

## ABSTRACT

-----

cash management is of paramount importance for the systematic running of all operational activities and the survival of a business firm. The study was undertaken to examine how the industrial units in North Bengal are undertaking this important task to ensure the survival and growth of their businesses. Given the weak industrial infrastructure and culture, the industrial units have the compulsion to apply prudent methods of cash management. This paper examined the convergence and divergence of receipts and payments. Pointing to the great divergence, the study recommends synchronization of receipts with payments without creating pressure on the finances of the company.

The study used panel data analysis to explore the motives behind cash holdings. The findings from data analysis show that precautionary motives play the dominant role behind excessive cash holdings. Besides, the precautionary motive, the transaction motive is also playing a significant role in determining the cash holdings of the firms. The study also reflected that the percentage of cash holdings of the sample firms is, more or less, similar to Indian manufacturing firms.

The introduction of electronic payment systems, the adoption of information technology, and innovations in the banking system are emerging dimensions that greatly influence cash management. Handling of physical currency and maintaining cash in hand are gradually reducing. The data revealed that doing transactions using physical currency has now reduced to ten per cent of total transactions. It means that soon cash management will be routed via bank accounts, which is likely to make a cashier and Cash Book almost obsolete.

The study added recommendations for better synchronization of receipts and payments with the use of cash Budgets so that a payment failure as well as excessive cash holdings can be avoided. It will help to reduce the risk, hence the need for holding cash for precautionary needs.