

Working Capital Management in Indian MSMEs: Insights from Secondary Evidence

Ms. Ruchi Bhakta¹ and Dr. Harish Purohit²

Research Scholar, Department of Commerce¹

Research Guide, Department of Commerce²

Shri JJT University, Jhunjhunu, Rajasthan, India

Abstract: This paper synthesizes secondary data from empirical studies and reports (2017–2025) to examine working capital management practices in Indian Micro, Small, and Medium Enterprises (MSMEs). It focuses on key components such as inventory turnover, receivables collection, and payables management, and their linkages to financial performance indicators like ROA and liquidity ratios. Findings reveal that efficient working capital cycles—particularly shorter cash conversion periods—correlate with 10–15% improvements in profitability, though sectoral and regional variations persist. The discussion highlights the role of regulatory tools like MSME Samadhaan and digital interventions in addressing inefficiencies. Implications suggest that targeted training and fintech adoption can enhance liquidity and resilience for MSMEs in credit-constrained environments.

Keywords: Working capital management, cash conversion cycle, inventory turnover, receivables management, MSME financial performance