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DEPLOYMENT OF FUNDS TISCO AND TELCO

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ABSTRACT

In the previous chapter has adequately dealt with the aspects of financial and capital structures of Tata Steel Limited (TSL) and Tata Motors Limited (TML), wherein issues related to sources and proportions of both long term and short term funds were looked into. The present chapter, entitled deployment of funds, focuses its attention on the efficiency with which the funds so raised have been deployed in fixed and current assets. In a sense, this chapter deals with the assets structure of both the enterprises under study. Obviously, the present study aims at making a comparative analysis of the assets, in terms of the gross fixed capital (GFC), gross working capital (GWC), net fixed capital (NFC) and net working capital (NWC) of both TSL and TML for the last 15 years, i.e., from 1996-97 to 2010-11

The term gross fixed capital (GFC) refers to un-depreciated value of the fixed assets, also known as the gross block. The gross working capital (GWC) refers to the amount which the company has invested into the current assets such as the cash, stock, debtors or anything which can be converted into cash within a year. Thus, GWC is the total cash, and cash equivalents, that a business has on-hand. Cash equivalents may include inventory, accounts receivable, and investments, such as marketable securities, which may be liquidated within the calendar year and this is known as 'current assets' or 'circulating capital'¹.
