearly 5-6 lakhs people employed directly and plenty more employed indirectly with this sector. The cluster holds

a unique position of consisting of Micro, Small and Medium units located at one place and being capable of producing a variety of glass products ranging from art ware, chandeliers to multicolored bangles , generating an annual business of more than Rs 2000 crores.

There is a large agglomeration of small scale units in this town, which are engaged in the manufacture of hollow wares, decorative items, glass beads, etc. Around 50% of the total produce of these units are exported to different countries.

The Firozabad glass industry has been able to cater to the indigenous need as well as international demand by way of producing variety of products. It is one of a kind cluster operating in India. It is the only cluster which is producing bangles and catering to the entire requirement of bangles in India. There are approximately 150 bangle making and decoration units in the city which provide employment to nearly 50,000 families. It is estimated that a single bangle passes through as many as 45 to 50 hands before it is transformed from a mere lump of glass into the piece of disposable jewellery.

Firozabad cluster specializes in making a variety of exclusive hand made products. The cluster has easy availability to trained and skilled workers. There are estimated a thousand registered skilled craftsmen

whose generations have been engaged in the skillful tradition of making glassware. The cluster has the advantage of having strong work specialization due to presence of specialized units for each kind of value addition.

## FINANCIAL ASPECTS:

Glass Bangles of various sizes 3, 40,000 toras @ Rs.46 per tora Rs. 1, 56,40,000/-

### 1. FIXED CAPITAL :

#### (a) Land & Building :

Rs.

S.N.	DESCRIPTION	AMOUNT
01.	Boundary Walls L.S.	80,000
02.	Building	7,50,000
03.	Land __4000 Sq. Mets. @Rs. 100/- per Met	4,00,000
04.	Workshed __500 Sq. m @ Rs. 1,200/-	6,00,000
	<b>Total</b>	<b>1,830,000</b>

#### (b) Machinery and Equipment:

Rs.

S.N.	DESCRIPTION	QTY	RATE	AMOUNT
01.	Auxiliary furnace for reheating	2	25,000	50,000
02.	Belane furnaces	5	15,000	75,000
03.	Direct cokal fixed pot furnace with 12 pots each having capacity of 400 with 60 ft height of chimney	1	5,00,000	5,00,000
04.	Dust Collector	1	40,000	40,000
05.	Office Furniture & Equipments	1	40,000	40,000
06.	Optical pyrometer	1	20,000	20,000
07.	Orasaat apparatus	1	20,000	20,000
08.	Vacuum cleaner			8000
09.	Tools, Dies & Equipments			20,000
10.	Installation & Electrification			70,500
	<b>Total</b>			<b>8,43,500</b>

**FIXED CAPITAL = 18, 30,000 + 8, 43,500 = 26, 73,500**

### 2. WORKING CAPITAL PER MONTH:

#### (a) Raw material Per Month :

Rs.

S.N.	DESCRIPTION	QTY	RATE	AMOUNT
01.	Borax	1	20,000	20,000
02.	Cullet (Broken Glass)	10	1,200	12,000
03.	Fire Clay pots			26,000
04.	Lime Stone	2.5	1,000	2,500
05.	Other minor Chemical			14,450
06.	Packing Material			14,300
07.	Potassium Nitrates	1.5	15,000	22,500
08.	Silica Sand	40	500	20,000
09.	Soda Ash	16	8,000	1,28,000
	<b>Total</b>			<b>2,59,750</b>

#### (b) Salaries & Wages Per Month :

Rs.

S.N.	DESCRIPTION	QTY	RATE	AMOUNT
01.	Accountant	1	2,200	2,200
02.	Clerks	2	1,500	3,000
03.	Foreman	3	2,200	6,600
04.	Fore man	1	2,500	2,500
05.	Manager cum Glass Technologist	1	5,000	5,000
06.	Semi-Skilled Workers	40	1,500	60,000
07.	Skilled Worker	20	2,000	40,000
08.	Special Skilled Workers	5	8,000	40,000
09.	Sweeper	1	1,000	1,000
10.	Unskilled worker	40	1,000	40,000
11.	Watchman	3	1,200	3,600
	<b>Total</b>			<b>2,03,900</b>
	Perquisites 15%			30,585
	<b>Total</b>			<b>2,34,485</b>

#### (c) Utilities per Month :

Rs.

S.N.	DESCRIPTION	QTY	RATE	AMOUNT
01.	Cost of Joining, Planning and Stringing of bangles approximately roar of bangles	5	30,000	1,50,000
02.	Electricity 750 KWH	2.5	750	1,875
03.	Steam Coal 180 ton	2000	180	3,60,000
04.	Water			1,500
	<b>Total</b>			<b>5,13,375</b>

#### (d) Other expenses per Month :

Rs.

S.N.	DESCRIPTION	AMOUNT
01.	Advertisement and publicity	2,000
02.	Postage and Stationery	15,000
03.	Repair and Maintenance	1,500
04.	Replacement of pots	5,000
05.	Telephone	2,000
06.	Transport charges	10,000
	<b>Total</b>	<b>35,500</b>

#### WORKING CAPITAL PER MONTH:

**2, 59,750 + 2, 34,485 + 5, 13,375 + 35,500**

**= Rs. 10, 43,110**

**(e) WORKING CAPITAL FOR 3 MONTHS = 10, 43,110\*3=31, 29,330**

**(f) TOTAL CAPITAL INVESTMENT: RS.**

**FIXED CAPITAL 26, 73,500**

**WORKING CAPITAL FOR 3 MONTHS 31, 29,330**

TOTAL 58, 02,830

**(g) Cost of Production per Annum:**

Rs.

S.N.	DESCRIPTION	AMOUNT
01.	Depreciation on Machinery and Equipment @ 10%	70,500
02.	Depreciation on office Furniture @ 20%	4,000
03.	Depreciation on Tools @ 25%	5,000
04.	Recurring expenditure	1,25,17,320
05.	Interest on capital investment @ 18%	10,39,469
<b>Total</b>		<b>1,36,36,289</b>

**(h) SALES PER ANNUM:**

Glass Bangles of various sizes 3, 40,000 toras @ Rs. 46 per tora Rs.1, 56, 40,000/-

(i) <b>Profit per annum:</b>	Rs.
Sales Per annum:	1,56,40,000
Cost of Production per annum	1,36,36,289
<b>PROFIT</b>	<b>20,03,711</b>

**(j) Profitability Analysis:**

(a) % of profit on sales

$$= \frac{\text{profit/annum} * 100}{\text{Sales / annum}}$$

$$= \frac{20,03,711 * 100}{1,56,40,000}$$

$$= 12.81 \%$$

(b) % of profit on Investment

$$= \frac{\text{profit/annum} * 100}{\text{Total Capital investment}}$$

$$= \frac{20,03,711 * 100}{58,02,830}$$

$$= 34.53\%$$

(c) Break Even Point :

(1) Fixed cost per annum: Rs.

Depreciation	79,500
Interest on Investment	10,39,469
40% of salary and wages	11,25,528
40% of other expenses & Utilities	26,34,600

(2) Profit per annum = Rs. 20, 03,711

Break Even point

$$\frac{\text{Fixed Cost/annum} * 100}{\text{Fixed cost/ annum} + \text{profit/annum}}$$

$$= \frac{48,79,097 * 100}{48,79,097 + 20,03,711}$$

$$= 70.89\%$$

**CONCLUSION:**

The industry involves the process of bangle coil making which require very high skilled worker and they work sometimes on hourly basis also. Hence, their wages have been kept very high as Rs. 8,000/- per month which is as per the Norms. It is presumed that in the first year the capacity utilization will be 65% increasing gradually in the subsequent years reaching to 85% in the 4<sup>th</sup> year and expected to be maintained at this in the following years. Interest rate on fixed and working capital has been taken as 18% on an average. The diameter of the bangle spiral mainly depends upon the diameter of the spindle used in the formation of spirals and the thickness list controlled by exerting the requisite amount of full on the softened glass parison required highly specialized skill in the bangle why, these workers are highest paid staff in the bangle factory. The diameter of the bangle spiral mainly depends upon the diameter of the spindle used in the formation of the spirals and the thickness is controlled by exerting the requisite amount of full on the softened glass prisons by spiral are maker (tarwalla) having highly skilled job. Spiral are then taken out from the spindle and cut with the help of a pencil cutter to separate out the single pieces of bangles from spiral. These cut or unjoined bangles are then sent for joining of end, finishing cutting & polishing, decoration etc. The finished products are then neatly packed or made into toras for sale.

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