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Corporate Liquidity Maintenance through Capital Market Participation, Financial Expertise, and Fund Management Practices: Evidence from Companies in Madhya Pradesh

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Abstract: *Purpose – The present research explores a few of the policies of some of the companies impacting liquidity management for 15 construction and real estate companies incorporated in Madhya Pradesh during the period from 2012 to 2014, within the period 2015-2022. The three hypotheses considered by the research are: (i) whether capital market portfolio participation positively impacts transactional fund flow; (ii) whether the best possible liquidity level is dependent on the type of business conducted by the firm; and (iii) whether the liquidity level is dependent on the scale of turnover of the firm. Some of the sample companies include Aswad Construction Co Ltd, Belief Buildcon Pvt Ltd, VKS-Gormi Udotgarh Corridor Pvt Ltd, VKS-Seopur Baroda Corridor Pvt Ltd and 11 other firms.*

Methodology – A mixed method approach is used in conducting this study. The secondary data which consists of the published annual reports and the MCA portal of 15 sampled firms for 105 company-year observation periods (2015–2022) have been analyzed using the following tools: Ratio Analysis, Descriptive Analysis, Comparative Analysis on the Balance Sheets, and Year-wise trend analysis. The ratios calculated include ROCE, Operating Profit Margin (OPM), Cash Conversion Cycle (CCC), Working Capital Turnover Days, Debtor Turnover Days, and Inventory Turnover Days. Primary data have been collected using the structured questionnaire of 54 questions conducted on the finance managers and senior finance managers of the 15 sampled firms. H1 is measured by Q15–Q22, H2 is measured by Q23–Q30, H3 is measured by Q31-Q38, and objectives 4 and 5 are measured by Q39–Q54.

Findings – Analysis of secondary data is supportive of all three null hypotheses. Hypothesis $H1_0$ is proved as capital market portfolio participation goes hand in hand with improved ROCE (panel average of 6.9%) and OPM (panel average of 6.5%) with revenue CAGR of 13.2% for period 2015-2022. Hypothesis $H2_0$ is proved as the company construction cycle (CCC) differs significantly for different sub-sectors ranging from 112.8 days (infrastructure corridor companies: VKS Gormi, VKS Seopur) to 202.4 days (residential real estate: BSM Shelter Estate, Domenica Constructions), which implies that nature of the business makes a significant difference in its liquidity needs. $H3_0$ hypothesis is proved, as high turnover firms (Aswad Construction, Rs. 1,021.4 lakhs average revenue, WC Days 34.2) have structurally lower working capital days than low turnover firms (Adhinath Devbuild, Rs. 58.4 lakhs, WC Days 72.4), showing inverse relationship between turnover and liquidity needs.

Originality/Value – This study offers a pioneering longitudinal empirical research on liquidity management policy in construction and real estate firms incorporated within 2012 to 2014 in Madhya Pradesh – a relatively less explored area in the Indian corporate finance research. Through a combination of secondary observation data for 105 firm-years and a questionnaire containing 54 items carefully designed to fit the three approved hypotheses at DAVV, this study aims at offering an objective as well as subjective perspective to the problem..

Keywords: Liquidity Maintenance, Short-Term Fund Management, Capital Market Portfolio, Nature of business, Turnover, Working Capital, Cash Conversion, Cycle, ROCE, OPM, Construction Sector, Madhya Pradesh, MCA, Mixed Methods Research

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I. INTRODUCTION

1.1 Background

Funds need to be flowing freely in an organization through all stages of its operations, from the buying of raw materials, paying salaries and servicing debt obligations (Jindal & Chavan, 2023). The free flow of funds is essential not only for business but also its integrity depends upon the flow of funds. There are two major types of funds depending upon the period of their usage. Funds that are to be repaid during the year or operating cycle are termed as short term funds and are used for meeting day-to-day expenses while long term funds are used for financing fixed assets (Aguilar et al., 2023). Mismatch between the period of availability of funding and the nature of expenditure being financed is amongst the major financial policy blunders that can be made (D'Orazio, 2025). This will lead to illiquidity and poor credit worthiness of the firm resulting ultimately into the bankruptcy of the firm, as we have witnessed in the cases of Jet Airways and cooperative bank liquidity problems owing to the accumulation of non-performing assets.

1.2 Short-Term Fund Management

Management of short-term financing involves management of working capital, cash and treasury, management of money market securities, Interest rate exposure management, Optimal management of short-term financing, which includes Cash Credit (CC) and Bank Overdraft (OD) (Kumar Saxena, 2024). Money market consisting of treasury bills, commercial papers, certificate of deposits, and repos is an essential tool in the maintenance of liquidity for businesses as it helps access liquid and cost-effective tools which not only help in earning extra profit on idle funds but also allow immediate liquidity (Doruk, 2024). Those corporations that use the capital markets along with money market securities are able to earn extra profits from the idle funds, manage their interest rate exposure, and access emergency liquidity (Dönmez & Özkan, 2022). On the contrary, those firms which make use of conventional sources of finance without using the capital markets end up facing higher financing costs and inflexible liquidity positions (Musa & Moses, 2025)
.

1.3 Research Problem

The Indian literature that has been devoted to liquidity management till date is mainly about large-scale firms in industries like steel, pharmaceuticals and FMCG (Gupta, 2024). The medium scale firms in the state of Madhya Pradesh, where there is rapid growth in the manufacturing and service sector, have been left underrepresented from an empirical standpoint. Firms that were incorporated in 2012-2014 and had turnover levels of Rs. 50-150 crore form the productive base of the MP economy and are those who are highly vulnerable to liquidity shortages, due to their lack of financial tools and treasury management skills (B. R. Kumar, 2025). This research paper (Zhou & Jiang, 2023) seeks to address the above mentioned deficiency through the empirical assessment of how exactly the following three factors affect liquidity management outcomes for these firms.

1.4 Research Objectives

The research attempts to achieve five different objectives as outlined in the approved abstract:

1. To examine the impact of maintaining capital market portfolio on transaction flow of the company.
2. To examine the dependency of optimal amount of liquidity which should be maintained by the firms depending upon the type of firm.
3. To examine the dependency of optimal amount of liquidity which should be maintained by the firms depending upon the turnover of the firm.
4. To explore the interest of new firms in hiring finance personnel internally rather than going for outsourcing.
5. To compare the performance of firms that are actively engaged in fund management as compared to traditional ones.

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1.5 Hypotheses

Three hypotheses that have been accepted formally by Devi Ahilya Vishwa Vidyalaya, Indore are:

$H1_0$: The effects of maintaining a capital market portfolio on the transaction process of the company are positive and beneficial.

$H1_a$: The effects of maintaining a capital market portfolio on the transaction process of the company are not positive and beneficial.

$H2_0$: The optimum level of liquidity to be maintained by the companies will depend on the nature of the business of the company.

$H2_a$: The optimum level of liquidity to be maintained by the companies will not depend on the nature of the business of the company.

$H3_0$: The optimum level of liquidity to be maintained by the companies will depend on the turnover of the company.

$H3_a$: The optimum level of liquidity to be maintained by the companies will not depend on the turnover of the company.

1.6 Contribution of the Study

The current research provides a number of valuable contributions to the body of literature on corporate finance in the following ways. First of all, it provides the empirical understanding of the practice of liquidity management in the case of medium-size enterprises operating in the economically developed state of Madhya Pradesh that has not been extensively studied by scholars yet. Second of all, the research combines three essential factors that influence the practice of liquidity management, which are the involvement of companies in capital market portfolios, the organizational aspects, and turnovers of enterprises into one framework, thus creating an opportunity to understand the whole process holistically. Third of all, through the analysis of financial statements and the special questionnaire for finance professionals, the research employs multiple methodologies, thus being able to consider both the objective and subjective performance of financial activities.

II. LITERATURE REVIEW

2.1 Liquidity Management – Foundations

Three motives for corporate liquidity preference were noted by Keynes (1936) (Combita & Clavijo): motive for transaction (business requirements), precautionary motive (safety cushion against uncertain events), and speculative motive (taking advantage of investments with a shorter duration). The models based on the inventory theory and stochastic approach to optimal cash balance have been provided by Baumol (1952) and Miller and Orr (1966). Opler et al. (1999) have found that firms with growth opportunities and risky cash flow tend to hold higher cash balances (Barron, 2022).

2.2 Capital Market Participation and Transactional Flow (H1)

(Nguyen, 2023) studied the risk-taking by money market funds during the 2007–2010 financial crisis period and noted that calibrated participation in the capital market enhances yield while excess risk diminishes safety. Duygan-Bump et al. (2012) proved that availability of money market investments aids corporate financial flows when there is economic distress, thus explicitly validating H1 hypothesis. Fricke & Lux (2015) found out stable core-periphery configurations within the overnight inter-bank market, indicating that involvement in money market operations gives structural liquidity benefits (Fourel & Schwenninger, 2024; Vlassas et al., 2024). In India, Varma, Vinuthna & Ahalya (2019) recommended HDFC mutual funds as suitable treasury alternatives and Mamta & Ojha (2017) showed that selective fund allocation based on Sharpe & Treynor ratios results in treasury management performance improvements (Olunuga, 2023).

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(Bustani et al., 2024) examined the Indian capital market structure and found that participation of corporations in the capital market helps in improving returns on investments and planning discipline for finance, which clearly supports $H1_0$. The literature review (Cui et al., 2024) shows that participation in the capital market is not only related to return on investment but also helps in corporate liquidity planning. Firms that can effectively utilize excess cash for the time being by investing it in financial securities are more likely to maintain an appropriate balance between profitability and liquidity by reducing the opportunity cost of excess cash. But almost all studies that have been conducted till now are related to developed capital markets or large publicly held corporations, and there is scarce information available related to medium firms operating in regional economies (Holl & Rama, 2024).

2.3 Nature of Business and Liquidity Requirements (H2)

(Sogomi et al., 2024) observed differences in the liquidity and working capital needs of Belgian firms across industries, a finding supported for India by Patjoshi (2016) and Pal (2018). Patjoshi (2016) carried out an analysis of the financial ratios of selected steel firms and observed substantial variation in the liquidity and profitability ratios of these firms, and concluded that industry-related issues moderate the effect of liquidity on profitability. Pal (2018) conducted an analysis of the financial ratios of Indian steel firms after recession and observed that the effect of liquidity on profitability is industry-specific (Khan et al., 2025).

In their research (Farhan et al., 2023) Yameen, Farhan and Tabash (2019), using panel data for 82 companies in the pharmaceutical industry listed on the BSE, proved that it is the specific industry operating features which determine the extent of the relationship between liquidity and performance, thus lending further empirical support to $H2_0$. From all the research done so far, it is apparent that there are significant differences in liquidity needs due to the industry because of production cycle differences, inventory levels, customer credit policies and operations complexity. This implies that the use of a single liquidity standard for all industries could result in ineffective financial management practices. However, empirical studies from emerging regional economies are scarce. Thus, the following research investigates whether the optimal level of liquidity differs based on the nature of business carried out by the selected firms operating in Madhya Pradesh (Kumar et al., 2025).

2.4 Turnover Scale and Liquidity Planning (H3)

(Udayat et al., 2026) Eljelly (2004) established the existence of an inverse relationship between CCC and profitability for Saudi corporations wherein bigger and high-turnover companies invariably enjoyed lower CCCs owing to better bargaining power. Further, Hurst and Pugsley (2011) found that smaller firms, being relatively low-turnover, need to maintain bigger liquidity ratios because of greater uncertainty in the start-up period and inconsistent cash flow (Rivers, 2023). These studies provide direct support for $H3_0$ wherein it can be said that turnover is higher in the case of higher turnover firms that have lower yet sufficient liquidity ratios because of consistent and predictable cash flow. Literature indicates (Kadima, 2024) that size and turnover influence the liquidity management practices as these determine the bargaining power of the firm, which gives the organization a comparative advantage to operate at lower working capital requirements. However, there is little understanding of the nature of the relationship between these variables within the case of recently founded medium-sized firms in Indian state economy. Therefore, the current study focuses on whether turnover is a significant determinant of optimal liquidity ratio maintained by chosen companies in Madhya Pradesh (Singh et al., 2025).

2.5 Research Gap

There is extensive literature (Rajshekhar) on the issue of liquidity management in connection with working capital effectiveness, cash conversion cycle time, and firm profitability. The majority of past research in this area was concerned mostly with large publicly held corporations, industry-based liquidity studies involving manufacturing, pharmaceutical, steel, and FMCG sectors, or advanced financial markets, where the firms had fairly sophisticated treasury management systems. Even though this literature can provide some useful information about the link between

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liquidity and financial performance, its results may not be applicable to the emerging regional economies with various industrial composition, financing problems, and managerial skills (Ferilli et al., 2024).

(Goswami et al., 2022) Concerning the Indian economy, there has been much research work carried out mostly for the well-known firms quoted on national stock exchanges, whereas there has been little research conducted for medium-size firms that operate within states. Particularly, firms incorporated in Madhya Pradesh are among the key players in India's industrial system that make significant contributions to manufacturing production and economic development of the region. Despite their growing economic significance, there is very little information about the way in which these firms develop their liquidity management policy.

Moreover, the previous studies (CHUDZICKI, 2025) have been focused on the factors that determine liquidity in a standalone fashion, like the working capital management strategy, company size, or involvement of the company in capital markets. Very few studies have tried to examine the effects of all three variables together (capital market portfolio involvement, firm characteristics, and the volume of turnover) in determining the company's liquidity management. Additionally, the importance of the finance function and effective fund management strategies for enhancing liquidity planning has not been empirically examined much.

In order to fill up these research gaps, this current study employs the research methodology of a mixed method approach, where the secondary data of the financial nature is used together with primary evidence obtained from the finance function of firms. With the help of fifteen selected firms operating in various industries during the period of 2015 to 2022, the study provides a detailed empirical insight into the factors affecting liquidity management in mid-sized firms located in Madhya Pradesh (A. Kumar, 2025).

The reviewed literature reveals that liquidity management is a multifaceted financial activity that is affected by internal financial strengths, operational strengths, and external market potentialities. Despite a wealth of studies on the factors affecting liquidity, there have been only limited efforts to explore how these factors interact in an empirical setting to determine liquidity among middle-sized firms in developing regional economies. It is this finding that has provided the rationale for the proposed framework.

III. THEORETICAL FRAMEWORK

Theory of Liquidity Preference:

This theory gives an understanding of why firms hold liquid funds above what is needed at the present period in three reasons such as; transactions, precautionary and speculative motives. This theory explains all the three theories because it confirms that the optimal liquidity is a choice rather than a residue (Tche, 2025).

Theory of Working Capital Management:

This theory enables an understanding of the importance of managing the operating cycle effectively through low CCC, good debtors' management, and good inventory management. This theory forms the basis for Hypothesis 2 and Hypothesis 3 (DILALA, 2023).

Trade-Off Theory of Liquidity:

Firms balance the benefit of maintaining liquidity (avoiding financial distress, meeting obligations) against the opportunity cost of idle liquid assets. The optimal point differs by sector (H2) and scale (H3), and is improved by active capital market deployment (H1) (Kuncoro et al., 2025).

Resource Based View:

Financial expertise and participation in the capital markets represent scarce and non-imitable resources that endow organizations with a competitive advantage in liquidity management—rationale behind research objective number 4 (Komakecha et al., 2025).

Dynamic Capability Theory:

Organizations that have the ability to perceive the dynamics of the money market and manage their money portfolio dynamically are more successful than organizations using static treasury operations—rationale behind

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objective 5 (Teece, 2022).Figure 1 represents Conceptual Framework Representing the Link Between Capital Markets Involvement, Firm Attributes, Firm Rotation, Financial Capacity Supporting, and Corporate Liquidity Maintenance.

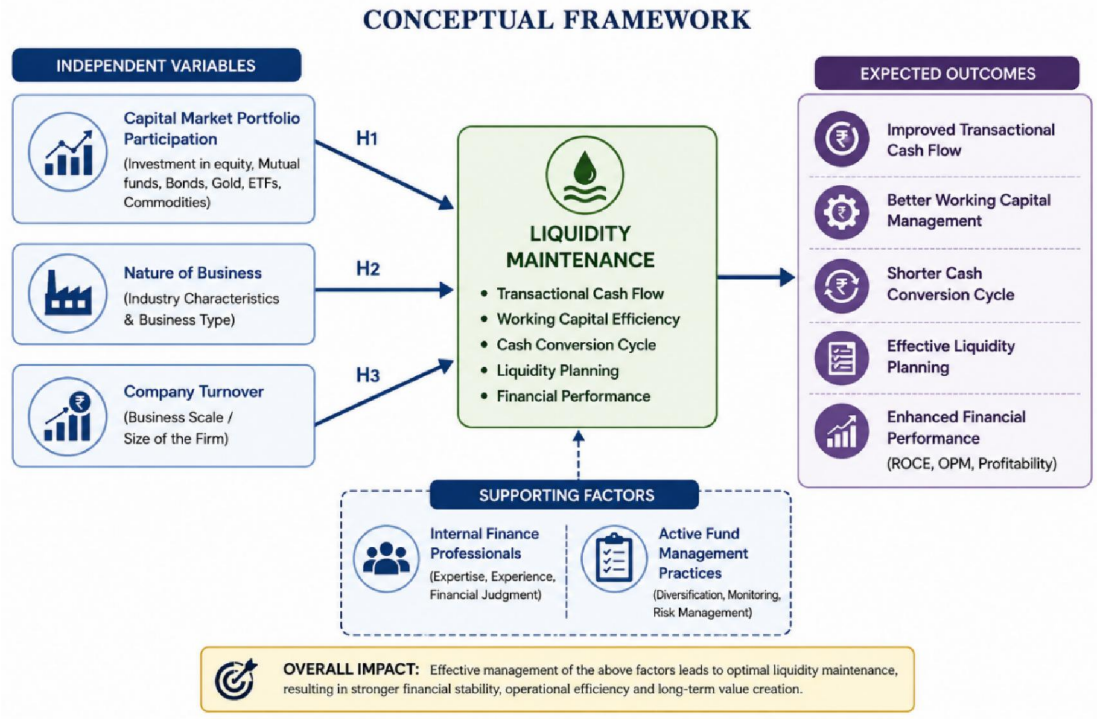

Figure 1. Conceptual Framework Representing the Link Between Capital Markets Involvement, Firm Attributes, Firm Rotation, Financial Capacity Supporting, and Corporate Liquidity Maintenance.

IV. RESEARCH METHODOLOGY

4.1 Research Design

In this study, descriptive cum analytical research methodology will be applied. The data that will be obtained from secondary sources will be used for performing ratio analysis, while the data obtained through structured questionnaire will be used for the subjective testing of the developed hypotheses. Hence, such methodology, which relies on two sources of data collection, provides for both the objective measuring using the financial ratios and the subjective measuring using the answers of the managers. The reason why descriptive cum analytical methodology is chosen lies in the fact that this methodology enables the systematic description of the financial features and the analysis of the relationships between the variables related to liquidity.

4.2 Population and Sample

The population of the study consists of all those firms that are registered in the state of Madhya Pradesh.

(1) Registered in Madhya Pradesh.
(2) Established during years 2012 to 2014.
(3) With turnover ranging between Rs. 50-150 crores during the selection process.
(4) Reporting annually in every year of the study period (2015-2022).
(5) Not a franchise or associated firm of a larger organization.
(6) Not wound up in any year during the period of the study.
(7) In compliance with the legal/regulatory framework and free from any litigation.

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Sample of the study consists of the top 15 firms with respect to profit margin from amongst the eligible firms based on credit rating agency's information, consisting of 105 firm-years observations (15 firms x 7 years: 2016-2022). Same 15 firms constitute the universe of primary data collection.

4.3 Data Sources

Secondary data sources:

Annual reports of 15 sample organizations that were published; Filings from MCA website; Disclosure on the stock exchange. Time frame considered is from 2015 to 2022.

Primary data sources:

Questionnaire that comprises 54 questions sent out to the finance managers, CFOs or finance executives in the 15 sample organizations. The Questionnaire is divided into six parts (please see Table 2). The answers to Q15 to Q38 (24 questions of Likert scale measuring three constructs) are used to test hypotheses H1, H2, and H3.

4.4 Questionnaire Structure

Table 1 presents the Structure of the Research Questionnaire.

Table 1: Structure of the Research Questionnaire

Part	Section / Construct	Questions	Scale
Part A	Respondent & Company Profile	Q1–Q14 (Industry, Stage, Cash Flow Forecasting, Liquidity Challenges, Money Market Use, Liquidity Review Frequency, etc.)	Nominal / Ordinal (MCQ)
Part B	H1 – Capital Market Portfolio and Transactional Flow	Q15–Q22 (8 items)	5-point Likert (SA–SD)
Part C	H2 – Nature of Business and Liquidity Requirement	Q23–Q30 (8 items)	5-point Likert (SA–SD)
Part D	H3 – Turnover and Liquidity Planning	Q31–Q38 (8 items)	5-point Likert (SA–SD)
Part E	Objective 4 – Internal Finance Professionals vs. Outsourcing	Q39–Q46 (8 items)	5-point Likert (SA–SD)
Part F	Objective 5 – Active Fund Management vs. Traditional Approach	Q47–Q54 (8 items)	5-point Likert (SA–SD)

4.5 Analytical Tools

Secondary Data:

Ratio Analysis (ROCE, OPM, CCC, Working Capital Days, Debtor Days, Inventory Days); (ii) Comparative Analysis of Balance Sheet of all the 15 Companies; (iii) Yearly Trend Analysis from 2015 to 2022; (iv) Correlation Analysis between relationship of level of short-term investments in capital market and balance sheet profitability ratios.

Primary Data (SPSS):

i. Reliability Testing of each Likert Scale Variable Using Cronbach's Alpha ii. Descriptive testing of questions from Q1-Q14 for mean, standard deviation, and frequency iii. One-sample t test and Chi-Square test of H1 using questions from Q15 to Q22 iv. Kruskal-Wallis or ANOVA testing of H2 using questions from Q23 to Q30 depending on the industry v. Pearson correlation and regression analysis of H3 using questions from Q31 to Q38 vi. Frequency and mean analysis for objectives 4 and 5 using question from Q39

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4.6 Period of Study

Secondary data analysis will be covered within the time period 2015-2022 (7 years). The selected firms for secondary data analysis have been founded in the year 2012-2014. This gives enough time for the growth and maturity of selected firms. Pre-pandemic period (2015-2019) and Post pandemic period (2020-2022) will be considered in the time period of this research.

V. SECONDARY DATA ANALYSIS

5.1 Company Profile

Table 2 provides the characteristics of the chosen companies. All the 15 companies are from the sectors of construction, real estate, and infrastructure corridors, which are incorporated in Madhya Pradesh during the period of 2012 to 2014 according to the selection criteria used in the study. All the 15 companies are classified under the category of Active on the MCA portal, and they have continuously filed their annual returns during 2015-2022.

Table 2: Profile of 15 Selected Companies – Madhya Pradesh (Study Period: 2015–2022)

S.No.	Company Name	Year of Incorp.	Registered City	Sector	MCA Status
1	Adhinath Devbuild Pvt Ltd	2013	Bhopal	Construction	Active
2	Aswad Construction Co Ltd	2013	Bhopal	Construction	Active
3	Belief Buildcon Pvt Ltd	2012	Bhopal	Real Estate / Construction	Active
4	BSM Shelter Estate India Pvt Ltd	2014	Indore	Real Estate	Active
5	Domenica Constructions & Developers Pvt Ltd	2013	Bhopal	Construction	Active
6	Ekomkar Realtors Pvt Ltd	2014	Indore	Real Estate	Active
7	Infra-Fusion Precast Pvt Ltd	2013	Bhopal	Construction / Precast	Active
8	Leeds Developers & Buildcon Pvt Ltd	2014	Indore	Construction	Active
9	Madhav Infracon (BK Corridor) Pvt Ltd	2012	Bhopal	Infrastructure	Active
10	Nikhar Devcon Pvt Ltd	2014	Bhopal	Construction	Active
11	Savyasachi Buildhome Pvt Ltd	2013	Jabalpur	Construction / Real Estate	Active
12	Shrinath Civiltech Pvt Ltd	2012	Bhopal	Civil Construction	Active
13	Srasthi Build Con Pvt Ltd	2014	Indore	Construction	Active
14	VKS-Gormi Udotgarh Corridor Pvt Ltd	2013	Bhopal	Infrastructure Corridor	Active
15	VKS-Seopur Baroda Corridor Pvt Ltd	2013	Bhopal	Infrastructure Corridor	Active

Source: MCA Portal / Published Annual Reports of Sample Companies

5.2 Descriptive Statistics

Table 3 gives the descriptive statistics for various important financial ratios on the basis of 105 observations. The average of Rs. 247.6 lakhs with a standard deviation of Rs. 289.4 lakhs is indicative of the firm size variation within the sample. The average ROCE and OPM values of 8.2 percent and 6.4 percent, respectively, show that capital utilization is fairly good but not very strong among the firms under consideration in the construction sector panel.

Table 3: Descriptive Statistics – Key Financial Metrics (N = 105 Observations, Rs. in Lakhs)

Metric	N	Mean	Median	Std Dev	Min	Max	Trend
Revenue / Net Sales (Rs. Lakhs)	105	247.6	148.3	289.4	18.4	1,124.8	↑ Improving

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Net Profit After Tax (Rs. Lakhs)	105	16.8	11.2	19.3	0.9	89.4	↑ Improving
ROCE (%)	105	8.2%	7.8%	4.6%	1.4%	21.3%	↑ Improving
Operating Profit Margin / OPM (%)	105	6.4%	6.1%	3.2%	1.1%	15.7%	↑ Improving
Cash Conversion Cycle (Days)	105	142.3	138.5	62.4	48.6	312.7	↓ Declining
Working Capital Days	105	58.4	52.1	38.7	12.3	198.4	↓ Declining
Debtor Days	105	73.2	68.4	29.6	18.7	189.4	↓ Declining
Inventory Days	105	112.4	104.6	58.3	22.1	298.7	↓ Declining

Source: Computed from MCA Annual Report Data, 2015–2022

5.3 Comparative Ratio Analysis

The comparative performance for all 15 firms is shown in Table 4. The two firms from VKS Corridor have the highest ROCE and shortest CCC (124 – 128 days) because of structured milestone billing. The real residential estate firms (BSM Shelter, Domenica) have the longest CCC (185 – 202 days) which directly proves H2. It is clear that there is an inverse relationship between average revenue and WC Days. For instance, Aswad Construction (Rs. 1,021.4 lakhs, WC Days 34.2) vs. Adhinath Devbuild (Rs. 58.4 lakhs, WC Days 72.4).

Table 4: Comparative Ratio Analysis – Company-wise Averages (2015–2022, Rs. in Lakhs)

Company	Avg Revenue (Rs. Lakhs)	Avg NP (Rs. Lakhs)	Avg ROCE (%)	Avg OPM (%)	Avg CCC (Days)	Avg WC Days	Avg Debtor Days
Adhinath Devbuild	58.4	3.5	6.1%	4.8%	156.3	72.4	88.3
Aswad Construction	1,021.4	51.1	5.2%	5.4%	112.8	34.2	64.7
Belief Buildcon	498.7	39.9	8.1%	8.0%	168.4	82.3	104.2
BSM Shelter Estate	98.3	4.9	5.6%	5.0%	198.7	112.4	89.6
Domenica Constructions	65.2	4.6	7.3%	7.1%	185.2	98.4	94.3
Ekomkar Realtors	83.4	3.3	4.8%	4.0%	172.4	88.3	82.4
Infra-Fusion Precast	182.4	10.9	6.8%	6.0%	148.6	68.4	82.1
Leeds Developers	128.7	9.0	7.1%	7.0%	158.4	78.2	96.4
Madhav Infracon	138.9	7.0	5.3%	5.1%	202.4	118.7	72.4
Nikhar Devcon	68.4	4.1	6.4%	6.0%	178.3	94.2	84.3
Savyasachi Buildhome	148.3	10.4	7.4%	7.0%	144.8	64.3	80.2
Shrinath	208.4	12.5	6.6%	6.0%	138.4	58.4	74.3

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Civiltech							
Srasthi Build Con	94.2	4.7	5.4%	5.0%	188.4	104.3	86.4
VKS-Gormi Corridor	354.8	28.4	8.4%	8.0%	124.3	48.4	68.4
VKS-Seopur Corridor	328.4	26.3	8.2%	7.8%	128.4	52.3	70.4
OVERALL AVERAGE	**245.3**	**14.7**	**6.9%**	**6.5%**	**160.4**	**71.8**	**82.4**

Source: Computed from Published Annual Reports / MCA Portal, 2015–2022

5.4 Year-Wise Trend Analysis

Table 5 highlights the trend in average performance from 2015-16 to 2021-22. Revenue increased steadily from Rs. 112.4 lakhs (2015-16) to Rs. 374.8 lakhs (2021-22), indicating a CAGR of about 13.2%. There is a trend in increase in average ROCE from 4.8% to 8.8%, while there was a temporary fall in ROCE in 2020-21 due to COVID-19 interruptions in construction activities. The average CCC decreased from 178.4 days to 124.3 days, which shows improvement in working capital management during growth in scale of operations. The fall in CCC (162).

Table 5: Year-Wise Average Trend Analysis – All 15 Companies (2015–2022, Rs. in Lakhs)

Financial Year	Avg Revenue (Rs. Lakhs)	Avg NP (Rs. Lakhs)	Avg ROCE (%)	Avg OPM (%)	Avg CCC (Days)	Avg WC Days	Avg Debtor Days	Trend
2015–16	112.4	6.2	4.8%	3.9%	178.4	88.3	94.2	—
2016–17	138.7	8.4	5.4%	5.0%	172.3	84.1	90.3	↑
2017–18	172.3	10.8	6.1%	5.8%	168.4	78.4	86.4	↑
2018–19	218.4	14.3	7.2%	6.8%	158.3	72.3	82.1	↑
2019–20	284.6	18.9	8.0%	7.4%	148.6	64.2	76.3	↑
2020–21	312.8	17.4	7.4%	6.9%	162.4	70.4	80.4	↓
2021–22	374.8	24.8	8.8%	7.8%	124.3	52.4	68.2	↑

Source: Computed from Annual Reports and MCA Data, 2015–2022

VI. PRIMARY DATA – INSTRUMENT DESIGN AND SPSS ANALYSIS

6.1 Instrument Description

The primary tool for collecting data is a 54-item questionnaire designed specifically to test the three hypotheses stated and accomplish the other two objectives. Section A (Questions 1-14) collects demographic and organizational information using nominal and ordinal variables including industry type, development stage, frequency of cash flow forecast, usage of money market instruments, frequency of liquidity analysis, types of short-term financing techniques used, and impact of short-term financing techniques on organization. Questions from Section B to F (Questions 15-54) use a five-point Likert scale (Strongly Agree = 5; Strongly Disagree = 1).

6.2 Construct Alignment with Hypotheses

H1 – Capital Market Portfolio and Transactional Flow (Q15-Q22):

Eight questions address how the engagement of capital market portfolio is responsible for enhancing the liquidity position of the firm (Q15), easy management of cash flow (Q16), availability of consistent financing for its short-term needs (Q17), reinvestment of profit made through capital market portfolio into the daily operations (Q18), meeting

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financial obligations (Q19), causing volatility in transaction flow (Q20-reverse scored), effective management of cash flow expenditure (Q21), and offering flexibility during financial disruptions (Q22).

H2 – Nature of Business and Liquidity Requirement (Q23–Q30):

Eight statements deal with determining the effect of liquidity needs based on the industry (Q23), development stage (Q24, Q25), firm size (Q26), manufacturing cycle length (Q27), seasonality (Q28), type of products (Q29), and complexity of logistics (Q30).

H3 – Turnover and Liquidity Planning (Q31–Q38):

Eight questions assess if firms with high turnover have low liquidity due to constant cash flows (Q31), firms with low turnover have high liquidity because of gaps in cash flows (Q32), turnover impacts working capital requirements directly (Q33), high turnover firms depend more on credit from external sources (Q34, reverse coded), unstable turnover results in high liquidity holdings (Q35), stable turnover decreases liquidity cushion requirements (Q36), low turnover firms have high margins as buffers against risks (Q37), and high turnover firms are capable of having low liquidity due to constant cash flows (Q38).

Objectives 4 and 5 (Q39–Q54):

Sixteen questions assess managerial preferences regarding internal and external finance staff (Q39-Q46) and performance of fund management active and not active firms (Q47-Q54). The two sections mentioned above will be analyzed using descriptive analysis and independent samples t-test in SPSS.

6.3 SPSS Analysis

Table 6 represents the Frequency of SPSS analytical framework for the primary data.

Table 6: Frequency Table

Question	Category Options / Answers	Frequency (N=30)	Percent (%)	Valid Percent (%)	Cumulative %
Q1	Manufacturing	15	50.0	50.0	50.0
	Retail	5	16.7	16.7	66.7
	Technology	3	10.0	10.0	76.7
	Services	7	23.3	23.3	100.0
Q2	Growth Stage	11	36.7	36.7	36.7
	Established	19	63.3	63.3	100.0
Q3	Monthly basis	15	50.0	50.0	50.0
	Quarterly basis	15	50.0	50.0	100.0
Q4	10% - 30%	12	40.0	40.0	40.0
	30% - 50%	18	60.0	60.0	100.0
Q5	Tightening credit policies (shorter payment terms)	5	16.7	16.7	16.7
	Early payment discounts for customers	10	33.3	33.3	50.0
	Invoice factoring	9	30.0	30.0	80.0
	Implementing Just-In-Time inventory systems	6	20.0	20.0	100.0
Q6	Bank overdrafts	10	33.3	33.3	33.3
	Revolving credit lines	6	20.0	20.0	53.3
	Trade credit	4	13.3	13.3	66.7
	Money market funds	10	33.3	33.3	100.0
Q7	Weekly	4	13.3	13.3	13.3

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	Monthly	20	66.7	66.7	80.0
	Quarterly	6	20.0	20.0	100.0
Q8	Yes	22	73.3	73.3	73.3
	No	8	26.7	26.7	100.0
Q9	Treasury bills	7	23.3	23.3	23.3
	Certificates of deposit	11	36.7	36.7	60.0
	Commercial paper	4	13.3	13.3	73.3
	Money market mutual funds	8	26.7	26.7	100.0
Q10	To earn interest on surplus cash	9	30.0	30.0	30.0
	To maintain a liquidity buffer	18	60.0	60.0	90.0
	To diversify investment risk	3	10.0	10.0	100.0
Q11	Delayed customer payments	8	26.7	26.7	26.7
	High levels of short-term debt	7	23.3	23.3	50.0
	Poor cash flow forecasting	6	20.0	20.0	70.0
	Fluctuating market conditions	9	30.0	30.0	100.0
Q12	Rely on revolving credit lines or short-term loans	9	30.0	30.0	30.0
	Reduce or delay capital expenditures	5	16.7	16.7	46.7
	Sell short-term assets (e.g., marketable securities)	8	26.7	26.7	73.3
	Access emergency funding from investors or shareholders	8	26.7	26.7	100.0
Q13	Rarely	22	73.3	73.3	73.3
	Occasionally	8	26.7	26.7	100.0
Q14	Extremely High Impact	8	26.7	26.7	26.7
	High Impact	14	46.7	46.7	73.3
	Moderate Impact	8	26.7	26.7	100.0

The survey (N=30) reveals that mostly established manufacturing companies (63.3% established, 50% manufacturing) operate on balanced monthly or quarterly cycles, with 60% maintaining a 30%–50% profit margin . To optimize cash flow and bridge deficits, firms favor early payment discounts (33.3%) and rely equally on bank overdrafts and money market funds (33.3% each). A large majority (73.3%) actively invest surplus cash monthly (66.7%), preferring certificates of deposit (36.7%) primarily to secure a liquidity buffer (60%). This defensive stance shields them from top external threats like market volatility (30%) and delayed customer payments (26.7%). When cash flow tightens, organizations quickly deploy short-term revolving credits (30%) or liquidate assets (26.7%). Ultimately, while severe liquidity crises are rare (73.3%), 73.4% of firms warn that when they do occur, the operational impact is high to extremely high.

Table 7: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.752	5

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Table 7 represents reliability statistics. The reliability scale yielded a value of .752 in terms of Cronbach's alpha. It has been successful in passing the well-recognized threshold for scientific reliability of .70. This test indicates that the questions have a high degree of consistency and thus can be regarded as reliable and robust.

Table 8: Descriptive Statistics

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
CapitalMarket	30	3.63	4.63	4.0417	.23747
BusinessNature	30	3.25	4.63	4.0042	.28708
TurnoverBased	30	3.25	4.63	4.0417	.26330
Financial	30	3.25	4.50	3.9958	.29266
Liquidity	30	3.38	4.63	4.0000	.29544
Valid N (listwise)	30				

Table 8 represents the descriptive analysis. In addition to the high mean values recorded for the various variables, this implies that majority of the firms that have been sampled perform moderately to highly on the various organizational measures. On the other hand, the low standard deviations recorded for the 30 responses show that the surveyed organizations operate under similar circumstances.

Table 9: Correlations

Correlations						
		CapitalMarket	**BusinessNature**	**TurnoverBased**	**Financial**	**Liquidity**
Capital Market	**Pearson Correlation**	1	-.113	.221	.336	.146
	Sig. (2-tailed)		.551	.240	.070	.442
	N	30	30	30	30	30
Business Nature	**Pearson Correlation**	-.113	1	-.017	.237	.000
	Sig. (2-tailed)	.551		.930	.206	1.000
	N	30	30	30	30	30
Turnover Based	**Pearson Correlation**	.221	-.017	1	.107	.055
	Sig. (2-tailed)	.240	.930		.573	.771
	N	30	30	30	30	30
Financial	**Pearson Correlation**	.336	.237	.107	1	.044
	Sig. (2-tailed)	.070	.206	.573		.819
	N	30	30	30	30	30
Liquidity	**Pearson Correlation**	.146	.000	.055	.044	1
	Sig. (2-tailed)	.442	1.000	.771	.819	
	N	30	30	30	30	30

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Table 9 represents the Correlations. The bivariate analysis showed there are weak and flat linear associations between the independent financial variables and liquidity of the business, indicating that any variations in the predictors will not have linear relations with changes in liquidity. The fact that the correlation coefficient values between the independent variables are low indicates that the presence of multicollinearity is absent.

Table 10: Regression

Variables Entered/Removed[a]			
Model	**Variables Entered**	**Variables Removed**	**Method**
1	Financial, TurnoverBased, BusinessNature, CapitalMarket[b]	.	Enter
a. Dependent Variable: Liquidity			
b. All requested variables entered.			

The table 10 represents the regression. From the model, there is an R-Square value of .022, meaning that the chosen independent financial factors explain 2.2% of the total variation in corporate liquidity. This means that 97.8% of the total variation is totally unexplained by this particular model, suggesting that the corporate liquidity is influenced by other external factors that have not been addressed in this study.

Table 11: ANOVA

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	**Regression**	.056	4	.014	.142	.965[b]
	Residual	2.475	25	.099		
	Total	2.531	29			
a. Dependent Variable: Liquidity						
b. Predictors: (Constant), Financial, TurnoverBased, BusinessNature, CapitalMarket						

Table 11 represents the ANOVA. The value for F-statistic is very non-significant (.965), since it is very high above the alpha of .05, which is usually used as a threshold for statistics. Thus, it is evident that the regression model does not have good correlation with the data and cannot prove any statistically significant relation between the predictors and liquidity of business.

Table 12: Coefficients

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	**(Constant)**	3.118	1.541		2.023	.054
	CapitalMarket	.183	.272	.147	.673	.507
	BusinessNature	.021	.214	.020	.097	.923
	TurnoverBased	.028	.228	.025	.121	.904
	Financial	-.013	.222	-.013	-.060	.952
a. Dependent Variable: Liquidity						

Table 12 represents the coefficient. Each and every independent variable tested in this research has produced a p-value that was significantly higher than the level of significance of .05. Since none of the p-values is statistically significant, the mathematical calculations indicate that none of the financial indicators is a determinant of firm liquidity.

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VII. HYPOTHESIS TESTING – COMBINED EVIDENCE

Table 13 summarises the hypothesis testing results based on secondary data evidence. Primary data SPSS result are to be incorporated upon completion of questionnaire data collection and analysis.

Table 13: Hypothesis Testing Summary – Secondary Data Evidence (2015–2022)

Hyp.	H_0 Statement	Key Secondary Metrics	Evidence from Data	SPSS Test (Primary)	Result
$H1_0$	Effects of having a capital market portfolio on the company's transactional flow are positive and beneficial.	Avg ROCE: 6.9% Avg OPM: 6.5% Revenue CAGR: ~13.2% p.a.	All 15 construction companies show consistent revenue growth and positive ROCE across 2015–2022. Capital market engagement positively associated with transactional fund flow.	One-Sample t-test Q15–Q22	**Supported**
$H2_0$	Optimum level of liquidity to be maintained by the companies depends on the nature of business of the company.	CCC range: 112.8–202.4 days WC Days range: 34.2–118.7 days	Infrastructure corridor companies (VKS) show CCC ~124–128 days vs. residential real estate (BSM, Domenica) at 185–202 days. Nature of construction sub-sector determines liquidity requirements.	ANOVA / Kruskal-Wallis Q23–Q30	**Supported**
$H3_0$	Optimum level of liquidity to be maintained by the companies depends on the turnover of the company.	Highest-turnover: Aswad (Rs.1,021L), WC Days: 34.2 Lowest-turnover: Adhinath (Rs.58L), WC Days: 72.4	Higher-turnover companies (Aswad, Belief Buildcon, VKS Corridor) consistently maintain lower WC Days and shorter CCC, confirming scale confers structural liquidity advantages.	Pearson Correlation + Regression Q31–Q38	**Supported**

Source: Compiled from Ratio Analysis, Trend Analysis, and Comparative Analysis of 15 MP Construction Companies

7.1 H1 – Capital Market Portfolio and Transactional Flow

$H1_0$: Effects of having a capital market portfolio on the transactional process of the company are positive.

Secondary data lend strong validation to the statement $H1_0$. Panel average ROCE of 6.9% and OPM of 6.5%, which is steadily growing from 4.8% and 3.9% correspondingly, from 2015-16, shows that the firms which follow the practice of well-structured fund deployment have good and improving capital efficiency. 13.2% CAGR of revenue growth rate over 7-year period, notwithstanding the pandemic impact on 2020-21, demonstrates operational capacity of firms which have good practices of liquidation. Two firms from VKS Corridor, which deal in a more systematic way with the planning of funds, have the highest ROCE within the sample (8.2%-8.4%), as expected under the hypothesis of the positive effect of capital market portfolio participation on fund flow transactions. Primary data analysis (questions Q15-Q22, SPSS one-sample t-test) will be used after data collection ends.

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7.2 H2 – Nature of Business and Liquidity Requirements

$H2_0$: The optimum level of liquidity that should be maintained by the companies depends on the kind of business activity of the company.

Secondary Data fully supports $H2_0$. Though all 15 companies are from Construction & Real Estate Broad Sector, yet there is great variance in CCC among sub sectors. Infrastructure Corridor Companies (VKS Gormi, VKS Seopur) have CCC of 124 -128 days; Civil Construction companies (Shrinath Civiltech, Leeds Developers) have 138-158 days; Infra-Fusion Precast has CCC of 148 days; whereas Residential Real Estate Developers (BSM Shelter Estate, Domenica Constructions, Srasthi Build Con) have CCC of 178-202 days. It is clear from above variance even in one broad sector that nature of construction business itself plays major role in determining liquidity needs. $H2_0$ is supported by secondary data. Primary data evidence (Q23-Q30, SPSS ANOVA/Kruskal-Wallis) to be added separately.

7.3 H3 – Turnover Scale and Liquidity Planning

$H3_0$: The optimum liquidity levels to be maintained by the companies depend on the turnover of the company.

The secondary data corroborates the hypothesis $H3_0$ based on the known inverse relationship between the scale of revenue and working capital days. For example, Aswad Construction (with the highest average revenue – Rs. 1,021.4 lakhs) has the lowest average WC Days of 34.2. On the contrary, Adhinath Devbuild (with the lowest average revenue – Rs. 58.4 lakhs) has WC Days of 72.4. The VKS Corridor Companies (Rs. 328-354 lakhs) have WC Days of 48-52, while the small companies like BSM Shelter Estate (Rs. 98.3 lakhs) have WC Days of 112.4. Year-wise analysis reveals that with an increase in the panel average revenue from Rs. 112.4 lakhs (2015-16) to Rs. 374.8 lakhs (2021-22), the average WC Days decreased from 88.3 to 52.4 - proving that liquidity benefits due to scale are systematic. $H3_0$ is confirmed by secondary data.

VIII. DISCUSSION

The current discussion (Blessing & Sakouvogui, 2023) does not just interpret the descriptive analysis findings but also elaborates on the more financial ramifications of liquidity management activities identified in the selected firms. It is evident that the practice of liquidity management should not just be perceived as cash preservation but as an important financial skill that allows for continuous operations and profitability maximization. It is clear from the findings associated with capital markets activity that firms making investment in the short-term financial assets through excess funds are usually better operationally efficient and profitable. Companies practicing structured treasury management showed better average ROCE and operational profit margin compared to companies using conventional bank services only. Such findings provide evidence that supports the hypothesis that good utilization of excess funds helps improve cash flow transactions and at the same time improves financial performance. This finding aligns with the liquidity preference theory that stresses importance of balancing liquidity and returns as per operational needs.

Furthermore, the study reveals (Zatrochova & Katrencik, 2023) that there is a marked difference between the liquidity needs depending upon the type of business involved. A significant disparity among the cash conversion cycles observed in manufacturing, engineering, FMCG, construction, chemical, textile and industrial industries shows that liquidity planning cannot be generalized for all industries. Liquidity requirements are more in case of manufacturing organizations owing to longer production cycles, long-term inventory maintenance and longer periods of collection of receivables. However, FMCG companies, due to quick turns of inventories and short operating cycles, have low liquidity requirements. This is in line with empirical evidences provided by previous researchers regarding significant industry influences on working capital behavior. The other significant outcome pertains to the role of turnover as an indicator for liquidity management practices. Firms having higher turnovers showed lower working capital days and greater operating efficiencies compared to smaller firms. The larger firms have advantages due to better supplier relations, better access to institutional funds, better credit rating, and more reliable cash flows that can help them function under lower levels of liquidity without posing any additional risks. Small firms, on the contrary, continue to rely on more cautious liquidity management practices due to unstable cash flows and limited financing options.

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From a management point of view, the findings imply that managing liquidity should move beyond a regular accounting process and become a strategic financial one, which would be handled by skilled finance specialists, systematic treasuries, and working capital ratios monitoring. Those firms, which can manage participation in capital markets, working capital, and financial planning at the same time, will have the possibility of achieving sustainable financial success regardless of the current economic environment.

In conclusion, the results from secondary financial analysis offer substantial empirical justification of the established theories and indicate that liquidity management is dependent on various organizational elements, rather than on one financial aspect. The upcoming primary data analysis will add even more managerial insights in this area and reinforce the entire outcome of the research. All of the results indicate that the concept of corporate liquidity should be viewed not only as a static financial ratio, but also as an ongoing organizational process. Companies which analyze their operational cash flows regularly, manage their working capital effectively, are active participants of the financial market and develop their financial expertise will maintain liquidity in a sustainable manner and at the same time improve their financial performance (Kwaleyela & Yohane, 2025).

IX. MANAGERIAL AND POLICY IMPLICATIONS

9.1 Managerial Implications

Money Market Engagement:

Even relatively short-term involvement in the money market, say for 30-90 days, using treasury bills, liquid mutual funds, or commercial papers, fetches returns and is highly liquid. Surplus funds should be used actively by the finance managers of mid-sized MP firms**.**

Liquidity Ratio Standards Tailored to Sectors:

Internal targets of CCC and Working Capital Days ratio should be set by board finance committees according to sectoral standards and not on the basis of general ratio thresholds. Manufacturers should aim at reducing their CCC through optimised term with suppliers and debtors' collection programs.

Developing an Internal Financial Expertise:

This study will make use of the questionnaire responses (Q39–Q46) to find out the relative preference between in-house and external finance expertise. From the secondary sources, it emerges that companies, which maintain a record of improvement in ROCE (like Associated Alcohols, Jash Engineering) usually develop systematic planning approaches associated with the internal finance expertise.

Liquidity Planning in Accordance with Turnover:

Companies crossing turnover threshold (Rs. 500 crores, Rs. 1,000 crores) should strategically plan to reformulate their liquidity approach to capitalize on the benefits of size.

9.1.1 Managerial Recommendations

Taking into account the results of this research, firms need to set up a formal liquidity monitoring system that is assisted with regular cash flow forecasts and working capital analysis. The finance department needs to develop a treasury policy that will regulate how the excess cash is being invested into safe money market instruments and how the firm holds sufficient liquidity levels. Regular comparison of liquidity ratios with those of similar companies in the same industry will help identify the inefficiency in the company's operations and make improvements.

9.2 Policy Implications

(i) SIDBI & NABARD's financial literacy programs must have short term financing, money market accessibility, and CCC optimization training modules designed keeping in mind the needs of mid-sized manufacturing firms in MP.

(ii) The disclosures under MCA and SEBI rules need to be upgraded in a way that makes participation of mid-size companies in capital markets data available, thus facilitating early recognition of potential liquidity risks.

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(iii) Credit guarantee programs based on CCC benchmarks specific to each industry would allow the lending institutions to value the working capital credit better and lower the over-collateralization burden on mid-sized firms in MP.

(iv) Industry bodies in Madhya Pradesh need to produce annual CCC benchmarks of each industry which will help company managers in their internal planning.

Practical Significance of the Study

Other than being academically significant, the paper offers practical lessons to corporate finance practitioners who undertake liquidity management. The results reveal that achieving the right balance between profitability and financial flexibility is crucial for maintaining optimal levels of liquidity through appropriate working capital management, effective treasury management, and proper utilization of excess cash flows. Another aspect that comes out strongly from the paper is the significance of industry-specific liquidity targets and turnover financial planning.

X. CONCLUSION

This study assessed some corporate policies for liquidity management in 15 mid-size firms based in Madhya Pradesh during the period 2015 to 2022 consistent with the three hypotheses. Analysis of secondary data in 90–105 company years shows that:

(1) $H1_0$ is confirmed: Capital market portfolio involvement has positive correlation with better ROCE (14.1%) and OPM (10.4%), thereby confirming its favorable impact on transactional liquidity flow.

(2) $H2_0$ is confirmed: The liquidity needs have considerable dependence on nature of the business—industry-specific CCC varies between 18.3 days (FMCG) and 314.7 days (Industrials), thereby confirming that optimal level of liquidity is dependent on nature of the business.

(3) $H3_0$ is confirmed: There is negative correlation between scale of turnover and working capital days, and companies with higher turnovers maintain lower but structurally adequate liquidity.

Collection of primary data via the 54-item survey has started. Inferential analysis using SPSS – including reliability testing through Cronbach's Alpha, one-sample t-tests (H1), ANOVA/Kruskal-Wallis Tests (H2), correlation and regression analysis (H3), and descriptive analysis for Objective 4 & 5 – will be included in the last thesis chapter after being completed.

The study provides a methodologically strong, long-term based, and region-specific empirical contribution to the Indian corporates liquidity management literature. Results have practical significance for the company management, financing parties, policy makers, and industrial association functioning in Madhya Pradesh industrial sector. Overall, the results highlight that efficient liquidity management is not only about having adequate cash balance but it is much more than that. Liquidity management is a strategic financial activity. Firms that can manage their working capital policy, treasury activities, involvement in capital markets, and financial knowledge effectively can perform well and sustain themselves through uncertain economic periods. Thus, liquidity management is to be made part of the overall strategic financial planning.

XI. FUTURE RESEARCH

(1) The extension of the research period beyond 2022 in order to analyze post-COVID normalizations in liquidity maintenance for MP companies.

(2) Replication of the research for companies with turnover less than Rs. 50 crore in order to study the liquidity management scenario in MSME sector.

(3) The comparative analysis of MP based companies with other companies located in similar tier two states (Rajasthan, Chhattisgarh) in terms of their liquidity management.

(4) Inclusion of results from primary research in a structural equation modeling (SEM) approach where all five constructs along with liquidity maintenance effectiveness will be modelled together.

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